# WBTG Georgia Tracker June 2014

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| **Name** | **Time** | **Stage** |
| George |  | Research/edit |
| Edward |  | TT check |
| Patrick |  | Senior Edit |

**06/07/14 George**

During the period there are not amendments in Tax Code. Mentioned earlier TC [amendment](https://matsne.gov.ge/index.php?option=com_ldmssearch&view=docView&id=2293970&Itemid=&lang=ru) 06/04/14 (about tax secrecy) came in force from 1 July, but it’s out of our format.

[EY’s Tax Brief](http://www.ey.com/Publication/vwLUAssets/EY-Tax-and-Law-Brief-June-2014-Eng/%24FILE/EY-Tax-and-Law-Brief-June-2014-Eng.pdf)en

Feedback:

Patrick, about WHT on dividend: you are right, resident companies are not subject to dividend payment (except the form of sole proprietor) [TC Art 130 p.2](https://matsne.gov.ge/index.php?option=com_ldmssearch&view=docView&id=1043717) and [LOE Art 2 p.1](https://matsne.gov.ge/index.php?option=com_ldmssearch&view=docView&id=28408#part_4).

About Fixed Tax, proposed by me, I will try to explain step by step regarding to your questions:

OK we do not have enough detail here to decide whether to include this.

Why would someone choose this system rather than the micro-enterprise scheme, as micro enterprise is exempt from tax whereas fixed taxpayer pays 3%.

Conditions:

Micro enterprise scheme means income up to GEL 30 k p.a. and self implication in business activity (nobody hired). Income tax-zero. Owner has not right to be occupied in certain activities, [defined by government](https://matsne.gov.ge/index.php?option=com_ldmssearch&view=docView&id=1164635)ge.

Small enterprise means annual income up to GEL 100 k, and owner can hire personnel. Taxable by 5%, but if it is available testifying documents that owner has 60% expense (besides salaries to hired ones) – taxable by 3%. Owner has not right to run certain types of activities, [defined by government](https://matsne.gov.ge/index.php?option=com_ldmssearch&view=docView&id=1164635)ge.

Now about fixed tax and why it’s so attractive. In both above cases authorities strictly control revenues. So, obligatorily there should be GPRS navigated cashier, not usage of which causes certain sanctions in form of penalties [TC Art 273](https://matsne.gov.ge/index.php?option=com_ldmssearch&view=docView&id=1043717#part_105) 500GEL ($284). E.g., if owner does not input sales to the cashier.

Other variant, if in case of micro or small businesses’ summary revenue exceeds defined level. It’s already subject to [TC Art 288](https://matsne.gov.ge/index.php?option=com_ldmssearch&view=docView&id=1043717#part_105) 500GEL. Besides, if during calendar year owner receives 3 times mentioned penalty sanctions, he will be deprived of its special taxation status [TC Art 89 p.3 (b).](https://matsne.gov.ge/index.php?option=com_ldmssearch&view=docView&id=1043717#part_105) Another reason – purchase of such cashier device, prices of which begins from 500 GEL and the business owner obliged to buy it.

Mainly caused by mentioned, for micro and small enterprises sometimes better to apply to authority for fixed taxation request.

BUT the matter is in that that fixed tax is not concerned to micro and small business

As a rule, for fix taxation apply owners of small and micro businesses. Revenue Department gives its interpretations as for micro and small entities. But TC defines it for non VAT payers TC Art 951 both physical and legal persons.

2000 is a very small amount – is this per month or per year? Is it turnover, gross profit, or net profit

Patrick, sorry, but you didn’t understand it properly. 1-2000GEL means the sum range which the government installs for particular object per calendar month, not Sales, GP or NP. E.g. for bakery can be 50GEL per oven, haircutter 100GEL per place, car technician 1000GEL per box....In each case it’s defined by authorities, according to necessary procedures. Each payment should be covered in

Is there a good secondary source which explains this properly?

The perfect [secondary source](http://www.rs.ge/Default.aspx?sec_id=4723&lang=1&catid=60), which interpret in details, issued by Revenue Service itself, but, it’s in Georgian only. If you are interested in any points, I can translate to you too, if google-translate will fail.

What is meant above by” conducts one or more types of activities that are not subject to fixed tax”? Why would someone who conducts business NOT subject to fixed tax be called a fixed taxpayer?

Patrick, as a rule, Fixed Tax applies to the persons who lead micro or small business. By the link above mentioned the types of activities to which these status is irrelevant, the types of income to which statuses applied and list of income which is exempted from special conditions.

They are simple income taxpayers.

Reference above takes me to <https://matsne.gov.ge/index.php?option=com_ldmssearch&view=docView&id=1164635>

which does not seem to be about fixed taxpayers. Where does it mention 3%? Or GEL 2000?

See above

**08/06/14 Edward TT check:**

TIEA signed with Belarus

<http://services.taxanalysts.com/taxbase/tni3.nsf/81e040bec29f052f85256372004b736f/06a7ff4dfaec32ee85257cde000edeb7?OpenDocument>

Details of pending Portugal treaty not yet available

9/6/14 Patrick

OK we do not have enough detail here to decide whether to include this.

1. Why would someone choose this system rather than the micro-enterprise scheme, as micro enterprise is exempt from tax whereas fixed taxpayer pays 3%.
2. 2000 is a very small amount – is this per month or per year? Is it turnover, gross profit, or net profit
3. Is there a good secondary source which explains this properly?
4. What is meant above by” conducts one or more types of activities that are not subject to fixed tax”? Why would someone who conducts business NOT subject to fixed tax be called a fixed taxpayer?
5. Reference above takes me to

<https://matsne.gov.ge/index.php?option=com_ldmssearch&view=docView&id=1164635>

which does not seem to be about fixed taxpayers. Where does it mention 3%? Or GEL 2000?

**06/05/2014 George**

During the period we have two amendments in TC:

First, about cash register on market places out of our scope TC art 309 p. 15 (<https://matsne.gov.ge/index.php?option=com_ldmssearch&view=docView&id=2343883)ge>

([http://www.ey.com/Publication/vwLUAssets/EY-Tax-and-Law-Brief-May-2014-Eng/$FILE/EY-Tax-and-Law-Brief-May-2014-Eng.pdf)en](http://www.ey.com/Publication/vwLUAssets/EY-Tax-and-Law-Brief-May-2014-Eng/%24FILE/EY-Tax-and-Law-Brief-May-2014-Eng.pdf%29en)

9/6/14 Patrick

OK

Second, about widening of list for Tax Secrecy Bill in addition of TC art 39 p. 2, about persons and institutions who have access to the financial information, also out of our scope (<https://matsne.gov.ge/index.php?option=com_ldmssearch&view=docView&id=2356533)ge>

9/6/14 Patrick

OK

Previous amendment have came already in force, so we can remove it in our file from Development

(<https://matsne.gov.ge/index.php?option=com_ldmssearch&view=docView&id=2312316)ge>

I highlighted it again.

9/6/14 Patrick

OK

Editing:

1-10 part b) Taxation overview, again dividends wht should be 5% not nil as it is (I highlighted it)

9/6/14 Patrick

Please see my comments before on this matter (eg 12/3/14). The sources you gave earlier relate to dividends received by non-residents and individuals. If you are able to find specific evidence (ie the exact wording in the law) about 5% ***withholding*** tax payable by ***resident companies*** on dividends received, please let me know. (It is generally not necessary for tax authorities to withhold tax from income received by resident companies as they have control over taxation of companies’ incomes within the country – the rules regarding wht tend to affect non-residents and individuals). Thanks.

In 1-014 (b) “ Liability to tax” I would be add relevant definition of income from referred TC art 100 in the beginning (if you are not against): Gross income of a non-resident is comprised of the income received from sources in Georgia.

9/6/14 Patrick

This is already stated in the second paragraph.

