

Tax and Legal Alert

**Overview of changes in Georgian Legislation
November, 2020**



Legal news:

1. On November 25, 2020, the amendments to the Order of the Head of the Accounting, Reporting and Audit Supervision Service of October 17, 2016 order N 12 on the approval of the essential conditions of professional liability insurance of the auditor / audit firm (audit) firm were published.

The amendment concerns auditor/audit firm's liability for professional liability insurance. In particular, in addition to the existing rules, there is an obligation to notify the Service about the conclusion, termination or modification of a professional liability insurance contract, not only from the date of concluding, terminating or amending the insurance contract, but also not later than 5 (five) working days from the date of commencement of the insurance period.

The amendment referred to paragraph 10 of Article 2 of the order and was formed as follows:

"The auditor/audit firm is obliged to notify the Service about the conclusion, termination or change of the insurance contract on professional liability insurance (including increasing or decreasing the amount of insurance), no later than 5 (five) working days from the date of commencement of the insurance period, conclusion, termination or amendment of the insurance contract".

Source:

<https://www.matsne.gov.ge/ka/document/view/5035588?publication=0>

2. On November 30, 2020, the Resolution of the Government of Georgia on the approval of the state program - "Mechanism for Promotion of Foreign Investment Projects" was published.

According to the Resolution, the goal of the program is to promote the growth of foreign direct investment in Georgia, the inflow of knowledge and technology and the creation of new jobs in certain economic sectors by creating a mechanism for access to finance.

Within the framework of the program, LEPL Enterprise Georgia is authorized to issue a grant to reimburse the expenses incurred by the company for the following purposes: a) Training of the workforce by the company; b) Arrangement of infrastructure and/or communications by the company.

The sectors defined for the purposes of the program are: 1. Production 2. Outsourcing of export-oriented / working business services / processes (BPO - delivery / outsourcing of services from Georgia to another country / foreign market). 3. Warehousing and creation of logistics centers. 4. Aircraft Repair and Maintenance (MRO).

The ordinance sets out the conditions for these companies to participate in the grant program, as well as the amount of the grant and the investment commitments.

It also defines the mechanism of how a company should behave to receive a grant. The first stage is to apply to the agency, after which, in case of submission of documents, an agreement is signed between the agency and the company.

In Annex N1 of the Resolution you can get acquainted with the priority sectors, in particular the types of economic activities defined according to the National Classifier of Georgia.

Source:

<https://matsne.gov.ge/ka/document/view/5041643?publication=0>

3. In accordance with the Resolution of the Government of Georgia of November 26, 2020, amendments were made to the Resolution of the Government of Georgia on the Approval of the Rules of Isolation and Quarantine. From November 28, 2020, it is forbidden to move across the country from 21:00 to 05:00.

All economic activities are allowed, except:

- a) Operation of ski slopes and ski lifts;
- b) Organizing / conducting activities of entertainment establishments and entertainment events;
- c) Provision of early upbringing and education services and / or provision of pre-school and education services and / or school readiness program;
- d) Sports / gymnastics, saunas and other spa procedures, as well as swimming pool activities.

It is permissible to operate restaurants / bars / cafes, gyms and swimming pools in hotels and similar accommodation only to serve guests of the hotel and similar accommodation.

In Tbilisi, Batumi, Kutaisi, Rustavi, Gori, Zugdidi, Poti, Telavi, Bakuriani, Gudauri, Goderdzi and in Mestia any goods / products are sold without retail sale / wholesale. This restriction does not apply to:

- a) sale of food / animal feed, animal, animal and plant products, household chemicals and hygiene, veterinary preparations, pesticides and agrochemicals, seed and planting materials;
- b) supply of electricity, natural gas, water, gasoline, diesel, liquefied gas;
- c) sale of medical goods, pharmaceutical products;
- d) Press booths.

As for restaurants, bars and cafes, their services are allowed only with Delivery service, Take Away and Drive.

Source:

<https://matsne.gov.ge/ka/document/view/5039493?publication=0>

4. According to the Ordinance N 698 of the Government of Georgia, dated November 26, 2020, in accordance with Article 30(3) of the Organic Law of Georgia the Labour Code of Georgia, the days from January 3rd to 6th January 2021 inclusive and from January 8th to January 15th 2021 inclusive shall be days off.

Source:

<https://matsne.gov.ge/ka/document/view/5039470?impose=parallelEn&fullscreen=1&publication=0>

Tax News

Amendment was made to the Order N996 of the Minister of Finance, according to which a VAT payer (except natural person) is obliged to submit „zero” tax return, while according to the tax return no tax is accrued for the reporting period. Non-submission of tax return under Article 67 part 4 of the Tax Code is no longer considered as submission of “zero” tax return, hence the penalty for non-submission shall be imposed.

Sources:

<https://matsne.gov.ge/ka/document/view/5027567?publication=0>

Matters covered in this publication are intended for general overview and discussion. They are not intended, and shall not be used, as substitute to seeking professional advice for specific issues

In case you need additional information, our tax and legal experts will be happy to comment and clarify all possible matters on the amendments.

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