



Georgia

Deloitte Legal

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Georgian Legal News Refer to the Law

New Law on Entrepreneurs

On 2 August 2021, the new Law on Entrepreneurs passed its third reading in the Parliament of Georgia. It enters into force on 1 January 2022.

The main objectives of the Law is to rectify deficiencies in existing regulation and bring Georgian corporate regulation closer to the regulation of the European Union in line with the EU–Georgia Association Agreement.

The Law covers various issues, including conflict of interest, obligation of good faith, exclusion/withdrawal of shareholders from enterprises, provisions related to reorganizing and liquidating enterprises, and other significant amendments/additions. Notably, the Law introduces dispositive norms, according to which the subjects of entrepreneurial relations will be able to properly regulate their corporate affairs.

The new Law also triggered changes to 25 other laws of Georgia, which will likewise become effective on 1 January 2022.

Order No. 07 and Order No. 08 of the State Inspector's Service of Georgia

On 23 July 2021, the State Inspector adopted Order No. 07 "On Transfer of Personal Data to Third Countries and Other International Organizations," thereby approving two important issues:

- the rules for obtaining permission to transfer personal data to third countries and international organizations; and
- the form of the application for obtaining such permission.

Order No. 07 pertains to the transfer of personal data to third countries and international organization in cases when obtaining permission from the State Inspector is mandated by the Law on Personal Data Protection.

The Order does not pertain to the transfer of personal data to countries officially listed as having appropriate data protection guarantees.

Order No. 07 became effective on 26 July 2021.

On 6 August 2021, the State Inspector adopted the new Order No. 08 "On Approving Inspections of the Lawfulness of Data Processing." Order No. 08 governs the rules, objectives, and basic principles of examinations of data processing practice and inspections of the lawfulness of data processing.

Order No. 08 enters into force on 15 September 2021.

Order No. 996 of the Minister of Finance of Georgia on Tax Administration

In July 2021, certain changes were made to Order No. 996, including the following:

- Although they are not obligated to register as a VAT payer, foreign taxable persons will have to calculate and pay VAT if the digital services are rendered in Georgia and the transaction is not subject to reverse charge VAT under the Georgian Tax Code;
- The provision of digital services in exchange for remuneration by a foreign taxable person is considered a VAT taxable transaction;
- The amount of a VAT taxable transaction comprises the remuneration received and/or to be received in exchange for the provision of digital services excluding VAT;
- The reporting period for VAT comprises one quarter, as follows:
 - a) 1 January – 31 March (Quarter I);
 - b) 1 April – 30 June (Quarter II);
 - c) 1 July – 30 September (Quarter III);
 - d) 1 October – 31 December (Quarter IV);
- The VAT rate is 18%;
- Foreign taxable persons may fulfil their tax obligations to the Georgian budget in any of the following currencies:
 - a) USD;
 - b) EUR;
 - c) GEL;
- Foreign taxable persons must submit a tax return for each reporting period no later than on the 20th day of the month following the reporting period using their account on the web portal of the Revenue Service. They must pay taxes no later than the last day of this month.

The validity of the above-mentioned provisions of Order No. 996 is suspended until 1 October 2021.

Contacts

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