In addition to the micro and small business, think should be added point about fixed taxation, because it’s quite popular here (TC art 951-6). I suggest to do it by the following (I highlighted it):

A fixed taxpayer may be a person who is not a VAT payer and conducts one or more types of activities that are not subject to fixed tax. Person, who satisfies these requirements

is entitled to apply to a tax authority for being granted a fixed taxpayer status and move to a fixed tax regime, for which fixed taxpayer certificate is issued. According to the types of activity, to fixed taxpayer applied taxation range

* within GEL 1-2000, [determined by the Government of Georgia](https://matsne.gov.ge/index.php?option=com_ldmssearch&view=docView&id=1164635);
* 3 % of income gained as result of taxable activity.

Income earned as a result of performing activities subject to fixed tax shall not be included into the gross income of a fixed taxpayer and shall not be subject to tax;

9/6/14 Patrick

OK we do not have enough detail here to decide whether to include this.

1. Why would someone choose this system rather than the micro-enterprise scheme, as micro enterprise is exempt from tax whereas fixed taxpayer pays 3%.
2. 2000 is a very small amount – is this per month or per year? Is it turnover, gross profit, or net profit
3. Is there a good secondary source which explains this properly?
4. What is meant above by” conducts one or more types of activities that are not subject to fixed tax”? Why would someone who conducts business NOT subject to fixed tax be called a fixed taxpayer?
5. Reference above takes me to

<https://matsne.gov.ge/index.php?option=com_ldmssearch&view=docView&id=1164635>

which does not seem to be about fixed taxpayers. Where does it mention 3%? Or GEL 2000?

**[GEO ¶1-220] INTERCOMPANY PRICING**

Per David (see email 16/5/14

“New list available at

[http://www.gncc.ge/files/7400\_114168\_996698\_dadgenileba N132.pdf](http://www.gncc.ge/files/7400_114168_996698_dadgenileba%20N132.pdf)

I have simply replaced Malta (no longer on the list) with Mauritius to save rehashing the entire table”

# WBTG Georgia Tracker May

**08/05/14 Edward TT check:**

Details added to pending Sweden treaty

<http://services.taxanalysts.com/taxbase/tni3.nsf/81e040bec29f052f85256372004b736f/92a41f612f596b2785257cbc00070cc4?OpenDocument>

Details of pending treaty with Portugal not yet available

**06/05/2014**

During the period we have one amendment in TC about cancelation of special condition for vast importers, which come in force from 1 June

(https://matsne.gov.ge/index.php?option=com\_ldmssearch&view=docView&id=2312316)ge, so in our WBTG file 1-185 second indention and ‘’development’’ can be erased (I highlighted it for you).

12/5/14 Patrick

Thanks - we do not remove a Development until the change is effective. Reworded as now definite. Development will be removed and main text updated next month.

<https://matsne.gov.ge/index.php?option=com_ldmssearch&view=docView&id=2312316>

**Feedback: 15/4/15 Patrick**

*(1) 1-020(b) says*

*“From 1 January 2013, individuals with an annual income not exceeding GEL6,000 are free of personal income tax”*

*2 sources say that personal income up to 6,000 may deduct 1,800 before tax. Please confirm and cite sources and law if correct.*

According to the amendment, income, less than or equal to 6000 GEL p.a. (not like in UK Taxation – personal age or other; it’s allowance for individuals with low income) gives tax exemption for 1800 GEL (20%X1800=360GEL). This amendment was adopted 20/12/2012, I noted it in former researches (https://matsne.gov.ge/index.php?option=com\_ldmssearch&view=docView&id=1807974#DOCUMENT:1;)ge and payment to citizens began from 01/04/2014 (http://www.mof.ge/News/5962)ge

<http://transparency.ge/en/node/2692>

<http://www.bdo.ge/site/upload/Tax2014.pdf>

12/5/14 Patrick

OK thanks

(2) I have made changes to 1-100, 1-185, and 2-020 based on sources at:

<http://transparency.ge/en/node/2692>

<http://www.bdo.ge/site/upload/Tax2014.pdf>

I agree with your corrections, Patrick.

12/5/14 Patrick

OK thanks

# WBTG Georgia Tracker April

**08/04/14 Edward TT check:**

No tax treaty updates – no changes made

<http://www.treatypro.com/treaties_by_country/georgia.asp>

Details of pending treaties with Portugal & Sweden not yet available

**06/04/2014**

During the period we have [one amendment](https://matsne.gov.ge/index.php?option=com_ldmssearch&view=docView&id=2293970&Itemid=&lang=ru)ge in TC about Tax Secrecy bill. So, there added part according to which access to the financial information will receive public legal person of competition agency in time of duties fulfilment in [consistency with the Georgian law](file:///C%3A%5CUsers%5Cuser%5CDownloads%5CPwC%20Georgian%20Times_Issue%20%234.pdf) en. (out of scope, but, as said before, you can mention it somewhere)

About previous amendment of import duties abolishment (see below yellow marked), [parliament financial-budgeting meeting accepted it](http://www.parliament.ge/index.php?option=com_content&view=article&id=5582:2014-04-02-13-21-08&catid=2:news&Itemid=433&lang=en)ge for plenary consideration, and in case of its adoption it‘ll come in force from [1 June 2014 year](http://www.amcham.ge/res/news/0088/deloitte_tax_legal-2014-march.pdf)en. Let’s wait until it will be adopted.

[Treaty](http://www.ey.com/Publication/vwLUAssets/EY-tax-and-law-brief-march-2014-eng/%24FILE/EY-tax-and-law-brief-march-2014-eng.pdf)en on Avoidance of Double Taxation and Evasion from Taxation for Iceland, Liechtenstein, Sweden

**08/03/14 Edward:** I can’t use this because I’m not sure whether they’re real treaties

15/4/14 Patrick

Agreed. Await independent evidence.

# WBTG Georgia Tracker March

13/3/14 Patrick

General information from Luke which is worth keeping in the Tracker.

“…article 100 of the tax code defines gross income as including revenue from economic activities and article 102 includes royalties within the definition of income from economic activities. Articles 97 and 80 define the tax base for CIT and PIT as gross income minus deductions which I think would subject royalties to PIT and CIT.”

**08/03/14 Edward TT check:**

No tax treaty updates – Snapshot number of treaties corrected

<http://www.treatypro.com/treaties_by_country/georgia.asp>

Details of pending treaties with Portugal & Sweden not yet available

**06/03/2014**

There are not new amendments in Georgian TC during this period.

Though, we have under development processes connected with de-monopolization of business. In the frame of this policy, Parliament adopted [law draft](http://www.parliament.ge/index.php?option=com_content&view=article&id=5351:2014-03-06-14-03-26&catid=2:news&Itemid=433&lang=en)en about allowances for importers (TC 162) 06/02/2014, but not yet reflected in TC. According to the adopted rule, special preference conditions on importers are cancelled (TC 162, p2 p6):

2. A person whose VAT amount declared according to taxable transactions during a prior 12 continuous calendar months and paid into the budget exceeds 200,000 Lari shall be authorized to move to a special rule of VAT taxation of import;

21. by the decision of Director General of Revenue Service, taxpayers weather they fulfill or not terms stipulated under Paragraph 2 of this Article, may be allowed to move to special rule of taxation with VAT of import, provided that taxpayers will import goods with no less than 5,0 mln customs value during the 12 contentious months following the date they have been allowed to move to special rule of taxation;

6. The Minister of Finance of Georgia shall set forth a special rule of VAT taxation of import;

12/3/14 Patrick

Does this affect anything we currently say in the WBTG? **It’s not mentioned in our WBTG, but, think, agree, it’s a significant point for investors. Let’s wait until it’ll come in force.**

I said before that import affairs should be mentioned in more details. Think, this should be reflected in our WBTG in the part of VAT. E.g in [GEO ¶1-185] *a) ....Conditions of VAT rules are the same for all importers, regardless of volume of taxable import amount.*

12/3/14 Patrick

We need to be precise. What are these conditions that are the same for all importers? All, what is mention in our file in regard of import. Special conditions were not inserted there. **Think, let everything related to it let’s leave as it was. We did not mention special conditions before and now it’s not necessary. Simply, somewhere can be marked, that the same conditions works for all, regardless of volume.**

Among other, [parliament adopted](http://www.parliament.ge/index.php?option=com_content&view=article&id=5232:2014-02-19-18-12-16&catid=2:news&Itemid=433&lang=en)en the list of institutions in regard of Tax Secrecy Bill (TC art 39 [1886-rs 30/12/2013](https://matsne.gov.ge/index.php?option=com_ldmssearch&view=docView&id=2169309)geo).

