

## Tax Legislation Updates

### Changes in the Tax Code

On May 16, 2023, the Parliament of Georgia approved several amendments to the Tax Code of Georgia in the third reading, which came into effect on June 1, 2023, except for the first article, which will come into effect on July 1, 2023.

The amendments affected Articles 185 and 188 of the Tax Code, which determine the excise duty, the amount of excise of imported goods and the amount of excise of exported goods, as well as excise rates. The excise duty rate determined on some goods has been changed. Detailed information can be found at the following link:

<https://www.matsne.gov.ge/ka/document/view/5800018?publication=0>

Also, several amendments were made to the Tax Code of Georgia on May 18, 2023, in particular, the amendment affected Article 309 of the Tax Code, to which parts 135-140 were added, which will determine certain tax benefits to the matches of the final stage of the UEFA European Football Championship under the age of 21 to be held in 2023 and related events. The tax benefits also apply to the supply of goods and/or services by the person to UEFA, the Georgian Football Federation and/or a designated person directly or indirectly related to the final stage matches of 2023 UEFA European Under-21 Football Championship and related events. Detailed information can be found at the following link:

<https://www.matsne.gov.ge/ka/document/view/5804292?publication=0>

[Amendment to the Order №996 of December 31, 2010 of the Minister of Finance of Georgia "On Tax Administration"](#)

According to the order №181, of May 29, 2023, of the Minister of Finance of Georgia, an amendment was made to the order №996 of the Minister of Finance of Georgia dated December 31, 2010 "On Tax Administration", which will come into effect from June 15, 2023. A timber accounting project is ongoing at the Revenue Service. Based on the above, the procedure for issuing timber bill of lading is changed and the terms of presentation of information about the initial balance of timber are determined. The detailed information, as well as a video-instruction about the test module of timber accounting developed by the Revenue Service, can be found at the following links:

<https://www.matsne.gov.ge/ka/document/view/5813675?publication=0>

<https://www.youtube.com/watch?v=0GX4Ca4MSY8&t=6s>

Also, according to the order №183, of May 30, 2023, of the Minister of Finance of Georgia, an amendment was made to the order №996 of the Minister of Finance of Georgia dated December 31, 2010 "On Tax Administration", which will come into effect from July 1, 2023. The mentioned change refers to the marking rule for non-excise goods, according to which non-alcoholic beverages bottled in containers of any volume will be subject to mandatory marking, except for multi-use transportation containers fixed to the vehicle and imported (including in the case of mail) up to 4 liters of non-alcoholic beverages. For detailed information, see the following link:

<https://www.matsne.gov.ge/ka/document/view/5815344?publication=0>

## Other Legal Updates

[Amendment to the Law of Georgia "On Facilitating the Prevention of Money Laundering and the Financing of Terrorism"](#)

On May 16, 2023, amendments were made to the Law of Georgia "On Facilitating the Prevention of Money Laundering and the Financing of Terrorism".

The changes were based on the 5th round mutual evaluation report and its executive summary on Georgia of the Council of Europe's Committee of Experts on the Evaluation of Anti-Money Laundering Measures and the Financing of Terrorism (Moneyval), approved at the 60th plenary session, in the area of anti-money laundering and combating the financing of terrorism (AML/CFT) led by the Financial Action Task Force (FATF), according to which the certain provisions of the law in force in Georgia were evaluated negatively. The said report concerned:

- the provision of money laundering in the law;
- the fact that the law did not provide for the provision of accounting for the risk assessment carried out by the accountable person, as well as the obligation to reflect the results of the national risk assessment report in the accountable person's risk assessment;
- the need to strictly limit the grounds for exemption from the requirements of the law;
- the need to create a legal regulation for accountable persons, about the right to suspend the preventive measures in certain cases;
- the correct definition of the term „family member of a politically active person“;
- the form of information (document) storage, which would make it possible to submit it to the competent authorities immediately;
- the need to clearly define the authority of the Financial Monitoring Service;

With the amendment, the crimes provided for in articles 186 (purchase or sale of property obtained knowingly by illegal means) and 194<sup>1</sup> (use, purchase, possession or sale of property acquired through the legalisation of illegal income) of the Criminal Code of Georgia were added to the term money laundering, together with Article 194 of the Criminal Code. The relevant provision was also added in the law that will allow the accountable person to suspend the process of implementation of preventive measures and to notify the Financial Monitoring Service about it, if, based on the analysis duly documented by the accountable person, there is a doubt that the implementation of preventive measures reveals to the client that the study of the transaction or the detection of a suspicious transaction is being carried out.

With the change, the concept of a person equal to the spouse is added to the family member of a politically exposed person. Also, the amendment defines the term close associates - individuals who are closely connected to a Politically Exposed Person, either socially or professionally.

Amendments to the law entered into force immediately after its publication.

### Amendment to the Law of Georgia "On Labor Migration"

In response to various challenges in the field of labor emigration and labor immigration, on May 17, 2023, the Parliament of Georgia amended the Law of Georgia "On Labor Migration".

One of the problematic issues was the absence of effective mechanisms regulating the activities of broker individuals and legal entities operating in the field of labor emigration. One of the goals of the changes in the law is to introduce an effective system for regulating and monitoring the activities of labor brokers, which will help, on the one hand, to protect the rights of labor emigrants, and on the other hand, to encourage honest, competent and reliable employment brokers working in this field.

In order to increase the accountability of brokerage companies employed in the field of labor migration and to effectively regulate them, the persons performing such activities will be subject to registration in the register of economic activities and mandatory certification.

Also, one of the reasons for adopting the changes was the fact that there were no effective monitoring and enforcement mechanisms on the part of brokerage companies working in the field of labor migration.

With the amendments to the law of Georgia "On Labor migration":

- the data on the employment of a foreigner without a permanent residence permit in Georgia by local employers will be subject to mandatory registration in the online system created by the Ministry of Internally Displaced Persons from the occupied territories of Georgia, Labor, Health and Social Protection, and based on this data, in the cases provided for by the legislation of Georgia, an immigrant

visa for a foreigner without a permanent residence permit in Georgia will be issued (D1). Monitoring of the aforementioned was entrusted to the LEPL Labor Inspection Service;

- those brokerage companies that committed the administrative offense provided for in Article 16 of the Law of Georgia "On Labor Migration" before September 1, 2023 were exempted from the fine;
- the grounds for revoking the certificate of activity related to labor brokerage outside Georgia as well as banning activities related to labor brokerage outside Georgia were added;

- chapter III<sup>1</sup> was added to the law, which regulates the conditions of labor brokerage and remunerated labor activity of the labor immigrant with the local employer;
- the local employers were obliged to submit information on labor immigrants employed by them before September 1, 2023, to the Ministry of Internally Displaced Persons from the occupied territories of Georgia, Labor, Health and Social Protection by November 1, 2023;

The main text of the changes will come into effect on September 1, 2023.

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