

EY TAX AND LAW BRIEF

May 2021

Amendments to the taxpayer information card

- ▶ On May 21, 2021 the Order No. 113 of the Minister of Finance of Georgia on Amendments to the No. 994 Order of December 31, 2010 of the Minister of Finance of Georgia on "Approval of Current Control Procedures, Write-off of Goods and Materials, Repayment of Recognized Tax Debt, Implementation of Measures to Secure Payment of Tax Debt, Rule of Law Proceedings" was published on the website of the Legislative Herald of Georgia
- ▶ Under the amendments, the tax authority has been empowered to study the accuracy of the data reflected in the taxpayer information card and to analyze the relevant information.
- ▶ The accuracy of the data can be checked by communicating with the taxpayer, during which the taxpayer is obliged, at the request of the authorized person of the tax authority, to provide him/her with an explanation and / or relevant documentation.
- ▶ The Order became effective upon its publication.

Source and date of publication: Legislative Herald of Georgia, 21/05/2021.

Amendments to Restrictions on the Right to Subscribe / Confirm Tax Invoices and Tax Documents

- ▶ On May 21, 2021 the Individual-Administrative Act No. 13617 was published on the website of the Legislative Herald of Georgia on the restriction of the right of taxpayers to issue tax invoices and confirm tax documents in certain cases.
- ▶ The Act defines the rules for granting / changing the status of a qualified or unqualified VAT payer for a taxpayer.

- ▶ The amendments stipulate that in case of granting the status of an unqualified VAT payer, the restriction on the issuance of a tax invoice / tax document will be applied to the VAT payer during the period of validity of the mentioned status.
- ▶ This restriction also applies to the reporting period or issue on which the tax authority has carried out the tax audit or accrual.
- ▶ The Act will enter into force in stages and will be fully effective as soon as the relevant technical support is created.

Source and date of publication: Legislative Herald of Georgia, 21/05/2021.

International treaty and agreement have been signed between Georgia and Armenia on the exchange of preliminary electronic data on the international movement of vehicles and goods

- ▶ On May 14, 2021 the website of the Legislative Herald of Georgia published the International Treaty and Agreement No. 56-121 on the exchange of preliminary electronic data on the international movement of vehicles and goods between the Ministry of Finance of Georgia and the State Revenue Committee of the Republic of Armenia.
- ▶ Under the Agreement, the Parties expressed their readiness to be responsible for the constant exchange of electronic data on motor vehicles and goods during customs procedures (except for goods shipped by natural persons other than individual entrepreneurs) at the moment of departing the state territory of one of the parties and before entering the territory of the other party.
- ▶ The Agreement, among other issues, stipulates:
 - ✓ Commitment to implementing modernized procedures;
 - ✓ Data protection obligation;
 - ✓ Technical implementation process;
 - ✓ Dispute resolution rules and more.
- ▶ The Agreement became effective on May 1, 2021.

Source and date of publication: Legislative Herald of Georgia, 14/05/2021.

The Agreement / Convention on avoidance of double taxation has been ratified

- ▶ On May 27, 2021 the Resolutions of the Parliament of Georgia 494-IVMS-X MP and 495-IVMS-X MP were published on the website of the Legislative Herald of Georgia.
- ▶ The Resolution 494-IV MS-XMP ratified the Agreement between Georgia and the Special Administrative Region of the People's Republic of China Hong Kong on the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income and on Capital.
- ▶ The Resolution 495-IV MS-X MP ratified the Convention of Tbilisi as of January 29, 2021 on the Avoidance of Double Taxation and Prevention of Evasion of Taxes and Avoidance of Tax between Georgia and Japan.
- ▶ The Resolutions became effective upon its publication.

Source and date of publication: Legislative Herald of Georgia, 27/05/2021.

Amendments to the Procedures for Issuing a Residence Permit

- ▶ On May 11, 2021 the Ordinance No. 209 of the Government of Georgia on the Amendment of the Ordinance No. 520 (dated 1 September 2014) of the Government of Georgia on the Approval of the Procedures for Reviewing and Granting residence permits in Georgia was published on the website of the Legislative Herald of Georgia.
- ▶ Along with other issues, the minimum term during which an alien may apply to LEPL Public Service Development Agency to request extension of the term of the residence permit has been newly determined.
- ▶ The amendments also cover the term of applying to the Agency by an alien for family reunion purposes.
- ▶ According to the amendments, the Agency is authorized to verify existence of the grounds for the residence permit, by visiting the site both before issuance of the residence permit, and within 1 year from its issuance. For the same purpose, the Agency is authorized to invite the applicant and receive the documentation/information and explanations necessary for consideration of the issue.
- ▶ The Ordinance became effective from 12 May 2021.