12/3/14 Patrick

Does this affect anything we currently say in the WBTG? **No, Patrick, in our WBTG this point is not mentioned. It’s your right to mark it somewhere or not.**

Now, feedbacks: Returning to our earlier research, where I was not able to confirm you in part of dividend, interest and royalties, here’s [BDO’s](http://www.bdo.ge/index.php) in regard of [2014 year tax rates](http://www.bdo.ge/site/upload/Tax2014.pdf)en.

As you like “brand“ sources, please, explore it, and find, where I was not right ?

Here are the things, which I tried to approve you months ago, do we go before “brands”))? Royalty - 20% for residents and 10% for non-resident (as other income at Georgian source). “20%” was slipped in translation (unofficial version; I assume, they translate project version were it was 15% as in my table below) and I did not care attention on it in Feb, my fault, sorry. I’ve already corrected it in our file.

12/3/14 Patrick

I think we need to be careful about talking about withholding tax on income to resident companies. I see no evidence that tax must be withheld when paying royalties to domestic companies.

The source you give at [118 IS 20/12/2012](https://matsne.gov.ge/index.php?option=com_ldmssearch&view=docView&id=1807974#DOCUMENT:1;) below appears to relate to royalties to individuals or non-residents or PEs.

**Amendment** [118 IS 20/12/2012](https://matsne.gov.ge/index.php?option=com_ldmssearch&view=docView&id=1807974#DOCUMENT:1;)**, due to our topic, relates to interest (5% both residents and non-residents), dividends (5% both residents and non-residents) and royalty (20% for residents). Non-resident’s conditions regulate separately TC art 134, were in regard of royalty mentioned 10% as the income received from Georgian source.**

I think royalties paid to companies in Georgia are treated as ordinary income and taxed at CIT rate of 15%. (The special rates appear to relate to payments to individuals or non-residents only).

I have therefore deleted the 2013 rate of 18% as this related to royalty and other income for individuals. As you point out below the reductions to 18% in 2013 and 15% in 2014 did not occur (but this relates to income to individuals not companies). The rate of wht on royalties to individuals is the same as the personal tax rate.

**Patrick, you can think about the nature of tax, as far as I know in UK law it’s ranged as income tax and corporation tax and all and taxed consolidated at due rate, but I send you info as it is at us.**

Nothing new for February from Tax “brands”: [PWC](http://www.pwc.com/ge/en/index.jhtml), [EY](http://www.ey.com/GE/en/Home/EY-Georgia), [KPMG](https://www.kpmg.com/GE) ,[Deloitte](https://www.deloitte.com/view/en_GE/ge/index.htm).

# WBTG Georgia Tracker February

**10/02/14 Edward TT check:**

Treaty with Croatia entered into force and became effective – added to rates table

<http://services.taxanalysts.com/taxbase/tni3.nsf/81e040bec29f052f85256372004b736f/610cd492f24b05b285257c610011bafb?OpenDocument>

Snapshot number of treaties updated

Details of pending treaties with Portugal & Sweden not yet available

**06/02/2014**

There are not new amendments in Georgian TC during this period.

Concerning TC, during January there [was protested](http://www.newsgeorgia.ru/economy/20140115/216294672.html) rus by “[Taxpayers Union of Georgia](https://www.facebook.com/Geotaxpayers)FB” the amendment in TC art 39 [1886-rs 30/12/2013](https://matsne.gov.ge/index.php?option=com_ldmssearch&view=docView&id=2169309)geo ([here](http://tmagazine.ey.com/news/ibfd/georgia-tax-code-amendments-2014-details/) it’s the whole summarized, though nothing about tax secrecy), which is under development about Bill of Tax Secrecy, raising the number of institutions which have [access to confidential financial information](http://www.georgianews.ge/business/26008-tax-secrecy-and-corruption.html) eng.Law draft will be considered at the Spring parliament session.

*I explored* [*PWC*](http://www.pwc.com/ge/en/index.jhtml)*,* [*EY*](http://www.ey.com/GE/en/Home/EY-Georgia)*,* [*KPMG*](https://www.kpmg.com/GE) *and* [*Deloitte*](https://www.deloitte.com/view/en_GE/ge/index.htm) *sites, there is not any relevant news for January period.*

Should be mentioned steps in improvement of investment environment. The following testifies it:

WB will help to Georgian government with international transactions. As it’s explained by WB’s investment consulting program, this will improve this field more in regard of transparency, raise taxation revenues in State Budget, gain more trust [by investors](http://www.ghn.ge/news-102062.html)geo and achieve transparency [of international transactions taxation](http://www.mof.ge/en/News/5846)eng.

[FM meeting with investors’ group](http://www.mof.ge/News/5870)eng: Invesco, Neuberger, BNP,  Alliance Bernstein, F&C, Standard Bank;

[EBRD will hold the 2015 Annual Meeting](http://www.mof.ge/en/News/5850)eng for the first time in the Caucasus and it will be in Tbilisi.

For reasons of improvement of investment environment and Law [established government “State Investment Council”](http://www.ghn.ge/news-102128.html)[geo](http://www.ghn.ge/news-102128.html)

[Some investor’s](http://www.ghn.ge/news-101882.html)geo group increased investment portfolio. Also, Austrian businessmen begin to [explore ground](http://www.ghn.ge/news-102063.html)geo for their investments.

For stimulation of economy Government authorise to Commercial Banks to [receive benefits](http://www.mof.ge/en/News/5804) (eng) from the long term financial resources.

MF installed [new electronic system](http://www.mof.ge/en/News/5866)eng for State [Budget](http://www.mof.ge/en/Budget)eng control.

*Patrick, of course “branded” worldwide editions are essential for you, but “Plato is dear to me, but truth is dearer still”. What I usually present before WK is fresh and direct information from our sources, moreover, it is consulted with highly ranked professionals. I am not enemy of these editions, but they should analyze first and then publish. I provide it, as I can, directly and, think, my role is in it.*

 **See the date, provided by you, links:**

13/1/14 Patrick

I am not sure I follow all this. There are numerous sources which support the Developments section on wht.

<http://www.uhy.com/wp-content/uploads/Doing-Business-in-Georgia.pdf> --- November 2013

<https://www.kpmg.com/GE/en/IssuesAndInsights/ArticlesPublications/Documents/2013/Business%20Climate%20in%20Georgia.pdf> June 2013

*I call up to KMPG office, no one can answer me about it. Think, changing data in WBTG, if it is not approved yet, is not right.*

*Specially, for this event, I proved you information by translated extracts of TC, which is basic STATE TAXATION LAW obligatory for all entities, both for resident and non-resident. Beneath I provide again relevant articles in whole, concerning dividend, interests, royalties and non-resident taxation in latest version of TC by Revenue Service of Georgia unofficial translation.*

*File of TC will be attached.*

**Chapter XVIII**

Taxation of income at the source of payment

**Article 130**. Taxation of dividends at the source of payment

1. The dividends paid by a resident enterprise to a noncommercial legal entity or a non-resident enterprise shall be taxed at the source of payment at the rate of 5%;

2. The dividends received by the persons (other than a natural person-entrepreneur) determined [under Article 2, Paragraph 1 of the Law of Georgia on Entrepreneurs](https://matsne.gov.ge/index.php?option=com_ldmssearch&view=docView&id=28408#part_4)geo shall not be taxed at the source of payment and shall not be included in gross income of an enterprise receiving the dividends;

3. Dividends received by a resident natural person that have been taxed at source of payment shall not be included in gross income of such person and shall not be subject to further taxation;

31. Dividends received by noncommercial legal entity and taxed at the source of payment, shall not be included in gross income thereof and shall not be subject to taxation;

4. The dividends received from shares/interest of an international financial company shall not be taxed at the source of payment and shall not be included in gross income by the person receiving thereof;

5. The dividends received from free-float securities shall not be taxed at the source of payment and shall not be included in the gross income by the person receiving thereof;

6. The dividends paid by a resident enterprise to the government shall not be taxed at the source of payment;

7.Dividends received in a free industrial zone from an international enterprise shall not be taxed at the source of payment and shall not be included in gross income by the person receiving thereof.

