

Legal Newsletter

(June 2019)

The present Newsletter refers to significant legislative amendments made in various legislative and sub-legislative acts in June 2019.

[N382 Decree of Georgian Government dated July 27th, 2018](#)

On June 19, 2019 several amendments were made in N382 Decree of Georgian Government, dated 27th July, 2018, “regarding determination of selective control terms and conditions during inspection of labor safety norms protection at high-risk, serious, harmful and dangerous condition works” in N57 Decree of Georgian Government, dated March 24th, 2009 and the Article 4 with the following content has been supplemented:

“Article 4. Regarding fulfillment of labor safety integrated monitoring measures at construction sites

1. Workplaces with high-risk, serious, harmful and dangerous conditions, also with increased technical hazard, which also include increased risk for human health and life, also sites without construction/technical safety norms, with the purpose of prevention, monitoring and immediate reaction to labor and/or technical safety norms violations, LEPL Technical and Construction Supervisory Agency of Economics and Sustainable Development Ministry of Georgia will develop and fulfill common, integrated monitoring measures.

2. Regarding measures determined with the First Paragraph of this Article, the City Hall of Tbilisi Municipality and, if necessary, relevant Municipality Bodies shall participate according to their authority.

3. In order to provide integrated monitoring measures, through participation of departments provided with the First and Second Paragraphs of this Article shall be created integrated monitoring and inspection group(s) (hereinafter the Monitoring Group).

4. If necessary, other parties may also be involved (invited) into the work of monitoring group as prescribed by the Legislation.

5. For the purposes of prevention, monitoring and immediate reaction to the labor and/or construction/technical safety norms violations, monitoring group provides estimation of employee's labor conditions and workplaces compliance with labor safety requirements established by Georgian legislation, at high-risk, serious, harmful and dangerous, also high technical hazard workplaces, which also include increased risk to human health and life, including, establishment of compliance with construction/technical safety norms of the site and implementation of relevant measures.

6. The bodies indicated in the first and second paragraphs of this Article will develop and produce integrated monitoring measures in mutual format.

7. The monitoring group performs activities in accordance with the rule established by the legislation and acts within the authority granted by the legislation. "

The decree entered into force upon the publication.

[N477 Decree of Georgian Government dated October 27th, 2017](#)

On June 19th, 2019, several amendments were made to the Decree N477 of October 27th, 2017 of Georgian Government "on adoption of technical regulation regarding safety requirements at working on heights" and Paragraph 3 of Article 4 was amended as follows:

"3. Employer is obliged to allocate a person responsible for labor safety, who will meet the requirements of the Technical Rules in the implementation of the works at the height of the site. A person responsible for labor safety shall meet the requirements of the Organic Law of Georgia on Labor Safety."

The decree entered into force upon the publication.

Georgian Administrative Procedural Code

On June 28, 2019 amendments were made in the Administrative Procedural Code of Georgia and Paragraph 13² was amended as follows:

“Article 13². The term of review of the court dispute based on the tax and customs legislation of Georgia

1. According to the Tax and Customs Laws of Georgia, the court dispute consideration term, before final lawsuit to the case upon production dispute application in the first instance court, shall not exceed 2 months, and if the case is relevantly complex, this term may be prolonged no later than 2 months by the case consideration court.

2. At the Appeal Instance Court, due to the Tax and Customs Legislation of Georgia, the court dispute consideration term shall not exceed 2 months before final lawsuit to the case after production of appeal dispute.

3. Within 10 days from the announcement of the resolution part of the decision on the court dispute referred to in this Article, the Court prepares a reasoned decision to transfer to the parties.”

2. Part 4 of Article 15 was amended as follows:

4. If the dispute subject price exceeds 500 000 GEL and/or if the case has special complexity with the factual or legal point of view, the executive authority institution refers to the Ministry of Justice of Georgia that is authorized to request appointment of state officer or public officer of the Ministry of Justice of Georgia’s representative in the administrative proceedings (except for tax and customs legislation relating dispute). In this case, the executive authority institution is authorized, with the consent of the Ministry of Justice of Georgia, to grant the authority of the same representation to this state officer or public officer, who works in this institution.

Besides, VIII⁶ was supplemented to the Code regarding recognition as floater person if administrative proceeding’s taxpayer, except for the first and second parts of this Law, it entered into force upon publication. The first and second parts of the first article of Law will enter into force since September 1, 2019.

