

Abolishing the Legalization Rules

On April 11, 2006 Parliament of Georgia issued a Regulation on acceding to the Hague Convention of 5 October 1961 on Abolishing the Requirement of Legalization for Foreign Public Documents. This long awaited document shall simplify the procedure of accepting the documents issued abroad, since no legalization procedure shall be required, but by merely putting the Apostil on the document it will acquire the legal effect.

Apostil may be used on "a) documents emanating from an authority or an official connected with the courts or tribunals of the State; b) administrative documents; c) notarial acts; d) official certificates which are placed on documents signed by persons in their private capacity, such as official certificates recording the registration of a document or the fact that it was in existence on a certain date and official and notarial authentications of signatures." Hague Convention does not apply: "a) to documents executed by diplomatic and consular agents and b) to administrative documents dealing directly with commercial or customs operations."

On June 28, 2006 President of Georgia adopted the Decree regulating the rules of Apostil. Apart from introducing the form of the Apostil itself, the said decree further explores the list of documents subject to and those excluded from Apostillization.

The treaty will be effective for Georgia from 2007. Since under the convention, the Contracting States have eight months to express their objection to its accretion towards Georgia.

Securing right of ownership over the apartment/property under construction

The law on Registration of Rights on the Immovables (in force since March 2006) is viewed as a progressive step towards securing the ownership rights. Now the multi-storey buildings may be registered in the Public Registry and assigned the title of the buildings Under Construction. Thus the buyers can register the title over their apartments even before the construction ends, thereby securing their rights from any illegality or fraud.

Changes affecting the Registration of Companies, Unions and Funds in Georgia

On May 25, 2006 amendments governing the registration issues were made to Georgian Civil Code, Law on Entrepreneurs and the Law on Registration Fees. The cornerstone of the proposed amendments is the unification of the Registry system in Georgia. From now on the Ministry of Finance of Georgia will keep Registry records for companies, funds and unions, while for the latter two until now the registry functions were vested to the Ministry of Justice.

Registration period have been reduced to 1 day (Private Entrepreneurship) and 3 days (the rest of the companies and union and funds) respectively. New fees for registration, re-registration and amending the registered data will be introduced and enter into effect on 1 September 2006.

New Law on State Support of Investments

The law enters into effect on August 1, 2006. The purpose of the law is to create the favorable investment climate in Georgia. The law specifies the rules of privatization of state owned property through the direct sale. Additionally, the law grants the investors right to apply for the Special Support Regime if they intend to invest more than 8 mln. GEL. In addition, investors can seek for help from the National Investment Agency of Georgia to obtain the needed licenses/permits.

All persons engaged in legal entrepreneurial activity, without prejudice to their business experience, qualify for the benefits of the said law.

The New Labor Code enters into force

The new Labor Code is effective from June 2006. The new Labor Code is more flexible and vests more freedom to the contracts between the employers and employees. Some labor relations shall be governed through the analogy of the Civil Code of Georgia, while most of the rules shall be elaborated through the employment agreements and the internal policy (manuals) of the employer organization (company). The major changes introduced by the Code are:

- Anti-discrimination provision (Article 2) prohibits any type of direct or indirect discrimination and provides for the strict conditions to scrutinize differentiating/discriminating conduct of an employer.
- Parties to the labor relations may define themselves the fixed number of working hours and days, however if it is not provided in the labor agreement, then limit of 41 working hours per week (Article 14.1) shall apply.
- The Code contains exhaustive list of all holidays. There are 17 allowed days of holidays under the law, out of which at least two will always match on weekends (Article 20). Employees are entitled to at least 24 business/working days of paid leave and at least 15 calendar days of unpaid leave per annum (Article 21). Employers may introduce more benefits but may not reduce the benefits provided by the law.
- Article 53 of the Code envisages the retroactive application of the new Code by stating that the present Code shall apply to "all existing labor relations, despite the time of their origin."
- The Code does not regulate application of disciplinary sanctions or rewards.
- The "termination of contract" provision (Article 37) contains an exhaustive list of grounds for termination, while leaving quite a big space to the Parties to decide on the terms of revocation of the employment agreement.

In the end it can be concluded that employers are encouraged to take efforts towards amending the employment agreements and their internal policies to fill the gaps created by the new Code.