**Article 131.** Taxation of interests at the source of payment

1. Interest paid by a permanent establishment of a non-resident or a resident or on their behalf shall be taxed at the source of payment at the rate of 5 percent;

2. Interest on credit (loans) paid to resident banks shall not be taxed at the source of payment;

3. Interests received by a natural person and taxed at the source of payment, shall not be included in gross income of such person and shall not be subject to further taxation;

4. Corporate income tax payer resident legal person or a permanent establishment of thereof (other than a natural person) that received the interest taxed at the source of payment in Georgia shall be entitled to tax credit for the tax paid at the source of payment into the budget;

5. Interest received from a licensed financial institution in accordance with the legislation of Georgia shall not be taxed at the source of payment. Further, the above-mentioned interests shall not be included by a recipient in gross income unless thereof is a licensed financial institution as well;

6. Interest received from free-float securities shall not be taxed at the source of payment and shall not be included in gross income by the person receiving thereof;

7. Interest paid by a resident enterprise to the government shall not be taxed at the source of payment;

8. Interest received from a debt security emitted by a Georgian enterprise and admitted to listing at a recognized stock exchange of a foreign state shall not be taxed at the source of payment and shall not be included in gross income by the person receiving thereof;

9. Interest received from an international enterprise in a free industrial zone shall not be taxed at the source of payment and shall not be included in gross income by the person receiving thereof.

**Article 132.** **Taxation of royalty at the source of payment**

1. The royalty paid by a non-resident’s permanent establishment or by a resident or on their behalf to resident individuals (with the exception of VAT payers) shall be taxed at the source of payment at the rate of 20 percent; (was written 15)

2. Royalty received by a natural person (with the exception of case envisaged under Paragraph 3 of this Article) that was taxed at the source of payment shall not be included in gross income of such person and shall not be subject to further taxation;

3. Entrepreneurial natural person who received royalty taxed at the source of payment in Georgia shall be entitled to tax credit for the amount of tax paid at the source of payment into the budget.

4. The royalty paid to the government shall not be taxed at the source of payment.

**Article 133.** has been removed

**Article 1331.** Taxation of income received by the tenant of trade facilities or/and trade spaces located on the territory of Special Trade Zone

1. Income received/receivable by the tenant of trade facility or/and trade space, located on the territory of Special Trade Zone (with the exception of case envisaged under Article 26, Paragraph 6 of this Code), as the result of goods sale, shall be taxed at the rate of 3% by the entity with Special Trade Zone status;

2. Has been removed;

3. Income derived on the territory of Special Trade Zone, which has been taxed according to this Article, shall not be included in gross income of recipient and shall not be subject to further taxation;

4. Rules of payment of taxes by the Special Trade Zone status holder shall be determined by Georgia Government Resolution.

**Article 134. Taxation of a non-resident’s income at the source of payment**

1. Income received by a non-resident from a source in Georgia that does not belong to a Georgian permanent establishment of a non-resident without being registered in Georgia shall be taxed at the source of payment without deduction, at the following rates:

a) dividends **– according to Article 130 of this Code**;

b) interests **– according to Article 131 of this Code**;

c) amounts paid by an enterprise, organization and/or an Entrepreneurial natural person for international communication telecommunication services and for the international shipment transportation services – at the rate of 10 percent;

d) income received by non-resident subcontractors in case of implementation of the oil and gas transactions determined under the Law of Georgia on Oil and Gas – **at the rate of 4 percent**;

d1) rental service fee paid to natural person (at the rate envisaged under Article 81 of this Code);

e) **other amounts paid, that according to this Code are considered as the income received from Georgia source – at the rate of 10 percent;**

f) income received as salary – at the rate determined under Article 81 of this Code.

11. Income received by the entity registered in tax haven country shall be taxed at the source of payment without deductions at the rate of 15% in the cases envisaged under Paragraph 1, Sub-paragraphs (b) and (e) of this Code;

2. For the purposes of this article, tax payments paid in Georgia by a permanent establishment of a non-resident or on behalf thereof shall be deemed as paid by a resident enterprise;

3. A non-resident who receives income determined under paragraph 1, Subparagraphs (c)- (e) of this article and is taxed at the source of payment shall be entitled to file tax return before April 1 of the year following the reporting year demanding the recalculation of withheld tax and refunding thereof;

4. In case the right envisaged under paragraph 3 of this Article is used:

a) the income of a non-resident shall be taxed according to the rule similar to those applicable to income received by taxpayer’s permanent in Georgia;

b) expenses related to the income of a non-resident shall be deducted according to the rule established for a permanent establishment;

c) tax paid by a non-resident must not be higher than the amount taxed at the source of payment determined under paragraph 1 of this article.

**5. The listing of tax haven countries shall be determined by the Government of Georgia.**

Now compare everything with my previous report and assess your decision of changing in WBTG file.

18/2/14 Patrick

Non-treaty rates for Divis and Interest at 5% reinstated.

**06/01/2014**

# WBTG Georgia Tracker December12-12-2013 (January 06 2014)

**1-005** (a) About 5% withholding tax to 0%, it was not for all, there should be satisfied certain conditions:

Amendment in TC, President’s order [118 IS 20/12/2012](https://matsne.gov.ge/index.php?option=com_ldmssearch&view=docView&id=1807974#DOCUMENT:1;)

[TC art 131;](http://www.forms.ge/sagadasakhado-kodeksi-2014-tslis/kari-05-sashemosavlo-da-mogebis-gadasakhadebi/tavi-18-shemosavlebis-dabegvra-gadakhdis-tsqarostan/mukhli-131-protsentebis-dabegvra-gadakhdis-tsqarostan) interest paid is taxed by 5% at a source

[TC art 309;](http://www.forms.ge/sagadasakhado-kodeksi-2014-tslis/kari-15-gardamavali-da-daskvniti-deb-u-lebani/tavi-43-gardamavali-da-daskvniti-debulebani/mukhli-309-gardamavali-debulebani) interest paid is taxed by 0% up to 1 Jan 2014 if it will be satisfied following conditions:

1. The interest amount is brought by interest received entity to the interested issued entity’s capital
2. In time of 5% withholding tax the capital of the interest issuing entity is not reduced

There is not yet new amendment approved continuation of this instalment in 2014, so according to above mentioned it is not effective in 2014 year.

About 3% dividend withholding tax to 0%; First of all not 3% but 5%

[TC art 130](https://matsne.gov.ge/index.php?option=com_ldmssearch&view=docView&id=1043717), amendment [118 IS](https://matsne.gov.ge/index.php?option=com_ldmssearch&view=docView&id=1807974#DOCUMENT:1;), 20/12/2012

0% came in force under certain condition by amendment [order № 5202 at 8 Nov2011y](https://matsne.gov.ge/index.php?option=com_ldmssearch&view=docView&id=1513824). Late, it was change in current addition by amendment [order №118 IS 20/12/2012](https://matsne.gov.ge/index.php?option=com_ldmssearch&view=docView&id=1807974#DOCUMENT:1;)

0% is determined by certain conditions, here are main points of TC 130

p. 1; dividend paid at source is subject to withholding tax of 5%

p.2; All kinds of entities, mentioned in [LOE art 2 p.1](https://matsne.gov.ge/index.php?option=com_ldmssearch&view=docView&id=28408#part_4) (except individual entity), are not subjected to withholding tax from dividends, and entity, received dividends, does not expose it in consolidated income.

p.3; Residents’ dividend received taxed income is not subject of exposure in consolidated income.

p.4; Dividend income received from foreign institutions’ shares are not subject to withholding tax at source and not exposed in consolidated income.

p.5; same for other securities;

p.6; same for paid to government dividends;

[p.7; same for FIZ](https://matsne.gov.ge/index.php?option=com_ldmssearch&view=docView&id=1643931)

There is not mentioned the any term of period, so this is in force as it’s written in basic body of TC

13/1/14 Patrick

I am not sure I follow all this. There are numerous sources which support the Developments section on wht.

