

Tax and Legal Alert

Overview of changes in Georgian legislation March, 2019

Tax news:

On March 29 the amendment was made to the Decree # 996 of the Minister of Finance of Georgia on "Tax Administration", paragraph 4 was amended to Article 47, "Cancellation of VAT Registration", which envisages simultaneous satisfaction of a number of requirements: taxpayer should be voluntarily registered as VAT payer; the date of registration must be less than 30 days; taxpayer shall not have a withdrawn/issued VAT Invoice; taxpayer shall not have a VAT declaration submitted.

Legal news:

From 01 March 2019, the Ordinance of the Government of Georgia on "Technical Rules on Providing the information on food to consumers - the rules of food labeling" was launched. The Rules of Procedure aim to protect consumers' rights and ensure efficient functioning of the domestic market in relation to food.

Technical regulations set the general principles for the information placed on food label, requirements and procedures for the submission of information

and apply to the food that shall be controlled by the state and which is intended for the end-user, including the catering facilities and food provided to the public nutrition facilities. In accordance with the regulation:

- The list of compulsory information that shall be placed on the label is growing (for example, saturated fatty acids, sugar, etc.);
- Requirements related to the size of the font information on the label is determined;



- Information about food shall be accurate, clear, easy to understand and shall not be misleading;
- Requirements for food nutrition and energy value, namely, reference to nutrients, vitamins and minerals are determined;
- Information about the food shall include: the naming of the food; the list of ingredients; the net weight of the food; the date of expiration of the minimum term of the food; storage or use of any special conditions and so on.

Any food that is intended for the end-user or for public catering unit, shall be accompanied by information in accordance with the rules of the present technical regulations.

On 29 March 2019 Ordinance of the Government of Georgia N163 on Approval of State Program of Credit Guarantee Scheme was enacted. The state program - Credit Guarantee Scheme aims to improve access to financing for small and medium businesses which do not have the ability to meet the requirements for the security of loan (in whole or in partially), as well as to promote crediting of economy and ensure inclusive economic growth.

The beneficiary shall meet the criteria defined in The Ordinance of the Government, to benefit from the credit guarantee mechanism. In particular, the beneficiary (s) of the credit guarantee scheme and in case of lending by the co-debtors - each separately, at the time of taking the loan, should meet with the following criteria:

- a) Average turnover of the beneficiary shall not exceed 20 000 000 (twenty million) GEL in the last 3 years;
- b) Loans taken by beneficiary shall not exceed 8 000 000 (eight million) GEL.

The minimum amount of loan issued by the commercial bank to the beneficiary during the program shall be 50,000 (fifty thousand) and the maximum amount shall be 2 000 000 (two million) GEL.

Within the program the loan can not be obtained by those entrepreneurs who have already experienced default within the scope of this scheme and/or violated the terms defined by this Resolution and/or breached the terms set by the state program "Produce in Georgia" and/or at the time of the issuance of the loan, there are delays payable to the state and / or registered in the debtor's register.

Within the program, loans shall be issued only in national currency.

The credit guarantee for each commercial bank participating in the program shall be issued in accordance with the following limits:

- a) No more than 15 percent of the portfolio existing at any given moment within the program;
- b) Not more than 70 percent of the loan amount on each loan issued by the commercial bank within the program.

On 27 March 2019, an amendment was made to the Law of Georgia On Accounting, Reporting, and Auditing, according to which:

"The person who has been exercising the authority of engagement partner for seven years prior to the enactment of this law, and is not a certified accountant, according hereto, shall be granted the status of a certified accountant on the basis of a document presented to the agency verifying the provision of audit services.

If this person is interested in being registered in the registry, it will be implied that the foregoing person has no less than three years of practical experience of auditing financial reports under the supervision of an auditor."

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.

Contacts

In case you need additional information, our tax specialists will be happy to comment and clarify all possible matters on the amendments, as well as assist with their practical implementation in accounting system and tax assessment practices.

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