

Tax Legislation Updates

Order of the Head of the Revenue Service

According to the order N27777 of the Head of the Revenue Service, adopted on November 03, 2022, the methodological reference was approved, which was published on November 10, 2022 and came into effect immediately after its promulgation.

Based on the methodological reference, the rule of application of paragraph 7 of the article 269 of the Tax Code of Georgia and paragraph 11 of the article 163 of the Customs Code of Georgia was defined. The methodical reference refers to exemption from sanctions imposed as a result of the violations provided for by the Tax and Customs Codes of Georgia, if the tax offence was caused by the payer's mistake/lack of knowledge. As a result of meeting a number of criteria, which are listed in the mentioned methodical reference, the audit department (the head of the audit department is authorized to sign the decision on the exemption of a person from tax sanctions) can release a faithful taxpayer from the sanctions, envisaged by the article 275 of the Tax Code of Georgia (tax reduction in tax declaration/calculation) and the penalty provided for in the article 272 of the same code.

Other Legal Updates

Changes in the Civil Code of Georgia Related to the Entrusting Signature to Another Person

On November 2, 2022, the Parliament of Georgia made relevant changes to the Civil Code of Georgia in order to facilitate the protection of the rights of the parties to the transaction when concluding a transaction by a person who is blind, deaf, hard of hearing, or illiterate. It should be noted that the adoption of the mentioned changes was initiated in December 2019.

It should be noted that the previous redaction of the relevant regulation of the Civil Code provided for the possibility of entrusting the signing of a transaction to another person, although that regulation did not cover many aspects of the conclusion of a transaction by persons with physical disabilities.

According to the amendment, the cases when the participant of the transaction is entitled to entrust the signature of the transaction to another person (without the granting the relevant power of representation) is determined. In particular, entrusting the signature of the transaction to a third party becomes permissible when the participant of the transaction cannot sign the transaction himself due to illiteracy or long-term or irreversible physical, mental, intellectual or sensory impairment or in other cases provided for by law. In this case, the signature of transacting party must be officially verified and the reason of inability of the person who entered into the transaction, to sign the transaction, must be noted.

The issue of entering into a transaction by a literate blind person is regulated separately and it is determined that this person has the choice to sign the transaction himself, or entrust the signing to another person. Independent execution of the signature in this case will be allowed using a mechanical signature, facsimile or other appropriate technical means established by the legislation of Georgia. If the parties to the transaction agree to sign a transaction with the participation of a blind literate person, using Braille script, the transaction concluded using Braille script should be attached to the transaction concluded using ordinary font.

The abovementioned amendments to the Civil Code of Georgia will come into effect on May 1, 2023.

Amendment to the Law of Georgia on Local Fees

According to the amendment to the Law of Georgia "On Local Fees" implemented on November 2, 2022, the amount of the local fee for each square meter of the

calculated area of the development intensity coefficient (k-2) provided for by the project of the newly constructed object is increased and is defined in the amount of:

- 11 GEL - for the construction of an industrial facility in the resort area;
- 10 GEL - for all other constructions;

The change does not affect the fee established for the construction of individual residential houses, and the fee is still determined at 4 GEL for each square meter of the area of the development intensity coefficient (K-2).

It should be noted that before the changes, the amount of the fee for the construction of industrial facilities in the resort area was determined by 5 GEL for each square meter of the area of the development intensity coefficient (K-2), and for all other constructions – by 4 GEL. Accordingly, in order to alleviate the effect of the increase in financial expenses for the fee payer, the increase in the amount of the fee for all constructions (except for the industrial facility in the resort area and individual residential houses) is planned gradually, namely: from January 1, 2023 to 6 GEL, from January 1, 2024 to 8 GEL and from January 1, 2025 to 10 GEL, and for the construction of the industrial facility in the resort zone - from January 1, 2023 to 7 GEL, from January 1, 2024 to 9 GEL and from January 1, 2025 to 11 GEL.

The changes in the law will come into effect on January 1, 2023.

Changes in the Amounts of Fees for Services Stipulated by the Law of Georgia on Enforcement Proceedings

By the Order No. 876 of the Minister of Justice of Georgia dated December 1, 2022, the Order No. 144 of July 30, 2010 of the Minister of Justice of Georgia "On approval of the amounts and manner of payment of fees provided for by the Law of Georgia on Enforcement Proceedings" was amended.

According to the amendment, the upper limit of the pre-paid enforcement fee is set at 5,000 GEL when recovering an immovable thing from illegal possession, as well as when completely or partially dismantling buildings and structures built in violation of Georgian legislation. Accordingly, the upper limit of enforcement fee came into compliance with the upper limit of fee, established for the enforcement of monetary claims, as well as for the recovering of movable things. The upper limit provision applies only to the amount to be paid by individuals.

The changes made in the rest of the order are only editorial in nature, thus the fee amounts remained the same.

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