

Tax Legislation Updates

Amendment to the order of the Head of the Revenue Service

Unqualified Taxpayer

According to the order #34 of November 1, 2021, of the Head of Revenue Service the order of the Head of Revenue Service #25697 of August 5, 2021 on the restriction of the right of the taxpayer to submit tax invoices, issuing/approving tax documents and issuing waybills was amended. In particular, the amendment refers to paragraph 5 of the order, which defined the capacity of the tax authority to grant the status of a qualified VAT taxpayer to an unqualified VAT payer, or to deny the application on granting such a status. Under the amendment, the tax authority will only consider the issue of granting qualified VAT taxpayer status to an unqualified VAT taxpayer if the taxpayer applies.

Amendment to the Methodological References

- **Methodological Reference in Relation to the Payable Accounts**

Pursuant to the Order 35390 of November 12, 2021 of the Head of the Revenue Service, the Order №22708 of the Head of the Revenue Service of July 8, 2019 "On Approval of Methodical References for Determining Tax Obligations in Certain Cases", was changed and the "Methodological Reference on Payable Accounts" was added.

- **Methodological Reference on Value Added Tax**

With the amendment made in the order N7536 of the Head of the Revenue Service on November 15, 2021 "On the approval of the methodological reference on value added tax", Annex # 9 - supply of goods was added to it. The annex reviews the notion of delivery of goods as defined in accordance with Article 160 of the Tax Code of Georgia, certain operations considered as delivery of goods in exchange for payment, and

operations that are not considered as delivery of goods in exchange for payment.

With the same order, the amendments were made to:

- Annex №5 - "VAT deduction", in particular, example №4 – proportional deduction of VAT on fixed assets, example №5 - VAT deduction on fixed assets during the registration as VAT taxpayer, example №6 - VAT deduction on fixed assets, during the registration as VAT taxpayer, when the taxpayer is registered as a VAT payer before 2021.
- Annex №6 "Place of service". In particular, part 4 was added to the Annex - "Providing services related to attending the event."

Mandatory Prior Notice of Import of Certain Goods

From December 1, 2021, the import and placement of personal protective equipment, machinery, as well as gas appliances on the Georgian market will not be possible without prior notice of import.

The obligation on prior notification of import is determined by the ordinance №85 of the Government of Georgia of February 6, 2020 on the Approval of the Technical Regulation on Machinery, the Ordinance №82 of the Government of Georgia on the Approval of the Technical Regulation on Personal Protective Equipment, dated 6 February, 2020 and the Ordinance #84 of the Government of Georgia of February 6, 2020 on the Approval of the Technical Regulation on Machinery. Pursuant to the above-mentioned normative acts, the importer is obliged to submit a prior electronic notification on the import of the relevant goods to the Revenue Service and the Market Surveillance Agency through the website of the Revenue Service.

The form of prior notice, the procedure for filling and confirming it is determined by a joint ordinance of the Minister of Finance of Georgia and the Minister of Economy and Sustainable Development of Georgia.

Other Legislative Updates

Amendments in the Legislation Related to Alcoholic Beverages

According to the amendments made on November 16, 2021, to the Law of Georgia on Vines and Wine, from January 1, 2023, the product for which wine is used as a base and wine obtained through de-alcoholization will be subject to legal regulation.

In order to maximize the control of alcoholic beverages and to protect consumer market from entering falsified alcoholic beverages, the amendments make mandatory and regulate the certification of alcoholic beverages produced in Georgia and intended for sale in Georgia. Wine on tap, which is sold in the local consumer market, will be subject to certification. Such a certificate must be issued by the LEPL National Wine Agency and it will confirm that the identified products comply with the requirements set forth in the rules established by the legislation of Georgia.

Changes in the Rules of Isolation and Quarantine

The additional restrictions introduced in November in the isolation and quarantine rules, on the one hand, serve to prevent the spread of new variant of coronavirus infection from outside the country, and on the other hand, are intended to encourage the vaccination process within the country.

Of the restrictions imposed to prevent the spread of the new Coronavirus variant, it is noteworthy that for arriving persons (irrespective of their citizenship) from African countries (South Africa, Botswana, Zimbabwe, Namibia, the Kingdom of Lesotho, Eswatini, Republic of Mozambique, Republic of Malawi) the quarantine for the duration of 14 days after arriving in Georgia becomes mandatory. The costs of placing in the quarantine space must be borne by the person placed in the quarantine. After the end of the quarantine period, it is mandatory for a person to undergo a PCR test at his own expense. Exceptions are imposed for Georgian citizens, whose testing costs will be covered by the state.

In order to encourage coronavirus vaccination within the country, the rules of isolation and quarantine envisage the concept of "green" status and,

consequently, certain restrictions are imposed on persons without this status.

For the purposes of the isolation and quarantine rules, a person who meets one of the following conditions is considered to have "green" status:

- a) is fully vaccinated;
- b) has a negative response to PCR testing for Covid 19 infection during the last 72 hours and / or antigen / fast test performed during the last 24 hours;
- c) has recovered from a coronavirus infection and more than 14 days have passed since the date of laboratory confirmation;

"Green" status shall not apply for persons under 18 years of age.

Persons without "green" status, since December 1, 2021 have been restricted from the right of:

- Attending theatrical and cinematographic events;
- Visits to children's entertainment centres;
- Attending a concert on the territory of the hotel;
- Attending Georgian Premier League matches and international competitions/matches planned in Georgia (in any kind of sport);
- Receiving services of sports-recreational procedure / activity, open/closed type pools, spa centres;
- Receiving services of food facility, gyms and swimming pools at hotels and other accommodation facilities;
- Use of closed (gondola type) ropes in mountain resorts;
- Receiving services of food facilities (restaurants / bars / cafes / hotel catering facilities) both outdoors and indoors;
- Entering the site of gambling and winning games;

If the violation of rules of admission to the relevant facilities of persons without "green" status is detected, and if such a violation amounts to the critical non-compliance with the requirements set by the resolution, the Labour Inspection Service is authorized to suspend the economic activity of the relevant person.

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