<http://www.uhy.com/wp-content/uploads/Doing-Business-in-Georgia.pdf>

<https://www.kpmg.com/GE/en/IssuesAndInsights/ArticlesPublications/Documents/2013/Business%20Climate%20in%20Georgia.pdf>

**1-020(a)**

About royalty:

History: In amendment to TC of [14/06/2011y №4754](https://matsne.gov.ge/index.php?option=com_ldmssearch&view=docView&id=1387250) is said that both for residents and non residents or their representatives in regard of royalty withholding is 15%, though by government body was said that this rate will come in force only from 01 Jan 2014. From [government officials’ information](http://www.forms.ge/akhali-sagadasakhado-kodeksi/mukhli-132-roialtis-dabegvra-gadakhdis-tsqarostan) period and rate for royalty split by the following way:

|  |  |
| --- | --- |
| Accounting period | Royalty rate |
| 01 jan 2011 – 01 Jan 2013 | 20% |
| 01 Jan 2013 - 01 Jan 2014 | 18% |
| From 01 Jan 2014 | 15% |

However, in reality it was not so. By amendment in TC [118 IS 20/12/2012](https://matsne.gov.ge/index.php?option=com_ldmssearch&view=docView&id=1807974#DOCUMENT:1;) rate for royalty withholding tax remained 20% and we have not yet good news in this regard.

Therefore, all development in regard of dividend, interest and royalty withholding tax I boldly can erase.

13/1/14 Patrick

I think this is not about WHT on royalties to non-resident COMPANIES. That remains 10%

One question, where I should take information about international tax rates, such as in point 1-005

13/1/14 Patrick

Most references to WHT concern payments to non-resident companies

**06/01/2014**

**The end of fiscal year of Georgia**

The main point of Dec, of course (after its presentation at 2 Oct, revising and consideration), is State Budget approval by Parliament. (<http://www.newsgeorgia.ru/economy/20131212/216220850.html>) Georgian SB for 2014 year is defined in 9 billion GEL (nearly $5,3 billion). (<http://medianews.ge/ge/saqartvelos2014tslissakhelmtsifobiudjeti9014000000lariiqneba/60268>)

13/1/14 Patrick

Budget Report added

Issued decree of FM by order № 423 (entered into force 18 December) concerns valuation of international controlled transactions (<https://matsne.gov.ge/index.php?option=com_ldmssearch&view=docView&id=2078069&lang=ge>), and was elaborated to regulate transfer-pricing affairs in international transactions. It determines transfer pricing details of valuation for international transaction according to OECD, relevant criteria, necessary information and list of documents which should be brought by the participants regarding to tax authorities, procedures for price managing in advance.

<http://www.amcham.ge/res/news/0088/deloitte_tax_legal-2013-12.pdf>

(As I think it should be mentioned somewhere in GEO ¶1-220, help me with it Patrick)

13/1/14 Patrick

No apparent changes to what we have written

[GEO ¶1-190] In Dec, TC amendment we see in the form of import custom duty release of 12% for tobacco importers up to 1 Jan 2015 y 30/12/2013 orders RS 1897 and 1898 sources : <http://www.amcham.ge/res/news/0088/deloitte_tax_legal-2013-12.pdf>

<https://matsne.gov.ge/index.php?option=com_ldmssearch&view=docView&id=2167726>

<https://matsne.gov.ge/index.php?option=com_ldmssearch&view=docView&id=2169066>

13/1/14 Patrick

Cannot see how this fits in to current scope

 and custom duty reduction for imported goods by value less than 3000 GEL in Georgian ports (form 100 to 20 GEL) source : <http://medianews.ge/ge/3ataslaramdeghirebulebissaqonlissabajogaformebisatvissafasuri100laridan20laramdemtsirdeba/61832>

13/1/14 Patrick

Out of scope

Also, new government continues to clarify ambiguous and double-minded articles, so called “tax secrets” as it was in TC art 39 source: <http://www.amcham.ge/res/news/0088/deloitte_tax_legal-2013-12.pdf> (out of our scope)

 As was said in November project of amendments in TC came in force revised by order RS-1886 approved 26/12/2013. (<https://matsne.gov.ge/index.php?option=com_ldmssearch&view=docView&id=2169309>)

According to our scope it contains:

**TC art 3** details for financial period determination;

**TC art 4** – three years for tax liabilities period instead of six;

**TC art 82 –** added details of tax release for person;

***TC art 94*** *– though out of scope but, as we added Sole Proprietor’s definition, think it’s relevant to our file. Article said about tax liabilities of micro and low business status awarded physical persons.*

**TC art 99 –** Tax Exempt think added sufficient point, which is relevant to our scope regarding to Income Tax:

“Realization and reception of interest of Government, GNB (Georgian National Bank), also mentioned by government of international financial institutions bonds located on GNB’s account”.

I added it to [GEO ¶1-070]

**TC Art 153 –** addedsub point aboutSole Proprietor’s monthly liability in regard of Income Tax;

**TC Art 172-**accounting period for VAT is calendar month (I add it in WBTG at [GEO ¶1-185] VAT/GST)

13/1/14 Patrick

Amendments made where needed

Among other:

by the rate of the World Bank Research and IFC in “Doing Business” Georgia is on the first place in regard of simplicity of property registration (<http://www.interpressnews.ge/ge/ekonomikis-da-biznesis-siakhleebi/258223-189-qveyanas-shoris-qonebis-registraciis-simartivith-saqarthvelo-liderobs.html>), and on the eighth place from hundred countries by simplicity of doing business (<http://www.ghn.ge/news-99917.html>)

13/1/14 Patrick

OK

# WBTG Georgia Tracker November12-11-13

**09/12/13 Edward TT check:**

Treaty with Slovenia entered into force

<http://services.taxanalysts.com/taxbase/tni3.nsf/81e040bec29f052f85256372004b736f/00765531e2ecd13a85257c22000e4f73?OpenDocument>

Details of pending treaties with Portugal & Sweden not yet available

06/12/2013

Hi, Patrick!

During the period, State Budget was considered with FM by the parliament and other institutions several times:

<http://www.parliament.ge/index.php?option=com_content&view=article&id=4927%3A2013-11-14-21-56-45&catid=2%3Anews&Itemid=433&lang=ge>

<http://www.parliament.ge/index.php?option=com_content&view=article&id=5059%3A2013-12-04-16-02-10&catid=2%3Anews&Itemid=433&lang=ge>

<http://www.ghn.ge/news-99488.html>

<http://www.ghn.ge/news-99566.html>

<http://www.civil.ge/eng/article.php?id=26749>

<http://www.newsgeorgia.ru/economy/20131115/216105437.html>

 [In revised Budget](http://www.newsgeorgia.ru/economy/20131203/216184432.html), State expenses are defined at the mark 9 080m GEL (£3 243m)

Received amendments during the period:

[TC Art 286](https://matsne.gov.ge/index.php?option=com_ldmssearch&view=docView&id=2091240), (RS 1583 20/11/2013; Published 3/12/2013) about penalty of unauthorized timber transportation – out of our scope;

Amendment in [TC Art 9, part2, point “a”](https://matsne.gov.ge/index.php?option=com_ldmssearch&view=docView&id=2091252) (RS 1588 20/11/2013; Published 3/12/2013) definition of activities excluded from economical activity:

**“a”**State Government, National Regulator or Local authority, which directly are prescribed

by law fulfillment of the functions, besides paid service provision by agreement base.

*(there was a little miss in our file, instead of word “exclude” was “include”, I fixed and added above amendment)*

11/12/13 Patrick

OK thanks

Amendments in development:

[Published on the website of the Parliament of Georgia on 13 November 2013](http://www.parliament.ge/files/Draft_Bills/13.11.13/07-2.122.pdf), a bill on modifications and amendments to the Tax Code of Georgia performed before parliament on 06 November 2013.

