

Tax Legislation Updates

Determining the Limits of Reimbursed Business Travel Expenses Paid to an Employee

According to the Order N336 of September 29, 2022 of the Minister of Finance of Georgia, the Order N220 of April 5, 2005 of the Minister of Finance of Georgia "On determining the limits of business travel expenses paid to employees" was amended.

As a result of amendments, the definitions of the terms and the concepts of business travel, long-term business travel, short-term business travel, hired work, employer and employee, as well as the days of departure and return from the business travel were defined in a new way.

Based on the amendments, the limits of daily expenses for business travels within the country and overseas were newly formulated, in particular, the limit of daily expenses for business trips within the country was determined in the amount of 30 GEL, which is calculated according to the days of the actual stay on the business trip, including holidays and weekends, as well as the days of departure and return from the business trip (except for the case when the business trip is within the range of 30 km from the place of employment and if it is possible to return to the place of work (residence) on the same day. In this case, only the travel expenses will be reimbursed). The travel and apartment rental expenses will be determined according to the actually incurred expenses based on the presentation of supporting documents. As for the business trip of the employee outside the country, the limits of per diem and apartment rental expenses were determined based on the annex to the order, which differentiates the limits in accordance with individual countries. Such expenses are calculated according to the days of actual stay on the business travel, including holidays and weekends, as well as the days of departure and return from the business trip. As for

reimbursement of travel expenses, the cost of travel to the relevant destination is taken into account when calculating it, but not more than the cost of an economy class (or its corresponding class) ticket.

During a business trip outside of Georgia, the nature of the business trip is taken into account while reimbursement of business travel expenses, in particular, whether it is a long-term or short-term business trip.

Special Rule for Using Electronic Tax Invoice

According to the order #24146 of the head of the Revenue Service, the instructions for the use of special rule of issuing the electronic tax invoice by the taxpayer, the issuance of the tax invoices, tax documentation and bill of lading were approved. According to the above-mentioned instruction, the taxpayer will be obliged to use the special rule of issuing electronic tax invoice, if the recognized tax debt of the taxpayer amounts to or exceeds 25,000 GEL.

Other Legal Updates

Amendments to the Law on Payment System and Payment Services

Along with other important amendments to the Law of Georgia on Payment System and Payment Services adopted on September 9, 2022, the following issues can be highlighted:

The functions of the National Bank of Georgia have been broadened in connection with the regulation and supervision of the activities of the payment system operator and payment service provider, namely:

- In order to implement supervisory functions more efficiently and effectively, as well as to promote financial stability, the payment service provider will be obliged to obtain approval from

the National Bank of Georgia before implementing the payment system;

- In order to acquire a significant share of the payment system operator and payment service provider, it becomes necessary to obtain the prior consent of the National Bank of Georgia;
- The National Bank of Georgia will be authorized to determine the upper limit amount of the exchange commission, according to the receiver's field of activity and the category of the payment instrument;
- The National Bank of Georgia will be authorized to determine the information to be provided by the payment service provider to the National Bank of Georgia, including the fees charged by the payment service provider related to the payment account and payment services, as well as exchange rates;

It is intended to promote the growth of competition among payment service providers, including banks, thus making information about fees available, which should potentially affect the cost of services.

The changes concern the protection of the customer's rights against unauthorized access when initiating a payment operation. In particular:

- The payment operation must be performed only on the basis of the identifier specified by the payer. The provider shall not be held liable for non-performance or incorrect performance of the operation, if the user indicated an incorrect identifier and, accordingly, the amount was credited to a person different from the intended recipient;
- In the case of an erroneously performed task, the provider must take all possible measures to return the money of the operation, for which it will cooperate with the provider of receiver, and

the latter, in turn, will be obliged to provide him with all the relevant information necessary for the refund;

- If the payer's provider fails to prove the crediting of the amount to the recipient's provider's account, it will be obliged to compensate the payer for the amount of the unfulfilled or incorrectly performed payment operation without unjustified delay;
- The customer will be entitled to request the payment service provider to rectify the consequences of the unauthorized or incorrectly performed operation, unless more than 180 days have passed since the account was debited, and the customer without undue delay after discovering the unauthorized or incorrectly performed operation has notified the provider of such operation. And, if the transaction is initiated through a payment initiation service provider, it will be obliged to prove to the account service provider that the payment transaction initiated in its capacity was authenticated and correctly recorded, and also that the transaction was not affected by a technical malfunction or other defect related to its payment service;

Chapter VI2 was added to the law, which creates an alternative dispute resolution mechanism between the payment service customer and the payment service provider. Dispute review commission, will be an independent, collegial body, and the customer will have the right to appeal to the commission with a complaint to the payment service provider no later than 6 months from the date of filing a complaint with the service provider.

The relevant changes will enter into force on November 1, 2022.

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