

Tax and Legal Alert

Overview of changes in Georgian Legislation
June, 2021



Tax News

- 1) Amendment was made to resolution N84 of the Government of Georgia dated February 6, 2020, according to which the main part of the "Technical Regulation on Gas Fuel Equipment" will enter into force on September 1, 2021, instead of July 1, 2021.
 - 2) A number of new Situational Guidelines have been approved by the Revenue Service and also a change / addition has been made to the VAT Methodological Reference.
- ✓ Annex # 8 "Providing Service" was added to the VAT Methodological Reference and some examples were added to Annexes # 3 "Transactions performed using Voucher" and # 6 "Place of Rendering Service".
 - ✓ The newly approved Situational Manuals cover the following issues:
 - Property tax when leasing space by the organization N1427
 - Taxation of income received by a person with small business status N1513;
 - Receipt of rent fee in cash, for living space (apartment) by a natural person, without using cash register N 2207
 - Income received by the intern treated as salary N 2428
 - Taxation of salary issued by an International Company N 2429;
 - Taxation of profits distributed by an International Company N 2658.

Source:

Revenue service

www.rs.ge

Legal news:

- 1) The Law of Georgia on the introduction of anti-dumping measures in trade provides protection of local industry from dumped imports on the customs territory of Georgia (except for free industrial zones) and provides a number of anti-dumping measures.

An anti-dumping measure against the object of study may be introduced by the Government of Georgia in the event that the Competition Agency determines that dumping of the object of study is being carried out. Local industry has been harmed or is in danger of being harmed, and there is a causal link between the harm done and dumped imports.

From June 1, 2021, Article 20 came into force, which describes the rules for studying the issue. It is noteworthy that the basis of the study is a written application made by or on behalf of the local industry to a competition authority, a legal entity under public law, which is authorized to investigate the matter, request the necessary information from the administrative bodies, interested parties and other natural and legal persons. The decision shall be taken within 45 calendar days from the date of submission of the application, although this period may be extended by not more than 15 calendar days in order for the review body to obtain additional information from the applicant.

At the same time, in case of a decision to start the study, information about it will be published on the website of the Competition Agency, and in case of refusal, the applicant will be notified with written reasoned refusal within 5 working days after the decision.

Source:

Law of Georgia on Introduction of Anti-Dumping Measures in Trade

<https://matsne.gov.ge/document/view/4923585?publication=0>

2) The Parliament of Georgia approved the amendments to the Law on Information Security in the third reading. The new law applies to 3 categories of subjects. The first category may include all state bodies and institutions, legal entities under public law and state-owned enterprises. The second category of companies includes electronic communications companies, and the third category of companies includes legal entities of private law defined by a government decree. In addition, the continuous functioning of the information system of all three categories of entities should be important for the defense and / or economic security of the country, for the maintenance of state power and / or public life. It is noteworthy that the law is relatively loyal to the third category of entities/ legal entities under private law and LEPL Digital Governance Agency will supervise them.

The Operational-Technical Agency of the State Security Service has been granted a number of powers, including the following:

- Upon request, can access the information asset of the first / second category entities, information system and / or the subject included in the information infrastructure;
- Authorized to request information related to the development, implementation, monitoring and improvement of information security policy;
- Mandatory, planned or unplanned inspection of information technology infrastructure
- Access to information security audits of entities and information penetration (penetration) test findings (except for financial institutions).
- Consider the rules of internal use of information security in the case of the subjects of the first and second categories of critical information systems

The amendment came into force on June 15, 2021, with the exception of Article 1 of the Amendment Act, which will take effect on December 30, 2021.

Source:

Law of Georgia On Amendments to the Law of Georgia "On Information Security"

<https://matsne.gov.ge/ka/document/view/4989158?publication=0>

- 3) The United Nations Convention on International Agreements on Mediation was adopted by United Nations General Assembly Resolution N73 / 198 on December 20, 2018.

Georgia signed the Convention on August 7, 2019, Ratification of the said Convention will facilitate the expansion and development of mediation in Georgia as an alternative dispute resolution mechanism. In addition, Georgia will become a party to the Unified International Instrument on the Application and Enforcement of Settlement Agreements.

All preparatory work for its ratification by the Parliament of Georgia has been completed, and on June 22, 2021, as a result of new numerical changes, the Convention became mandatory. Accordingly, amendments were made to the Law of Georgia on Mediation, as well as to certain norms of the Law on Civil Procedure, the Law of Georgia on Enforcement Proceedings and the Law on State Duty.

An international mediation settlement is a written agreement reached and concluded for the purpose of resolving a commercial dispute, which is an international agreement in accordance with the United Nations Convention for the Settlement of Mediation Reached According to the United Nations Convention of August 7, 2019. It is noteworthy, that the Supreme Court of Georgia is the court with the authority to recognize and enforce international mediation agreements.

Source:

Explanatory card on the draft law of Georgia

The Bill "On Change to the Law On Enforcement Proceedings"

<https://info.parliament.ge/file/1/BillReviewContent/268600>

Resolution of the Parliament of Georgia on the Ratification of the United Nations Convention on International Agreements Concluded by Mediation

<https://matsne.gov.ge/ka/document/view/5176484?publication=0>

- 4) The order of the Minister of Finance of Georgia was published on June 25, 2021, which will enter into force on the 15th day after its publication and Refers to the instructions on the movement and registration of goods on the customs territory of Georgia. In particular, the instruction "On Customs Supervision" approved by the Order № 257 of the Minister of Finance of Georgia of August 29, 2019 (Annex № 3) was amended and it was noted that, That, if necessary, the customs authority determines the route by which a person must transport / transfer goods

or means of transport subject to customs supervision on the customs territory of Georgia.

It should be noted that the route defined by the customs authority includes:

- The direction of movement of goods and / or vehicles, and / or;
- the destination customs control zone, or any other place designated by or agreed with the customs authority.

Source:

Resolution of the Parliament of Georgia on the Ratification of the United Nations Convention on International Agreements Concluded by Mediation

<https://matsne.gov.ge/ka/document/view/5176484?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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