



## **Georgian Legal News**

### Refer to the Law

#### **Civil Code of Georgia**

As of August 2018, several changes entered into force in the Civil Code of Georgia aimed at the protection of the rights of consumers in loan/credit relations, as well as the reduction of the risk of excessive debt, amongst others:

- A vehicle and/or an ancillary technical means of an agricultural machine, as well as rail transport defined under Article 53(1) of the Law of Georgia on Traffic are prohibited to be used as a security for a claim of a loan/credit agreement granted to natural person (including, an individual entrepreneur). Furthermore, real property, water and air transport under the ownership of a natural person cannot be used as a security for a claim.

The abovementioned prohibition does not apply to a security for a claim under a loan/credit agreement concluded by commercial banks, micro-finance organizations, credit unions, and the loan issuer, which are subjected to the supervision of the National Bank of Georgia.

Furthermore, the prohibition does not apply in case the real property is transferred to the creditor for the purpose of living;

- In case the lender/creditor is not subjected to the supervision of the National Bank of Georgia, the claim of a loan/credit agreement granted to a natural person (including, an individual entrepreneur) is considered to be satisfied, even then the income receipt from the realization of the secured property does not cover the secured claim. A different agreement between the parties is prohibited;
- The effective annual maximum rate of a loan has been reduced to 50 percent.

## Order No. 996 of the Ministry of Finance of Georgia

Pursuant to the changes, chapter XIX<sup>3</sup> was added to the Order, according to which, the rules and conditions on VAT refunding for this person, who is a VAT payer in an EU member country, are determined.

For the purpose of VAT refunding, the persons defined by the Tax Code of Georgia shall submit the materials set forth by the Order.

## Contacts

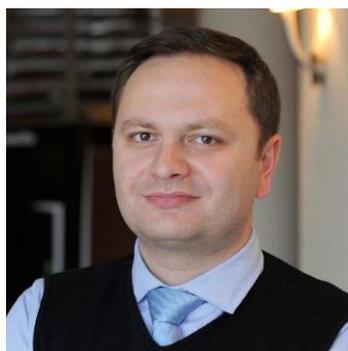
**If you have any questions regarding the information provided in this newsletter, please contact one of the Tax & Legal professionals at our Deloitte office in Georgia:**



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