Source and date of publication: Legislative Herald of Georgia; 11/05/2021.

Amendments to the Organic Law of Georgia on Georgian Citizenship

- ▶ On May 27, 2021 the Organic Law of Georgia on the Amendment of the Law on Georgian Citizenship was published on the website of the Legislative Herald of Georgia.
- ▶ Along with other issues, the amendments:
 - ✓ newly lay down the procedures and grounds for determination of the citizenship of Georgia;
 - ✓ determine the special rule for granting citizenship to the person born in Georgia;
 - ✓ update the procedure to use the temporary right to claim recovery of Georgian citizenship. According to the referred procedure, a former citizen of Georgia shall apply to LEPL Public Service Development Agency before 31 December 2022.
- ▶ The Law became effective upon its publication.

Source and date of publication: Legislative Herald of Georgia; 27/05/2021.

The Procedure on Investigation of the Cases Related to the Potential Violation of Competition, Filing and Review of Complaint/Application

- ▶ On June 1, 2021 the Order No. 67/04 of the President of the National Bank of Georgia on Regulation of Investigation of the Cases Related to the Potential Violation of Competition, Filing and Review of Complaint/Application was published on the website of the Legislative Herald of Georgia.
- ▶ Among other issues, the Order determined the authority of the National Bank:
 - ✓ To review the cases of abuse of a dominant position and/or competition-restrictive agreement, decision and concerted action;

- ✓ To carry out the investigation of the case on the basis of the complaint filed or on its own initiative;
 - ✓ In order to investigate the case, to check the relevant economic agent on the spot with or without prior notice;
 - ✓ In addition to the fine, to apply other sanctions and / or supervisory measures to the violator of the competition.
- ▶ Subject to the exceptions, the Order applies to the following representatives of the financial sector (the economic agents):
- ✓ Commercial banks;
 - ✓ Non-bank depository institutions;
 - ✓ Brokerage companies;
 - ✓ Stock exchange;
 - ✓ Investment fund;
 - ✓ Microfinance organization;
 - ✓ Payment system operator;
 - ✓ Payment service provider;
 - ✓ Currency exchange point, etc.
- ▶ The Order became effective upon its publication.

Source and Date of Publication: Legislative Herald of Georgia, 01/06/2021.

The Procedure of Submitting and Reviewing the Notice on Market Analysis and Concentration Approved

- ▶ On June 1, 2021 the Order No. 68/04 of the President of the National Bank of Georgia on Regulation of Submitting and Reviewing the Notice on Market Analysis and Concentration was published on the website of the Legislative Herald of Georgia.
- ▶ Subject to the exceptions, the Order applies to the following representatives of the financial sector (the economic agents):
- ✓ Commercial banks;
 - ✓ Non-bank depository institutions;
 - ✓ Brokerage companies;
 - ✓ Stock exchange;
 - ✓ Investment fund;
 - ✓ Microfinance organization;
 - ✓ Payment system operator;
 - ✓ Payment service provider;
 - ✓ Currency exchange point, etc.
- ▶ Among other aspects, the Order provided for the possibility of imposing a fine for non-submission or incomplete submission to the National Bank of the information requested from an economic agent.
- ▶ The Order became effective upon its publication.

Source and Date of Publication: Legislative Herald of Georgia, 01/06/2021.

The Procedure for Submitting and Rendering the Decision on the Investment Plan Approved

- ▶ On May 19, 2021 the Ordinance No. 222 of the Government of Georgia on the Approval of the Procedure for Submitting and Rendering the Decision on the Investment Plan was published on the website of the Legislative Herald of Georgia.
- ▶ The Ordinance applies to the investment plan to be submitted in the events prescribed by the Organic Law of Georgia on Agricultural Land Ownership. For example, for the case when the company registered in Georgia with the alien dominant partner intends to own an agricultural land.
- ▶ Among other issues, the Ordinance determines the following:
 - ✓ The rule of submission of an application on the investment plan;
 - ✓ The stages of supervision of reviewing and implementing of the investment plan;
 - ✓ The rule of concluding an agreement;
 - ✓ The fee for the service rendered for implementation of the investment plan;
 - ✓ The rule of registering the right on the land plot;
 - ✓ The obligation of implementation of the investment plan, etc.
- ▶ The Ordinance became effective upon its publication.

