



Georgia

Deloitte Legal

17 February 2021

Georgian Legal News Refer to the Law

Order No. 996 of the Minister of Finance of Georgia “On Tax Administration”

In January 2021, several amendments relating to how the Tax Code determines value added tax were introduced to Order No. 996 of the Minister of Finance of Georgia:

According to the amendments, as of 1 April 2021 foreign taxable persons (taxable persons participating in provision of services who are not based in, do not normally live in, or do not have a fixed establishment in Georgia) participating in the provision of telecommunications, radio or broadcasting, or electronic services are obligated to calculate and pay VAT without needing to register if a) the place of service provision is Georgia according to Georgian tax legislation and b) the operation is not taxed with reverse tax. To calculate and pay VAT, foreign taxable persons must fill out the registration form available on the website of the Revenue Service of Georgia.

Order №223/04 of the President of the National Bank of Georgia “On Establishing a Rule for Recognizing a Person as a Sophisticated Investor”

On 16 December 2020, the President of the National Bank of Georgia issued an order determining a list of persons/entities considered sophisticated investors and laying out conditions for recognizing persons/entities as such.

According to the definition set out by the Law of Georgia “On the Securities Market,” a sophisticated investor is a person/entity who has sufficient experience, property, or income to sustain the financial losses caused by investment activities. A sophisticated (experienced) investor is a high-net-worth individual, a financial institution, a director of a financial institution, or a legal person whose capital is more than GEL 1 million, or any other person recognized as a sophisticated investor by the National Bank of Georgia. Entities with this status enjoy certain privileges when concluding agreements with public securities, and they are not required to involve a brokerage company or financial institution with a corresponding license in deals.

The following legal entities or organizations without legal-entity status are considered sophisticated investors: a) financial institutions and international financial institutions; b) legal entities with owned capital of more than GEL 1 million according to international standards of financial accounting; c) governmental, autonomous, or municipal bodies of Georgia or a foreign country, including bodies responsible for national debt and central banks; d) persons acting on behalf or in favor of a pension scheme; e) members of the governing body of a financial institution (including directors), as well as heads, deputy heads, or any staff of a department of a brokerage, commercial, and/or investment departments that have the authority to independently conclude agreements on behalf of such a financial institution; f) persons with sufficient property, namely persons owning confirmed property worth more than GEL 3 million or whose annual income has exceeded GEL 200,000 for the last three years.

Order №994 of the Minister of Finance “On Conducting Ongoing Control Procedures, Inventory Write-offs, and Enforcement of Tax Debt Payments”

The following amendments to Order №994 become effective on 1 March 2021:

- The tax authorities are entitled to check the correctness of information in the employee register;
- Such information includes the number of employees and employees’ personally identifiable information (name, surname, personal number, gender, citizenship, etc.);
- Employers are obligated to submit a written statement along with all documents needed to check information’s correctness to the tax authorities if requested;
- Reflecting incorrect information in the employee register will incur liabilities in accordance with the Tax Code;
- If it is not possible to find or communicate with the employer, or if the employer refuses to submit a statement or the respective documents, the tax authorities are entitled to execute tax controls;
- Following their check, the tax authorities will compile a report detailing information on natural persons that is not consistent with the data in the employee register.

Order №107 of the Head of the Revenue Service “On Awarding Special Status to Value Added Tax Payers”

On 20 January 2021, amendments to Order №107 of the Head of the Revenue Service came into force that encompass the following:

- A person is considered a non-qualified VAT payer after registering as a VAT payer;
- A person is awarded qualified VAT payer status if he/she registers as such before 20 January 2021, and if operations were maintained on such a payer’s personal card for an uninterrupted period of 12 calendar months. Otherwise, a person is considered a non-qualified VAT payer;
- Qualified VAT payer status is cancelled no later than on the 15th day of the following month if operations are not maintained on such a payer’s personal card for an uninterrupted period of 12 calendar months;
- A representative of the tax authorities determines whether to award or deny non-qualified VAT payer status.

Contacts

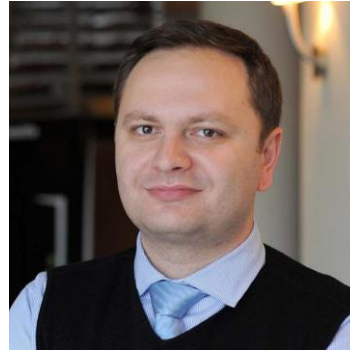
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