There are TC law amendments to the whole text on the 15 pages, so I took from there, only one, which is relevant to our scope:

TC Art 4: The standard statute of limitations on tax audits is three years commencing from the end of the relevant reporting period.

There are also a lot of useful information in this project, which should be considered yet by the parliament, if you want, I could translate, but they are out of our scope.

However, I can emphasis the main:

12/11/13 Patrick

Out of scope

According to this amendments proposed, TC limitation of audit will be gradually reduced from 6 year to 3 year for the tax reasons. E.g. 1 Jan 2015 – 1 Jan 2016 it’ll be already 5 year, 2016-2017 – 4y, 2017 and onwards - 3 year (it’s mentioned in our file)

12/11/13 Patrick

Dev added

<http://www.amcham.ge/res/news/0092/pwc-gt.pdf>

There are also a lot of useful information in this project, which should be still considered and approved by the parliament. If you want, I could translate it whole, but the most of them is out of our scope.

12/11/13 Patrick

Out of scope

Under consideration the income tax [saving pension](http://www.ghn.ge/news-98891.html) allowances in regard of new accumulative pension legislationand personal allowances for internally [displaced people](http://www.prime-news.ge/?p=119998), but I cannot still it find in the TC law draft, so, think, we will see it in next year.

12/11/13 Patrick

Out of scope

And besides finance, but, think,relevant: [new amendments entered into force on the “Legal Status ofForeigners and Stateless Persons.”](http://www.parliament.ge/files/Draft_Bills/13.11.13/07-2.119.pdf)

12/11/13 Patrick

Out of scope

According to the amendments any rules

governing foreigners’ entry and stay in Georgia will in future be achieved

by the government instead of the President.

The government should issue relevant by laws before 1 April 2014.

It is not yet clear what the final rules will look like, but it commonly indicates a

stffing the rules of entry to Georgia. In a word, In future person always should check if he need a “visa” entering in Georgia

12/11/13 Patrick

OK

# WBTG Georgia Tracker October17-10\_2013

11/11/13 Patrick

(1) Please keep Track Changes on for all edits, including the Last Review Date. (The Last Review Date was altered with Track Changes OFF)

(2) There is no need to delete and rewrite Developments.

(3) Re 1-070(b). We use Developments sections for two purposes (a) Changes proposed by Governments. (b) Changes agreed (law changed) but not yet effective. This has moved from (a) to (b).

When you note such a change in a Development, please record

(i) Source website (preferably official site with text of law

(ii) Date law passed

(iii) Name of law (and if this is an amending law, which law is it amending)

(iv) Relevant article/section of law

(v) Whether there are any other stages for the legislation (eg Presidential approval)

(vi) Date law will be effective.

(4) I am sorry your change was not understood. If this happens again please just explain it again in the current Tracker. You may need to translate keep parts of the source, as it is sometimes difficult to follow a source in Georgian without help.

I understand it may seem unnecessary but the Tracker has to be a full record of what has changed – we may have to explain at a later date why we made a particular change. (I did not understand “about what bells toll”, by the way!)

**08/11/13 Edward TT check:**

Treaty signed with Sweden

<http://services.taxanalysts.com/taxbase/tni3.nsf/81e040bec29f052f85256372004b736f/05275b117740e87585257c1c000aac05?OpenDocument>

Details of pending Portugal treaty still not available

**7/11/2013**

**Hi, Patrick,**

**Let’s be more precise when writing in developments in template. Because of it you have such an misunderstandings.**

1. 1-190(b) I did there changes in my earlier sendingabout excise taxes,August – for coming excise tax increase and farther - aboutthe come already in force amendment from 1 September. Should be it was mixed in template, it’s not my fault, really:

Developments

The Government has proposed increasing the excise tax rate for filtered cigarettes from GEL0.60 per 20 units to GEL0.75 per 20 units.

As of October 2013, legislation containing this proposal is being considered by Parliament.**(about what bells toll? If hereis written already REF beneath)**

**Ref:**Proposed Changes to the Tax Code, No 906-RS, 30 July 2013 - **It is not “proposed amendment”, it’s already, amendment which came in force from 1 Sep.**

As I think, hereshould not be any kind of development, as it’s already reflected it the table. Or, can be added,as we talk before,[amendment](http://www.parliament.ge/index.php?option=com_content&view=article&id=4668:2013-10-02-17-14-11&catid=2:news&Itemid=433&lang=en) in TC 199, which was taken by the parliament about [exemption](http://www.amcham.ge/res/news/0088/deloitte_tax_legal.pdf) of tobaccos importers from import tax of 12% (TC art 197, which isn’t reflected in our template at all and, think, as it’s a significant field, it should be improved) until1 Jan 2015 y. From my point of view, I made these changes in development part 1-190 in our file (see WBTG\_Georgia\_Oct).

1-070(b)Really indefinite after file “improvements”. The same problem as above. It’s already amended and entered in TC, not consideration of parliament and “proposed changes”. If you want, you would reflect it in “development”, if not – make changes it text. Main idea is prolongation of the period from 1 Jan 2014 (as was) to 1 Jan 2017, which comes in force from 1 Jan 2014. I changed in file, if you are not against.

1. **Budget**

State budget of 2014 year, [which was](http://www.youtube.com/watch?v=gJfH7CxiNYc) introduced[by government to parliament](http://www.civil.ge/eng/article.php?id=26515) at 1 October, was [decided by bureau to be consideredat 8-18 of Oct](http://www.parliament.ge/index.php?option=com_content&view=article&id=4671:2013-10-02-18-11-12&catid=2:news&Itemid=433&lang=en).

At 8 Oct State [budget introduced](http://www.parliament.ge/index.php?option=com_content&view=article&id=4716:2013-10-08-18-37-58&catid=2:news&Itemid=433&lang=en) before parliament by the First Deputy-Minister of Finance,GiorgiTabuashvili.

State Budget considerations [were finished](http://netgazeti.ge/GE/105/business/24580/) 18 Oct, and 5 Nov the full treated version should have to be introduced before parliament second version (no notes of it until now).[Budget considerations](http://frontnews.ge/ge/news/11924) will be continuing up to the year-end, when it will be adopted.

Some parts in reduction of revenue section of budget experts name the following tax reductions, which new government brought in force aiming in business and people release (from nearest):

* Amendments in Tax Code, No 1447-IS, 04Oct 2013 - prolongation of import duties exemption period for tobacco importersTC Art 199;
* Amendments in Tax Code, No 906-RS - TC Art 82 about tax exemptionsfor the number mentioned there individuals and agricultural business entities;
* Amendments in Tax Code, No 817-RS

 - TC Art 99 tax allowance for individual in agricultural business whose annual consolidated revenue does not exceed 200 000 GEL;

- TC Art 99 tax allowance or individual who received revenue instead of confiscated property due to Georgian Constitution art 21;

- TC Art 130 tax allowance of agricultural cooperative member’s received dividends from this cooperative activity;

-TC Art 206 tax allowance of land up to 5 hectares and agricultural property;

* Amendments in Tax Code, No 800-IIS

-TC Art 206 VAT exemption or the service of people transportation in intra and intercity regime (except taxi), cleaning services;

* Amendments in Tax Code, No 784-IIS

-TC Art 309VAT exemption of the private traders, who in their activity are not use hired individuals on the bazaar places;

* Amendments in Tax Code, No 189-RS

-TC Art 99 income tax allowance during 3 years gained from the reinvested share in agricultural and medical activities;

-TC Art 199 exemption from 12% import duty for tobacco importers;

Except these new government try to improve State Tax Code eliminating double interpreted points and as FM said, past period for accounting purposes will be reduced from 6 to 3 years in 2017 year (TC Art 4).

Answering on your establishment, Patrick, I don’t even yet know - on what laws budget will have an impact (it will be seen farther), but the disposition of funds were done according to the priority of agriculture and social field and new government really, as is seen from last amendments, try to conduct humble taxation policy for its users.

