



Georgia

Deloitte Legal

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Georgian Legal News Refer to the Law

Amendments to Order No. 423 of the Minister of Finance of Georgia

On 2 March 2021, Minister of Finance of Georgia issued Order No. 45, amending Order No. 423 of 18 December 2013 of the Minister of Finance on Approving the Instruction on Evaluation of International Controlled Operations entered into force.

The Order regulates entering into preliminary unilateral agreements for international controlled operations – until now, no detailed guidance was available on this subject. Importantly, the minimum transaction amount (GEL 50,000,000) enabling to request the tax authorities for a preliminary unilateral agreement on an international controlled operation has been cancelled.

Preliminary unilateral agreements are executed in two copies of equal legal power, each signed by the Head of the Revenue Service and the legal representative of the Georgian enterprise.

The Georgian enterprise that signs a preliminary unilateral agreement with the Revenue Service is obliged to submit an annual report on compliance with its terms to the Revenue Service until 1 April of the year following the reporting period (calendar year).

Amendments to Order No. 996 of the Minister of Finance of Georgia

In March 2021, amendments were introduced to Order No. 996 of the Minister of Finance of Georgia on Tax Administration. According to the amended Order, if a remuneration is fully or partially paid before delivery of goods/provision of service and if the person receiving the fee is not a registered VAT-payer at the moment of payment, VAT will be assessed as of the moment of delivery of goods/provision of services. Other amendments regulate non-monetary exchange of products/services (barter) and transfer of real estate. The Order also regulates the use of own real estate as fixed assets and their renovation.

Enforcement Code

On 22 February 2021, the bill on adoption of Enforcement Code was introduced to the Parliament of Georgia. The Code will replace the current law on Enforcement Proceedings. The main purpose of the Enforcement Code is to streamline enforcement legislation.

The Code will regulate enforcement of enforceable documents, set forth the rules for the Chamber of Enforcers and regulate activities of the National Bureau of Enforcement.

The bill will abolish the terms “enforcer of the National Bureau of Enforcement” and “private enforcer”, establishing a wholly new system. One of this system’s key components will be the Chamber of Enforcers, which comprises all enforcers.

The National Bureau of Enforcement will retain the status of a public law entity governed by the Ministry of Justice. It will focus on disciplinary, economic, and legal supervision of enforcers and will provide services to the Chamber of Enforcers/enforcers for a fee.

New rules regarding compulsory auction arrangements are introduced, for example: an auction can be called off at any stage upon its announcement, if the debtor fully repays his debts before the auction is ended or if new circumstances are revealed during the auction that might affect its results and that need further study and examination, etc.

The amendments also affect the rules for suspending enforcement of court decisions – enforcements of court decisions can only be suspended by the court, acting on a motion of the National Bureau of Enforcement. The Head of the National Bureau of Enforcement will petition the court, based on the request of an administrative body or at his own initiative, to suspend enforcement for up to six months.

The Code sets forth the rules and procedures for informing participants of enforcement proceedings (currently, the Civil Procedure Code regulates this); introduces the concept of enforcement agreement, which enables out-of-court settlement of monetary claims; sets forth the rules for appraising and creating encumbrance over movable assets and real estate.

Contacts

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