

*Legal amendments effected throughout December – January – February 2010:*

- *Amendments were made to the Tax Code introducing inter alia Thin Capitalization rule operating with regards to tax deductions.*
- *New rates were defined for notarization operations as well as information maintained by the Notary Chamber became available to any interested person.*
- *Civil Code gave an option to the parties to waive their right to damages on preliminary bases.*
- *Property subject to tax seizure, pledge/mortgage shall now be realized by the National Bureau of Enforcement.*

**Amendments to the Tax Code**

In December 2009 and January 2010 number of amendments was introduced to the Tax Code of Georgia. According to one of the most important novelties, the National Bureau of Enforcement of the Ministry of Justice of Georgia shall sell the property subject to tax seizure, pledge or mortgage, whereas previously this power was vested in the Tax Authority itself. Tax Inspection shall maintain its power to dispose perishable goods subject to seizure or pledge. This amendment shall come into effect from April 1, 2010.

Amendments made to the Tax Code in January introduced entirely new approach to the Tax Code. From 2011 a “Thin Capitalization” rule shall be applied. Thus, from 2011 if the debts of the legal entity shall exceed its total assets by three times the interest for the debt to be paid or already paid shall not be deducted from total taxable income of the company. Aforementioned rule shall not apply to the financial institutions and smaller companies, whose annual income is less than 200,000.00GEL. Companies, where the total interests accrued on debts do not exceed 20% of the net amount left out after the respective deductions shall also be exempt. The referred amendment does not apply to the loans from the state or international financial institutions.

**Notarization**

By virtue of amendments introduced to the Law of Georgia on Notary Fees on December 4, 2009 fees payable for notarization services have been slightly increased. Now the fee payable for registration of one notary act in the respective registry is set to be GEL 2 (VAT included) per document.

Another novelty introduced by the legislator is that from January 1, 2010 any information maintained by the Chamber

of Notary is open for any interested person. Thus an interested person can request and obtain a certified copy of a documents and information maintained by the Notary Chamber of Georgia subject to payment of the respective fees directly provided for in the Law of Georgia on Notary Fees. Please note, that privacy is at all time protected by the Chamber and a person can have an access to only those documents that were notarized on his/her behalf or under his/her request.

**New Registration Fees**

Under the amendments effected to the Law on Entrepreneurs and the Civil Code of Georgia in January, the scale of registration costs and the processing timings have been modified. Thus, registration of commercial legal entity (except for the Individual enterprise) and non-commercial legal entity as well as registration of modifications shall be carried out in one business day with the registration fee of 100GEL and 200GEL for immediate registration.

**Banking**

On January 29, 2010 new rules for Commercial Banks on Operations Concerning Monetary and other Valuable Items were approved by the National Bank of Georgia meanwhile abolishing the previous instruction of March 27, 2006 on the similar subject matter. The new rules must be complied with by any commercial banking institution operating in Georgia.

**Insurance**

On January 15, 2010 the Law of Georgia on Mandatory Insurance of Civil Responsibility of Owners of Vehicles of June 27, 1997, subject to several constitutional claims as well as many debates among the scholars and practitioner lawyers, was voluntarily abolished by the Parliament of Georgia.

**Gambling**

Some amendments were introduced to the Law of Georgia on Gambling Activities in December 2009. According to the aforementioned amendments gambling games can only be organized in casinos and/or in special saloons for slot-machines. The slot-machine saloon is hereby defined by the law as a special compartment (entire building or any part of it) where the slot-machines are located. In addition, the law describes in detail requirements applicable to such compartments for granting a permit from the Ministry of Finance of Georgia to carry out the gambling business.

## Apostille

From February 2010 official documents sent to and from Georgia and Germany can be apostilled per Hague Convention of 1958 instead of being legalized. Notably Germany and Greece were the only two countries, members of the Convention who denied to accept the apostilled documents from Georgia. Now anyone can directly apply to the Civil Registry of Georgia and get the apostilled document for Germany within 10 business days or immediately, in case of paying the respective acceleration fee.