

Tax Legislation Updates

Changes in the Tax Code

On February 9, 2023, amendments were made to the Tax Code of Georgia (as well as the Law of Georgia "On Organising Lotteries, Games of Chance and Other Prize Games", the law "on Gaming Business Fee" and the Law of Georgia "On Licenses and Permits"), which will enact from June 1, 2024.

As a result of the changes, new types of permit activities, the amounts of the permit fee, permit conditions, the responsibility in cases of violation of the permit conditions as well as the deadline for the payment of the permit fee were established for the organization of gambling and/or prize games in a system-electronic form. In addition, the arrangement of gambling and/or prize games on a floating object in the internal waterways of Georgia and in the territorial sea of Georgia, by individuals and legal entities registered in Georgia, became prohibited.

Changes in the Order of the Minister of Finance of Georgia

In February 2023, according to Order No. 39 of the Minister of Finance of Georgia, an amendment was made to Order #996 of December 31, 2010 "On Administration of Taxes". The relevant amendment will enact from March 01, 2023. As a result of the changes, certain parts of the order were modified.

Amendment to the Resolution of the Government of Georgia

On January 3, 2023, the Resolution No. 43 of the Government of Georgia amended Resolution No. 96 of March 30, 2010, of the Government of Georgia "On approval of fees and their rates for the provision of services by a legal entity under public law - the

Revenue Service", which came into effect on February 20, 2023. The aforementioned amendment envisages the determination of new fees for the provision of services by the Revenue Service, as well as the introduction of different conditions for an exemption or halving of the fee, for those persons who submit an application to the Revenue Service in electronic form, requesting the provision of relevant services, from their own authorized user page.

Other Legal Updates

The Law of Georgia on Public Procurement

On February 9, 2023, the Parliament of Georgia adopted the Law of Georgia "On Public Procurement" in the third reading, which replaces the Law of Georgia "On State Procurement".

The adoption of a new law in the field of procurement is due to the need for a gradual convergence of public procurement legislation with EU public procurement legislation.

The new law introduces new institutions provided for by the European Union Directives 2014/24/EU, 89/665/EEC, and 2009/81/EC. It also serves the purpose to fulfil the obligations assumed by the Substantial NATO-Georgia Package (SNGP) in the field of public procurement. Accordingly, in contrast to the existing legislation in the field of public procurement, the new law introduces provisions related to procurement in the field of defence and security.

The change in the name of the law itself, according to the explanatory note of the bill, is justified by the fact that the term - "state procurement" is not related only to the state, therefore the legislator considered it appropriate to replace the mentioned name with the term - "public procurement".

The Law "On Public Procurement" establishes general exceptions, according to which the law will not apply to the list of procurements provided in the same law. Accordingly, it is prohibited to allow other exceptions than those provided by this law. In contrast, procuring organizations not covered by the law are allowed to voluntarily apply the procedures of public procurement established by the mentioned law.

An important innovation in relation to public procurement legislation is that the law establishes a requirement for mandatory certification of public procurement specialists. Procuring organizations will be obliged to have a staff unit in their structure, in which an employee will be directly involved in activities related to public procurement. According to the law, such persons will be subject to public procurement specialist certification.

The law regulates issues related to the blacklist and the grounds for registering a person there in a new and expanded way. In particular, the economic operator must be registered on the blacklist, if, for example, the economic operator or a person who is a member of its management body or supervisory board, a trustee or a person who has the right to represent the economic operator in the activities of affiliated enterprises, has been convicted of any crime specified in the law, or if the economic operator was considered to have committed a violation of the competition rules, also if a legally binding decision of the court or other authorized body confirmed the violation of labour rights by the economic operator in relation to issues such as employment of minors in prohibited cases, or for example, failure to fulfil the obligation to conclude a written employment contract when such an obligation is established, etc.

Public procurement procedures are regulated in a new way, in particular, public procurement can be carried out using the following procedures:

- open procedure;
- restricted procedure;
- competitive dialogue;
- innovation partnership;
- competition;
- Negotiated procedure with prior publication;
- Negotiated procedure without prior publication;
- Public procurement procedures for procurement of social and other specific services.

The law additionally defines such instruments of public procurement as:

- framework agreement;
- dynamic purchasing system;
- electronic reverse auction;
- electronic catalogue.

These additional tools make it possible to conduct public procurement using additional procurement tools.

Chapter 11 of the law is devoted to the peculiarities of public procurement related to the field of defence and security and it is based on the provisions of the 2009/81/EC directive, the peculiarities of national legislation and the comments and recommendations made within the framework of the inter-agency commission created by the decree No. 222 of the Government of Georgia of February 12, 2019.

The Law on Public Procurement will apply only to public procurements announced from January 1, 2025. Accordingly, as of January 1, 2025, the Georgian Law of April 20, 2005 "On State Procurement" and the related legislation will be declared invalid.

The implementation of the law is planned in several stages, in particular, in the first stage, the main provisions related to public procurement will be implemented, then - in two stages, the norms related to the certification of public procurement specialists will be implemented - initially, from January 1, 2027, the said institution will be introduced and the certification of relevant persons will begin. After, as a result of this process, the state will have certified personnel, the second stage will be implemented from January 1, 2029, and only persons holding this certificate will be able to be employed in the structural unit related to public procurement of the procuring organization.

[Amendment to the Law of Georgia "On License and Permit Fees".](#)

According to the amendments implemented in the Law of Georgia "On License and Permit Fees", the amount of the permit fee was established in case of organizing gambling and prize games in a system-electronic form, namely:

- The organization of the casino in a system-electronic form became subject to a permit fee in the amount of 5,000,000 GEL per year;

- Organization of the casino in a system-electronic form, the permission of which is issued on the basis of the casino arrangement permit, became subject to a permit fee in the amount of 100,000 GEL per year;
- The amount of the permit fee for the organization of gaming machines in a system-electronic form will cost 1,000,000 GEL per year;
- Organizing the games of gaming machines in a system-electronic form, the permission of which is issued on the basis of the permission

to set up a gaming machine cabin, became subject to a permit fee in the amount of 100,000 GEL per year;

- The amount of the permit fee for the organization of a betting house in system-electronic form amounted to - 100,000 GEL per year.

The changes made in the law will come into effect on June 1, 2024.

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