

The gain realised, or deemed to be realised, by individuals and legal entities on the disposition, exchange or conversion of shares or GDRs is subject to taxation in Georgia. Legal entities are required to pay Georgian profit tax on capital gains at a flat rate of 15%. Capital gains of individuals are subject to capital gain tax at a flat rate of 12%.

Although no definitive rulings have been issued under Georgian tax laws as to whether the deposit and withdrawal of shares in and from a depositary receipt facility represents a disposition, exchange or conversion which is subject to tax in Georgia, holders of GDRs or shares may be subject to tax on Georgian-source capital gains upon the deposit and withdrawal of shares with and from the custodian of the depositary pursuant to the terms and conditions that apply to the GDRs.

Sale of tangible assets (arguably securities could be interpreted as tangible assets in the light of domestic tax law) being in the ownership of an individual for more than two years is exempt from capital gain tax.

Additionally, a 5% Georgian withholding tax may apply to the payment of dividends on the shares or GDRs to legal entities and individuals.