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NBG INCREASES MINIMUM AMOUNT OF REGULATORY CAPITAL FOR COMMERCIAL BANKS

According to the new Order of the President of the National Bank of Georgia dated 3 May 2017, minimum amount of the regulatory capital of commercial banks in Georgia was increased from GEL 12 million to GEL 50 million. From now on, entities aiming to acquire a bank license in Georgia shall comply with the new capital requirement. As for the existing commercial banks, they will have to bring their regulatory capital to new minimum amount gradually, to GEL 30 million - by 31 December 2017, to GEL 40 million - by 30 June 2018 and finally, to GEL 50 million - by 31 December 2018.

SMOKING BAN IN GEORGIA – COMING SOON

It has been almost a year since the bill of amendments to the law on tobacco control was lodged to the Parliament of Georgia. Despite controversial public opinion, the bill actually made it to the third and final hearing at the Parliament and was adopted by absolute majority of votes. Pursuant to the new law, smoking will no longer be allowed indoors, including hotel rooms, restaurants, cafes or clubs. If previously restaurants and cafes could designate smoking areas, the new law excluded such possibility. Notably, only the establishments specifically built and licensed for that end, may allow their customers to smoke tobacco, provided that such places may sell only tobacco products and beverages. The new law took the tobacco control to the extreme – advertisement of any kind of tobacco products or promotion of smoking or other forms of tobacco consumption is strictly prohibited. The regulations come into play gradually from 2018 to 2021, thereby giving the entrepreneurs reasonable time to adjust to the new requirements.

LONG ANNOUNCED POINTS SYSTEM FINALLY ENACTED

The Georgian Parliament has approved amendments to traffic safety regulations establishing demerit points system from 1 July 2017. Under the new system, drivers are given 100 points each

year. Points will be deducted each time a driver infringes traffic safety rule(s). For instance, drunk driving subtracts 30 points, talking on mobile phone while driving – 15 points and so on. If a driver loses all points, his/her license will be suspended for 1 year. For the short period running from July to December 2017, drivers will nevertheless be granted 100 points. The point system is expected to dramatically reduce traffic-related death rate in Georgia.

SETTING STANDARD FOR DISMISSAL OF AN EMPLOYEE - IMPORTANT APPELLATE COURT INTERPRETATION

Recently published ruling of the Tbilisi Court of Appeals dated 25 November 2016 sheds some light over the standard for evaluation of lawfulness of dismissal of an employee. The court held that the only fact that needs to be examined when assessing lawfulness of the dismissal, is the one indicated as the reason for dismissal on the respective dismissal notice. The court stressed that general background, which could have led the employer to termination of employment is irrelevant, unless this is directly indicated in the dismissal order. The court reiterated the principle of **Ultima Ratio** and its importance in social welfare, highlighting that for the purposes of protection of rights of employees, the employers should exercise the right to dismissal only in extreme circumstances, when the goal is unattainable with less restrictive measure(s).

NEW GOVERNMENT AGENCY TO SUPPORT BUSINESS, EXPORT AND INVESTMENT

From 2017, all state programs focused on the development of business and investment in Georgia and targeted on export growth will be united under the umbrella of “Produce in Georgia” – a new state agency. The agency shall administer new governmental program combining three components: business (local production), export and investments. The reform aims to bring state support of entrepreneurship and investment under one roof to better attend their needs in Georgia. In the long run, the agency plans to appoint commercial attaché for promotion of economic interests of Georgian entrepreneurs in selected foreign countries.

For more information and advise please contact us:

129a David Aghmashenebeli Ave, Tbilisi, 0102, Georgia
Tel.: +995 32 292 24 91; +995 32 292 00 86
+995 32 200 04 91

blc@blc.ge
blc.ge