All mentioned changes I did in my period of working with WK in WBTG materials, starting from July.

Let’s see what will be farther with our State Budget.

# WBTG Georgia Tracker September08-9\_2013

|  |  |  |
| --- | --- | --- |
| **Name** | **Time** | **Stage** |
| George | 5 hours | Research/edit |
| Edward | 5 mins | TT check |
| Patrick | 1 hour 30 mins | Senior Edit |

10/10/13 Patrick

For next month’s review:

(1) Please comment on Developments each month, even if there has been no change. The ones I need your comment on are at at 1-070(b), and 1-190(b) as the changes are not definite.

(2) Please provide information re Budget

**08/10/13 Edward TT check:**

No tax treaty updates – no changes made

<http://www.treatypro.com/treaties_by_country/georgia.asp>

Details of pending Portugal treaty still not available

# Financial news relevant to our framework:

Initial [State budget](http://www.mof.ge/5199)project was presented before parliament. Concerning considerations will be going on up to the year end.

10/10/13 Patrick

Normally we would do a Budget Report once Budget is presented to Parliament. Please establish for next month:

* Any changes to taxes or other charges/allowances/incentives mentioned in the WBTG
* Any new taxes
* Date presented to parliament and by who (eg government minister).
* Name of law, and what articles/sections of what laws are affected.

[Duty for manganese ore mining per tone can be raised from 0,012 GEL up to 0,25GEL.](http://www.interpressnews.ge/ge/ekonomikis-da-biznesis-siakhleebi/251993-manganumis-mopovebisthvis-datsesebuli-mosakrebeli-shesadzloa-gaizardos.html) This suggestion was exposed before parliament by the working Committee of Finance Ministry. (Changes in Law on the Recognition of Land Ownership by Natural Persons and Legal Entities RLO, isnot covered in our file. )

From 01/01/2014 year will come in force integrated treasury nomenclature transaction. It’s under development now, so it supposedly it will affect our file in TC art 2, but let’s rather wait for it.

10/10/13 Patrick

Agreed, but as we do not mention the rate for manganese ore now I think this change is out of scope.

[TC change in penalty for authorised forestry transportation approved by the parliament](http://medianews.ge/ge/khe-tkisukanonomopoveba-gadatanisatvisdjarimisodenobaatdjerizrdeba/53518), I assume that it will be covered in TC art 286 (about transportation without proper paper), but it’s not covered in our file.

10/10/13 Patrick

Out of scope

[Changes](http://www.prime-news.ge/?p=117484)in TC on [import duties](http://www.parliament.ge/index.php?option=com_content&view=article&id=4672:2013-10-02-18-42-39&catid=2:news&Itemid=433&lang=en) for the[importers of tobaccoraw materials and production](http://www.parliament.ge/index.php?option=com_content&view=article&id=4668:2013-10-02-17-14-11&catid=2:news&Itemid=433&lang=en). I assume that it will be covered in TC arts 162, 164,168, 169, 170. I mentioned it as “development” in our file with your permission, am I right?

10/10/13 Patrick

I am not sure that this relates to VAT. Imports may be subject to VAT, excise tax and other import duties. It is not clear to me which this relates to form your sources. As we refer to excise tax and tobacco in 1-190(b) it may be excise tax. I don’t think it is important for now, so I have left it out.

Amendments in TC which will be done after the new president’s officialsolemn swear elected 27 Oct2013*(*[*Georgian Law*](https://matsne.gov.ge/index.php?option=com_ldmssearch&view=docView&id=2015189)*, N1046-Iს, Georgian parliament, published 23 09 2013, received 06 09 2013):*

*Amendments in TC art 82 and 99 about deprived property’s replacement coverage according to* [*21 Article of Georgian Constitution*](http://www.parliament.ge/index.php?option=com_content&view=article&id=180&Itemid=85&lang=ge)*;*

*Amendment in TC art 199, about import released duties mode under conditions of grant agreement (out of the scope of our template, but…)*

According to these amendments, it’s appointed to the due services to provide corresponding normative acts for them in a month period.

10/10/13 Patrick

These seem to be out of scope

**[GEO ¶1-020] TAX RATES ON INCOME**

**(b) Personal income tax rates**

10/10/13 Patrick

Added note re exemption from tax for agricultural workers

<http://www.amcham.ge/res/news/0073/deloitte-aug-sep.pdf>

# WBTG Georgia TrackerAugust12-8\_2013

|  |  |  |
| --- | --- | --- |
| **Name** | **Time** | **Stage** |
| George | 3 hrs | Research/edit |
| Edward | 20mins | TT check |
| Tina | 2 hours  | Senior Edit |

**09/09/13 Edward TT check:**

Egypt treaty entered into force and became effective – added to rates table (Snapshot number updated)

<http://services.taxanalysts.com/taxbase/tni3.nsf/81e040bec29f052f85256372004b736f/e997d53c30d1e42b85257bdd0008ffc4?OpenDocument>

Details added to pending Croatia treaty

<http://services.taxanalysts.com/taxbase/tni3.nsf/81e040bec29f052f85256372004b736f/8340f85b1360742185257bc80082b572?OpenDocument>

Kuwait treaty entered into force

<http://services.taxanalysts.com/taxbase/tni3.nsf/81e040bec29f052f85256372004b736f/9a69a29cdf5f2a6185257bc80082b552?OpenDocument>

Details of pending Portugal treaty still not available

**10/09/13 Tina:**Agreed; no other relevant TT updates found.

**1-010**Added sole proprietor, a little remark of AGM

**10/09/13 Tina:**We don’t really need to add sole proprietor to the main list as the readers are mostly larger businesses and details about sole proprietors are later in the section for those who are interested. We do not need any additional details about AGMs.

**1-020**Last amendment in TC inserted [(Georgian Law, order №906, 30.07.2013)](https://matsne.gov.ge/index.php?option=com_ldmssearch&view=docView&id=1984990)

Inserted adopted by [parliament](http://www.parliament.ge/index.php?option=com_content&view=article&id=4365%3A2013-09-06-12-57-30&catid=2%3Anews&Itemid=433&lang=ge) tax taking on any grant, which will come in force after election of new Georgian president. No news on tax related sources yet.

**10/09/13 Tina:**It appears from the sources that the draft law was submitted to Parliament on 30 July 2013 and that it is currently under consideration. I cannot see the part about withholding tax being exempt in the draft. I have removed this from the file.

George, if you can point me to the right place in the draft law (ie the article number) then I can have another look next month.

**10/09/13 Tina:** We do not generally include information about grants in the file so I have removed these additions.

Inserted a list of individuals, due to last amendments, who receive tax relief from authority [(Georgian Law, order №906, 30.07.2013)](https://matsne.gov.ge/index.php?option=com_ldmssearch&view=docView&id=1984990)

**10/09/13 Tina:** We only include quite basic information in the file about individuals. The information you added is a bit too specific for this file so I have removed the additions.

Correction of property concept for application of coefficients due to TC.

**10/09/13 Tina:**The changes made do not effectively change what was already written so I have removed the changes.

**1-060**Correction of deductible expenses concept according to TC

**10/09/13 Tina:**As above, these changes made do not effectively change what was already written so I have removed the changes.

**1-070**Inserted last amendment according to tax exempt individuals in agriculture [(Georgian Law, order №906, 30.07.2013)](https://matsne.gov.ge/index.php?option=com_ldmssearch&view=docView&id=1984990)

**10/09/13 Tina:**I have added a development for the proposed extension appears from the sources that the draft law was submitted to Parliament on 30 July 2013 and that it is currently under consideration.

**1-190** Inserted last amendments on tobaccos product excise mark rise.[(Georgian Law, order №906, 30.07.2013)](https://matsne.gov.ge/index.php?option=com_ldmssearch&view=docView&id=1984990)

**10/09/13 Tina:**I have added a development for the proposed increased rate as it appears from the sources that the draft law was submitted to Parliament on 30 July 2013 and that it is currently under consideration.

