

# Tax and Legal Alert

Overview of changes in Georgian Legislation  
July, 2021



# Tax News

- 1) Amendment was made to the Order # 996 of the Minister of Finance:
- The definition of a “foreign taxable person” has been specified and defined as a person who participates in the provision of digital services and is not established or normally does not live in Georgia or does not have a fixed establishment in Georgia;
  - In relation to a foreign taxable person, a new definition - "digital service" has been added, which combines the concepts of telecommunications (Annex №III-031), radio or television (Annex №III-032) and electronic services (Annex №III-033). Corresponding annexes are given in Order #996;
  - In case of a foreign taxable person, the VAT taxable base has been specified and instead of “received payment without VAT”, was defined as “received or receivable payment without VAT”;
  - For a foreign taxable person, the VAT reporting period was defined as a quarter instead of a calendar month, tax return must be submitted to the Revenue Service no later than 20th day of the month following the reporting period (quarter), and corresponding tax must be paid no later than the last day of the month following the reporting period (quarter);
  - It was additionally determined, that foreign taxable person is obliged to keep the primary accounting documents for 3 years;
  - The foreign taxable person is obliged to calculate and pay corresponding VAT starting October 1, 2021.
  - A new record has been added, according to which, the place of provision of the tourism services under tourism product, shall be considered as delivered outside of Georgia, in case the actual use of such service takes place outside the territory of Georgia.

## Source:

Order № 184 of the Minister of Finance of Georgia, publication date July 28, 2021  
Order № 170 of the Minister of Finance of Georgia, publication date July 19, 2021.

2) Amendments to the Tax Code:

- Amendments have been made to the Article 206 of the Tax Code, according to which immovable property, gratuitously transferred by the national and/or local self-government authority to the ownership or under possession of any state-founded higher education institution and the property is used for educational activity and/or services related to educational activities, shall be Property tax exempt.
- Property tax other exemptions were also specified.

**Source:**

Law № 809-V<sup>ლს</sup>-X<sup>მზ</sup> by Parliament of Georgia, publication date July 26, 2021

# Legal news:

- 1) Amendments have been made to the Ordinance of the Government of Georgia №322 of 23 May 2020 on the Approval of the Rules of Isolation and Quarantine; amendment relates the introduction of preventive measures during trainings, conferences and seminars. In particular, attendance at these events was allowed based on PCR tests performed only 72 hours in advance or 24 hours earlier in the rapid antigen test. At the same time, camp-type gatherings were banned, and sports tournaments and training sessions for adults under the age of 18 were allowed only on the basis of pre-PCR testing of all participants.

## Source:

Ordinance of the Government of Georgia №359 July 15, 2021 Tbilisi On Amendments to the Ordinance №322 of the Government of Georgia of May 23, 2020 “On the Approval of the Rules of Isolation and Quarantine”

<https://matsne.gov.ge/ka/document/view/5217821?publication=1>

- 2) Ordinance №351 of the Government of Georgia approved the Small and Medium Entrepreneurship Development Strategy of Georgia. The Ordinance approved two annexes:

- Small and Medium Entrepreneurship Development Strategy of Georgia for 2021-2025 (Ordinance Annex 1);
- Action Plan of the Small and Medium Entrepreneurship Development Strategy of Georgia for 2021-2022 (Ordinance Annex 2).

The main directions of the 2021-2025 strategy are:

1. Legislative refinement, refinement of the operating environment and institutional improvement;
2. Development of skills of small and medium entrepreneurs and consequently raising of entrepreneurial culture;

3. Improving access to finance;
4. Promoting the growth of small and medium enterprises' exports and market access;
5. Promoting technology and innovation development for small and medium entrepreneurs;
6. Promoting the development of women entrepreneurship;
7. Promoting the development of the green economy.

**Source:**

Ordinance of the Government of Georgia №351 July 13, 2021 Tbilisi

<https://matsne.gov.ge/ka/document/view/5214991?publication=0>

- 3) Ordinance of the Government of Georgia On the Approval of the Simplified Rules for Issuance of Construction Permits for Free Industrial Zones” has been amended and concerns the Rules for Issuance of Permits for Construction of Class I-IV Buildings and Facilities of Special Importance (including Radiation or Nuclear Facilities) for Free Industrial Zones.

Permits for the construction of Class I-IV buildings for free industrial zones shall be issued by the administrative body of this zone and for facilities of special importance (including radiation or nuclear facilities) - by the Technical and Construction Supervision Agency. It is noteworthy that the permit seeker has the right to consult before submitting the documentation for obtaining a construction permit.

The detailed development plan for the free industrial zones is approved by the Administrator in agreement with the Ministry of Regional Development and Infrastructure of Georgia.

In the process of issuing a construction permit / facilities of special importance (including radiation or nuclear facilities) in a free industrial zone, relevant administrative bodies defined by the legislation participates, and the administrator for facilities of special importance.

**Source:**

Ordinance of the Government of Georgia №381 July 27, 2021 Tbilisi

On Amendment to the Ordinance of the Government of Georgia №54 of March 10, 2008 “On Approval of the Simplified Rules for Issuance of Construction Permits for a Free Industrial Zone”

<https://matsne.gov.ge/ka/document/view/5225741?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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