

Tax Legislation Updates

Amendment to the order of the Head of the Revenue Service

Methodological Reference on "Cash at the Cash Register of the Taxpayer"

With the amendment made on December 30, 2021 to the Order #22708 of July 8, 2019 of the Head of the Revenue Service "On Approval of Methodological References for Determining a Tax Payer's Tax Liabilities in Certain Cases", the methodological reference "On Cash at the Cash Register of the Tax Payer" - Annex №9 – was added.

The purpose of the methodological reference is to provide a uniform approach for possible tax liabilities for cash balances at the cash register during the tax audit.

Methodical reference:

A) regulates the calculation of a reasonable balance from the cash balance at the taxpayer's cash register during the tax audit and the taxation of unreasonable balance;

B) does not regulate the procedures for conducting calculation of cash at the cash register of the taxpayer, envisaged by the order N994 of the Minister of Finance of Georgia on "the rule for conducting current control procedures, write-off of goods and inventory, repayment of recognized tax debt, implementation of measures for securing tax debt, conducting administrative proceedings".

Other Legal Updates

Meeting the Requirements of GMP and GDP Standards in the Field of Manufacturing and Wholesale Distribution of Medicinal Products

According to the Resolution # 206 of the Government of Georgia "On Approval of the Conditions of Wholesale Distribution of Pharmaceutical Products" of April 25, 2017, as well as the Order #01-28/N of the Minister of Labour, Health and Social Protection "On Approval of the Form and Procedure for Notification to the LEPL – Agency for Regulation of the Medicinal and Pharmaceutical Activity of the Launch and Cessation of the Wholesale and Retail Distribution" of July 20, 2016, wholesale distributors of pharmaceutical products are required from January 1, 2022 to meet the standard of good distribution practice (GDP) recognized/approved by the Ministry of Internally Displaced Persons from the Occupied Territories, Labour, Health and Social Affairs of Georgia.

Also, according to the Resolution № 349 of the Government of Georgia "On Recognition of the List of International, Regional and National GMP (Good Manufacturing Practice) Standards for Pharmaceutical Production and Defining and Implementing the National GMP (Good Manufacturing Practice) Standards" of November 16, 2010, the owners of the permit of manufacturing pharmaceutical products are required to ensure production according to the Georgian National GMP (Good Manufacturing Practice) standards from 1 January, 2022.

Pursuant to the Resolutions # 635 and # 638 of the Government of Georgia of December 31, 2021, both the holders of the pharmaceutical production licenses and the wholesale distributors of the pharmaceutical product were additionally set deadlines for meeting the requirements of the Good Distribution Practice Standards (GDP) or Good Manufacturing Practice Standards (GMP). In particular, manufacturers of pharmaceutical products for which a manufacturing permit was issued in January, February, March, April or May (regardless of the year of the issuance of the permit), from June 30, 2022, will be restricted from the right to produce a pharmaceutical product for the Georgian market without a certificate of compliance with the Georgian National GMP (Good Manufacturing Practice) standard. The deadline for permits issued in other months will be the last date of the month in which

the permit was issued. The same rule applies to wholesale distributors of pharmaceutical products with the difference that the time limit for imposing the relevant restriction is linked to the date of notification of the launch of wholesale distribution.

Legislation Adopted in Connection with the Enactment of the Law on Entrepreneurs

On January 1, 2022, the new Law of Georgia on Entrepreneurs entered into force, in connection with the enactment of which the relevant normative acts were elaborated.

Taking into account the above, the rule of dissolution of the existing enterprises with more than 50% ownership of the state was approved by the Order # 1-1/6 of January 12, 2022 of the Minister of Economy and Sustainable Development of Georgia. Also, by Resolution #20 of the Government of Georgia of January 18, 2022, the rule of dissolution of the enterprises, with more than 50% ownership of the municipality, was approved.

Both normative acts define the procedure for making a decision on the dissolution of the respective enterprises, the grounds, the initiation of the liquidation procedure of the entity, the issues of appointing a liquidator, the scope of his/her rights and obligations, the list of actions to be taken and other issues.

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