Georgian Civil Procedural Code

On 28 June 2019, amendment was made to Article 94 of the Civil Procedure Code of Georgia and its 2nd part was formulated as follows:

“2. If the dispute subject price exceeds 500 000 GEL and/or if the case has special complexity with the factual or legal point of view, the executive authority institution refers to the Ministry of Justice of Georgia that is authorized to request appointment of state officer or public officer of the Ministry of Justice of Georgia’s representative in the administrative proceedings (except for tax and customs legislation relating dispute). In this case, the executive authority institution is authorized, with the consent of the Ministry of Justice of Georgia, to grant the authority of the same representation to this state officer or public officer, who works in this institution.

This Law entered into force since September 1, 2019.

Georgian Tax Code

Several amendments were made to the Tax Code of Georgia on June 2019.

Amendment N1

The first part of Article 9 of Code was amended as follows:

1. Any activity that is carried out for the benefit of income or compensation is regarded as economic activity regardless of the outcome of this activity unless otherwise provided by this Code”;

26-1 of Article:

a. “b” sub-paragraph of 2 Part was amended as follows:

b. to provide that during 10 calendar years since exploitation of building (hotel), on the basis of relevant contract or specific site (hotel) tourist enterprise, for operation of site/its part as hotel, by invited person/persons, its declared (including, additionally incurred within relevant period according to this unit by the tax authority) VAT’s taxed circulation in total (except operations free from VAT) not to be less than circulation free from right of including as VAT determined with “q” subparagraph of part 4 of article 172 of this Code through delivery of hotel assets/its part.

Besides abovementioned, Chamber VI has been amended, Value Added Tax and had the following redaction:

This Law entered into force since January 1st, 2020.

Amendment N2

Article 1 of Code has been established as follows:

Article 1. Regulation field of Civil Code of Georgia.

This Code defines the general principles of formation and functioning of the tax system of Georgia, the legal status of the taxpayer and the authorized body, the types of tax offenses, the responsibilities of violation of the tax legislation of Georgia, the authorized body and The rule and terms of appealing against the unlawful acts of its officials, the rule of settlement of tax disputes and regulates legal relations related to the fulfillment of a tax liability.

Part 8 of Article 4 has been formulated as follows:

8. Limitation period for submitting request of taxpayer to the tax authority is 3 years, which is calculated from the completion of calendar year for originating returning right of overpaid tax and/or sanction amount (including, customs sanction).

Part 23 of the Article 8 was formulated as follows:

23. Tax arrears - difference between unpaid tax and/or sanction (including, customs sanction) sums by taxpayer within established term and overpaid tax and/or sanction (including, customs sanction) sums.”

Besides this, Article 23 was amended. International Company with the following edition.

You can see the full edition of amendments at the web-page of Legislative Herald of Georgia with the following registration number № 4906-II₆.

This Law will enter into force since September 1, 2019.

Georgian Law on Entrepreneurs

On June 25, 2019, amendments were made to Georgian Law on entrepreneurs and its first article was supplemented with paragraph 4 of the following content:

4. The entities of entrepreneurial activities together with the rules established by this Law apply to the requirements defined by the Organic Law of Georgia on "Agricultural Land Ownership".

This Law was enacted upon promulgation.

Georgian Law, Georgian Customs Code

On 28 June 2019 the Parliament of Georgia adopted the Law of Georgia, the Customs Code of Georgia. The Code defines the rules and customs formalities related to the entry into customs territory of Georgia and the customs formalities, the rules of customs settlement, the types of customs offenses and the responsibility of committing these offenses according to the Constitution of Georgia. Customs legislation of Georgia consists of international agreements of Georgia related to customs formalities from the normative acts adopted or issued in accordance with this Code and issued by it.

This Code, except the X Book of this Code, will be launched from September 1, 2019.

X Code of this Code will be launched from September 1, 2020.

N20722 Order of Revenue Service Head

On June 25, 2019, on the basis of “t” subparagraph of 2 paragraph of article 3 of decree adopted by N303 order of May 23, 2011 by the Minister of Finance of Georgia “on adoption of LEPL revenue service decree” and N2547 resolution of December 27, 2011 of Georgian Government “on determination of authority body establishing maximum limit amount of losses”, article 61 of General Administrative Code of Georgia, for the purposes of developing other technical norms connected to the natural, entrepreneurial losses maximum limit amount, goods productivity and production process, committee developing maximum limit amounts of losses was created.

The maximum loss limit amounts Development Commission (hereinafter - the Commission) is an advisory body and for the purposes of Georgian Tax Code, its creation aim is development of other technical norms connected to the natural, entrepreneurial losses maximum limit amount, goods productivity and production process (hereinafter - technical standards). The Commission carries out technical norms on the initiative of the Revenue Service or based on a taxpayer's application.

The order entered into force immediately after signature.