



Georgia

Deloitte Legal

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Georgian Legal News

Refer to the Law

Amendments to the Tax Code of Georgia

In July 2020, several amendments were introduced to the country's Tax Code.

- Pursuant to the amendments, employers will be obligated to submit reports on their employees to the country's Register of Employed Persons, maintained by the Revenue Service. The list of information and submission rules will be determined by an order of the Minister of Finance.
- Article 23¹ was added to the Tax Code to regulate investment funds: according to it, an investment fund is an enterprise established in accordance with the Law of Georgia "On Investment Funds" as a joint investment fund or an investment company.
- Article 70¹ was added to the Tax Code to regulate accounting practices in multinational enterprise groups (MNEs). According to it, the ultimate parent enterprise of a multinational enterprise group resident in Georgia, must submit its country-by-country report by 31 December of the year following the reporting year. MNE reporting rules will be defined by an order of the Minister of Finance.

- Free delivery of goods, provision of services, or transfer of funds to a payer of profit tax will not be subject to additional taxation, as per the new, “Estonian”, model.
- According to the amendments, the following shall not be considered as employment income: insurance premium payments made by an employer on behalf of an employee as part of obligatory insurance; provision of residential space/catering services or reimbursement of costs related to such services by an employer to an employee, provided that:
 1. provision of residential space/catering services is necessitated by the employee’s job responsibilities and is essential for the proper fulfilment of labour duties and outsourcing residential space/catering by the employee would cause unreasonable monetary/time expenditure;
 2. provision of residential space/catering services or reimbursement of related expenses is a part of the compensation agreed between the employer and the employee under their employment agreement.
- Property tax will be imposed on the following assets held by a resident enterprise/organisation: real estate, yachts (boats), helicopters, aircraft, and other means of transportation received (appropriated) as a security under a contract or acquired at an auction, through direct sale or otherwise as a settlement of monetary obligations (except criminal or civil penalties).
- Property tax will be charged on a natural person’s taxable property pro rata the period of owning such property during the tax period.
- Taxpayers will be entitled to a 50-percent reduction of penalties charged following a tax audit, if 50 percent of additionally assessed taxes and penalties are admitted and paid by the taxpayer within 30 days after the respective tax bill is issued.
- Limitations on the amount of VAT recovery that can be claimed after filing a customs declaration were lifted.

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