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DECISIONS OF THE INSPECTOR OF PERSONAL DATA PROTECTION WILL NOW BE PUBLISHED

Increased need to protect personal data in digital age resulted in adoption of restrictive legislation on personal data protection. The Law of Georgia on Personal Data protection was enacted in 2012. However, the law on paper is yet to be tested in practice. To ease the understanding of the rules and establish unified practice of their application, the decisions rendered by the Inspector of Personal Data Protection shall hereinafter be published on the following webpage: www.decisions.pdp.ge. This will ensure transparent and uniform development of the rules on protection of personal data in Georgia and increase legal certainty and predictability. Confidentiality concerns are taken care of as the identification data of the parties involved will not be disclosed.

IMPORTANT AMENDMENTS TO THE TAX CODE ARE COMING INTO FORCE FROM 2017

By way of heads-up, amendments to the Tax Code of Georgia adopting so called "Estonian Model" of profit taxation will come into force from January 2017. The announced objective of this new regulation is to encourage reinvestments and disincentivize offshore trading. According to the amendments, the corporate income tax (profit tax) will be cancelled for Georgian Companies and permanent establishments of foreign entities on reinvested income. In essence, the new regulations are tailored to the so called "Estonian Model" whereby the profits of the companies are not taxed, unless distributed to the shareholders as dividends. Likewise, Georgia aims to fully release reinvested profit from tax burden thereby incentivizing reinvestments. We note that the said regulations do not apply to Oil & Gas business, NGOs and, until January 2019, also to the commercial banks, microfinance organizations, insurance companies and pawnshops.

IMPORTANT SUPREME COURT DECISION REGARDING THE INTERIM MEASURES

On 21 October 2016 the Supreme Court of Georgia delivered an important judgment regarding the effect of interim measures. The court highlighted that interim measures should be based on reasonable expectation that the claimant will succeed on merits. Namely, the claimant has to prove convincingly the need for interim measures and demonstrate that the claim is substantiated. However, the court reiterated that the reasonable expectation of the court that the claimant will succeed on merits is merely a *prima facie* assessment and does not constitute a final judicial position on the outcome of the case on merits. We also remind our readers that effective from 7 July 2016, party seeking interim measure must prove that the value of the property to be seized does not exceed the value of the claim to which the interim measure applies.

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NEW APPROACH TO ENVIRONMENTAL ASSESSMENT

With the assistance of the United Nations Economic Commission for Europe and the EaP GREEN, the Ministry of Environment and Natural Resources Protection of Georgia has recently finished working on the draft Code of Environmental Assessment. The respective bill has not been presented to the Parliament of Georgia yet. However, the Code is expected to be implemented in the upcoming year. The Code alters the existing system of issuing environmental impact permit. The Code is focused on increasing public involvement in the permitting procedure and reinforces existing public hearing system. The Code will not have an immediate retroactive application. However, according to the current edition of the Code, entities who have already obtained the permit, are obliged to apply to the Ministry for obtaining the environmental decision within 5 years of enactment of the Code. We will further update our readers on any progress regarding the Code.

RECENT TRANSACTIONS CLOSED BY BLC

We are happy to announce that after a multi-stage competitive bid procedure, followed by lengthy negotiations, the Government of Georgia finally signed an investment agreement that grants Anaklia Development Consortium (ADC) the exclusive right to construct, develop and operate the \$2.5 billion Anaklia Deep Sea Port, which will help establish a new maritime corridor from China to Europe. As part of the agreement, the Government will invest \$100 million in the construction and development of railway and transportation links connecting the port to the region. The Anaklia Deep Sea Port is expected to be operational by 2020. BLC acted as a local counsel to the investor.

BLC represented Georgia Healthcare Group PLC (GHG) in acquisition of JSC ABC Pharmacia - holder of one of the largest pharmaceutical chains in Georgia operating under the brand name of Pharmadepo. The respective Sale and Purchase Agreement on acquisition of JSC ABC Pharmacia was signed in November and the completion of the transaction is now subject to clearance from the competition agency. In addition to the 33% equity stake in the combined pharmaceutical business, the shareholders of ABC Pharmacia will receive US\$ 25.0 million in cash. The completion of the transaction is expected to occur in January 2017.

We are pleased to announce yet another successful deal closed in Georgia with the assistance of BLC. MagtiCom has acquired 100% share of Deltacom - an internet provider with the fixed and the backbone network infrastructure covering Tbilisi as well as all major regions of Georgia. By purchasing Deltacom, MagtiCom intends to materially expand the regional area of internet access which will be beneficial to the customers as well as to the communications industry in general. The deal was authorized by the Georgian National Communications Commission in the midst of November.