



EY GEORGIA TAX & LAW BRIEF

JUNE, 2014

Tax Legislation

The Law of Georgia dated 29 May, 2014 on amending the Tax Code of Georgia (TCG)

- ▶ The Amendment adds subparagraph “L” to Part 2 of Article 39 to the Tax Code granting rights to tax authorities, their employees, invited specialists and/or experts to disclose information about any tax-payer to LEPL Financial Monitoring Service of Georgia while enforcing their authority under the Georgian Law.
- ▶ The Amendment becomes effective on 1 July 2014.

The source and date of publication: Legislative Herald of Georgia: 02/06/2014

Law Regulating Banking Activities

Decree N47/04 of 13 June 2014 issued by the President of the National Bank of Georgia on Approval of the Regulation on the Management of Operational Risks at Commercial Banks

- ▶ This Decree obliges every commercial bank in Georgia to have an Operational Risk Framework in place that complies with the commercial bank's size, complexity and nature of its business. Also, commercial banks are to develop policies and procedures for evaluation and approval of new products, activities, processes and systems.
- ▶ The Decree also defines the requirements regarding management of information systems, business continuity and outsourcing arrangements.
- ▶ The Decree becomes effective on 1 September 2014.

The source and date of publication: Legislative Herald of Georgia: 13/06/2014

Law Regulating Entrepreneurial Activities

Resolution N365 dated 30 May 2014 on Approval of the Government Program 'Produce in Georgia'

- ▶ According to the Resolution: "the purpose of the Program is to develop entrepreneurship in Georgia, support entrepreneurs, enhance competitiveness of the private sector and export potential by providing access to finances, real estate and technical assistance." The program includes three components; 1. Access to funds; 2. Access to real property; 3. Technical support.
- ▶ LEPL Entrepreneurship Development Agency will provide guarantee collateral for the loans extended by commercial banks to the program beneficiaries and subsidize annual (effective) interest payments. The Agency will also provide technical support to the beneficiaries within the limits of its responsibilities and authority.
- ▶ To ensure access to real property, the Agency will transfer real estate to the entrepreneurs.
- ▶ The Resolution also defines the purpose of the program "Produce in Georgia" towards development of agriculture. A loan issued under this program requires creation of a new enterprise that meets the criteria set out in the Regulation.

The source and date of publication: Legislative Herald of Georgia: 03/06/2014

Law Regulating Illicit Income Legalization

Law of Georgia dated 29 May 2014 on amendment of the Law of Georgia on "Facilitating the Prevention of Illicit Income Legalization"

- ▶ This law reorganizes LEPL Financial Monitoring of Georgia at the National Bank of Georgia into an independent legal entity of public law that will be accountable to the Government of Georgia.
- ▶ According to the initiators of the law, reorganization will enable this agency to run more effectively and will enhance its independence.
- ▶ The law becomes effective on 1 July, 2014

The source and date of publication: Legislative Herald of Georgia: 02/06/2014

Law Regulating Ownership of Agricultural Lands

Decision of 24 June 2014 by the Constitutional Court of Georgia

- ▶ The Constitutional Court found paragraph 3 of Article 22 of the Law of Georgia on Agricultural Land Ownership as unconstitutional. According to this paragraph, foreign individuals' rights to purchase agricultural land were put on hold until 31 December 2014.
- ▶ The Court's Decision removed restrictions on foreign ownership of agricultural land.

The source and date of publication: Constitutional Court of Georgia: 24/06/2014

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