Source and date of publication: Legislative Herald of Georgia; 19/05/2021

The Procedure of Transferring the Title of the Agricultural Land to the State Approved

- ▶ On May 19, 2021 the Ordinance No. 223 of the Government of Georgia on the Approval of the Procedure for Rendering the Decision on Transferring the Title of the Agricultural Land to the State, Determining the Price of the Land and Rule of Compensation was published on the Legislative Herald of Georgia.
- ▶ Along with other issues, the Ordinance foresees the rules and conditions for transferring the title of the agricultural land to the State in the event of default under the investment plan.
- ▶ The Ordinance became effective upon its publication.

Source and date of publication: Legislative Herald of Georgia; 19/05/2021.

The Instructions for Maintaining Online System for Continuous Instrumental Self-Monitoring of the Emission of Harmful Substances from the Stationary Pollution Sources Approved

- ▶ On May 25, 2021 the Order No. 2-740 of the Minister of the Environment Protection and Agriculture of Georgia was published on the website of the Legislative Herald of Georgia.
- ▶ The Order determines the obligation for submission of the corresponding information to the online system administered by the Ministry of Environment Protection and Agriculture of Georgia for the entities, among activities of which are the following:
 - ✓ Processing of crude oil (except oil or grease lubricants);
 - ✓ Operation of 10 MW or more thermal power plant;
 - ✓ Processing black metal in the prescribed manner;

- ✓ Production of the organic and inorganic compounds;
- ✓ Production of pharmaceutical products, dyes, varnishes, peroxide, elastomer or/and plastic material;
- ✓ Production of cement, lime, gypsum or/and plaster;
- ✓ Production of glass or/and glass products etc.

- ▶ The Order became effective from 1 June 2021.

Source and date of publication: the Legislative Herald of Georgia; 25/05/2021.

The Draft law on Amendments to the Law on Energy Efficiency of Buildings Published

- ▶ On May 25, 2021 the draft law on amendments to the Law on Energy and Water Supply was published on the website of the Parliament of Georgia.
- ▶ The current law stipulates that the minimum energy efficiency requirements for the buildings will enter force from 30 June 2021.
- ▶ According to the draft law, entrance into force of the minimum energy efficiency requirements for the buildings, the parts or the elements of the buildings, as well as the energy efficiency requirements of the building engineering and technical support systems will be postponed for one year - until June 30, 2022.
- ▶ The draft law shall be effective upon its publication in case it is adopted.

Source and Date of Publication: website of the Parliament of Georgia, 25/05/2021.

The Draft law on Amendments to the Civil Procedure Code published

- ▶ On May 25, 2021 the draft law on amendments to the Civil Procedure Code was published on the website of the Parliament of Georgia.
- ▶ As a result of the amendments, the amount of the same state duty for individuals and legal entities is set:
 - ✓ On application for securing the claim, as well as on the complaint;
 - ✓ On application for securing the claim related to the arbitration proceedings or for recognition and enforcement;
 - ✓ On application for resumption of the proceedings due to newly discovered circumstances.
- ▶ The draft law shall be effective upon its publication in case it is adopted.

Source and Date of Publication: website of the Parliament of Georgia, 25/05/2021.

The Draft Law on Amendments to the Law on Copyright and Related Rights Published

- ▶ On May 25, 2021 the draft law on amendments to the Law on Copyright and Related Rights was published on the website of the Parliament of Georgia.
- ▶ According to the amendments:

- ✓ On a collective basis of property rights, the managing organization will have the right to request information from individuals and legal entities, including state organizations and institutions, on the production and import of equipment and material carriers;
 - ✓ Violation of the procedure for processing of the received information will result in administrative liability.
- ▶ The draft law become effective gradually and enter into full force from September 1, 2021, in case it is adopted.

Source and Date of Publication: website of the Parliament of Georgia, 25/05/2021.

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