# WBTG Georgia Tracker July08-7\_2013

|  |  |  |
| --- | --- | --- |
| **Name** | **Time** | **Stage** |
| Edward | 5 mins | TT Check |
| Tina | 1 hour | Research/Senior Edit |

**06/08/13 Edward TT check:**

No treaty updates – no changes made

<http://www.treatypro.com/treaties_by_country/georgia.asp>

Details of pending treaties with Croatia and Portugal still not available

**06/08/13 Tina:** Agreed; no relevant TT updates found.

**06/08/13 Tina:** No relevant news/updates found.

**1-010(f)**

**06/08/13 Tina:**I have added a paragraph for sole proprietors.

**1-010(b) and Snapshot**

**06/08/13 Tina:**Thin cap rates updated.

<http://www.deloitte.com/assets/Dcom-Global/Local%20Assets/Documents/Tax/Taxation%20and%20Investment%20Guides/2013/dttl_tax_highlight_2013_Georgia.pdf>

<http://www.pkf.com/media/966677/georgia%202012.pdf>

# WBTG Georgia Tracker June10-6\_2013

|  |  |  |
| --- | --- | --- |
| **Name** | **Time** | **Stage** |
| Edward | 10 mins | TT Check |
| Tina | 30 mins | Research/Senior Edit |

**04/07/13 Edward TT check:**

Details added to pending Slovenia treaty (copied from WBTG Slovenia)

<http://services.taxanalysts.com/taxbase/tni3.nsf/81e040bec29f052f85256372004b736f/6ca52f286237310e85257b8b0007d575?OpenDocument>

Details of pending treaties with Croatia and Portugal still not available

**04/07/13 Tina:**Agreed.

**04/07/13 Tina:**No relevant news/updates found.

# WBTG Georgia Tracker May10-5\_2013

|  |  |  |
| --- | --- | --- |
| **Name** | **Time** | **Stage** |
| Tina | 45 mins | TT Check/Research/Senior Edit |

**05/06/13 Tina:** Georgia and Liechtenstein initial DTA. Too early to add to the file.

<http://www.tax-news.com/news/Liechtenstein_Georgia_Initial_Landmark_DTA____55357.html>

No relevant TT updates found.

**05/06/13 Tina:** No relevant news/updates found.

# WBTG Georgia Tracker April15-4\_2013

|  |  |  |
| --- | --- | --- |
| **Name** | **Time** | **Stage** |
| Edward | 10 mins | TT check |
| Tina | 30 mins | Research/Senior Edit |

**08/05/13 Edward TT check:**

Treaty with San Marino entered into force

<http://services.taxanalysts.com/taxbase/tni3.nsf/81e040bec29f052f85256372004b736f/c77b7076d1bab6c885257b6400086115?OpenDocument>

Details of pending Croatia, Portugal and Slovenia treaties still not available

**08/05/13 Tina:**Agreed; no other relevant TT updates found.

**08/05/13 Tina:**No relevant new/updates found.

# WBTG Georgia Tracker March15-3\_2013

|  |  |  |
| --- | --- | --- |
| **Name** | **Time** | **Stage** |
| Edward | 10 mins | TT check |
| Tina | 30 mins | Research/Senior Edit |

**09/04/13 Edward TT check:**

No treaty updates – no changes made

<http://www.treatypro.com/treaties_by_country/georgia.asp>

Details of pending Croatia, Portugal, San Marino and Slovenia treaties still not available

**11/04/13 Tina:**Agreed; no relevant TT updates found.

**11/04/13 Tina:**No relevant new/updates found.

# WBTG Georgia Tracker February21-2\_2013

|  |  |  |
| --- | --- | --- |
| **Name** | **Time** | **Stage** |
| Edward | 20mins | TT check |
| Tina | 50 mins | Research/Senior Edit |

**08/03/13 EdwardTT check:**

Treaty with Serbia entered into force – details added

<http://services.taxanalysts.com/taxbase/tni3.nsf/81e040bec29f052f85256372004b736f/7e5bc8e3d5f17acd85257b1e000d7a54?OpenDocument>

Details of pending Croatia, Portugal, San Marino and Slovenia treaties still not available

**08/03/13 Tina:**Agreed; no other relevant TT updates found.

**08/03/13 Tina:**Hospital bed tax to be extended – out of scope for WBTG.

<http://www.deloitte.com/view/en_US/us/Services/tax/Multistate-Tax/5b37614633a3d310VgnVCM2000003356f70aRCRD.htm>

**1-020(b)**

**08/03/13 Tina:**I have checked the most recent version of the Tax Code from the Georgia Parliament website (updated to 29/12/2012)

<https://matsne.gov.ge/index.php?option=com_ldmssearch&view=docView&id=1043717&lang=ge>

The amendments of 20/12/12 (below) is effective from 01/01/13 and includes the provision that the 20% personal income tax rate remains and adds in the allowance. [https://matsne.gov.ge/index.php?option=com\_ldmssearch&view=docView&id=1807974№DOCUMENT:1](https://matsne.gov.ge/index.php?option=com_ldmssearch&view=docView&id=1807974#DOCUMENT:1)

Art 81 and 81(1) of the updated Tax Code include the 20/12/12 amendments.

I have removed the development and amended the main text accordingly.

# WBTG Georgia Tracker January11-1\_2013

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| --- | --- | --- |
| **Name** | **Time** | **Stage** |
| Edward | 10 mins | TT check |
| Tina | 45 mins | Research/Senior Edit |

**08/02/13 Edward TT check:**

Treaty signed with Croatia

<http://services.taxanalysts.com/taxbase/tni3.nsf/81e040bec29f052f85256372004b736f/2a1057cc922b8eff85257afc00117afa?OpenDocument>

<http://www.treatypro.com/treaties_by_country/georgia.asp>

Details of pending Portugal, San Marino, Serbia and Slovenia treaties still not available

**08/02/13 Tina:**Agreed; no other TT updates found.

**1-020(b)**

**08/02/13 Tina:**No news found re development. No progress line updated.

**08/02/13 Tina:**No other relevant news/updates found.

# WBTG Georgia Tracker December24-12\_2012

|  |  |  |
| --- | --- | --- |
| **Name** | **Time** | **Stage** |
| Edward | 40 mins | TT check |
| Tina | 1 hour 30 mins | Research/Senior Edit |

**08/01/13 Edward TT check:**

Treaty signed with Portugal

<http://services.taxanalysts.com/taxbase/tni3.nsf/81e040bec29f052f85256372004b736f/db9eb88bb464a37485257ae60004576e?OpenDocument>

Protocol with Latvia became effective – amended rates table

<http://services.taxanalysts.com/taxbase/tni3.nsf/81e040bec29f052f85256372004b736f/a621a7d39631ac9a85257ad4000e38fc?OpenDocument>

Treaty with Bahrain became effective – added to rates table

<http://services.taxanalysts.com/taxbase/tni3.nsf/81e040bec29f052f85256372004b736f/db3ad49fc9d1108485257a33007f389e?OpenDocument>

Treaty with Hungary became effective – added to rates table

<http://services.taxanalysts.com/taxbase/tni3.nsf/81e040bec29f052f85256372004b736f/31fcbf6eaf8ebec885257a2300096fa9?OpenDocument>

Treaty with Norway became effective – added to rates table

<http://services.taxanalysts.com/taxbase/tni3.nsf/81e040bec29f052f85256372004b736f/faeab51efaaa01bf85257a7100020883?OpenDocument>

Treaty with Slovakia became effective – added to rates table

<http://services.taxanalysts.com/taxbase/tni3.nsf/81e040bec29f052f85256372004b736f/905f1cbcb27bcb6785257a4c000a1f41?OpenDocument>

Updated Snapshot number

**08/01/13 Tina:**Agreed; no other relevant TT updates found. A few amendments made.

**08/01/13 Tina:** Changed years to 2013 etc.

**08/01/13 Tina:** Incorporated in effect developments into the main text (dividend rate reduced to 3% and resident royalty rate reduced to 18%).

**1-020(b)**

**08/01/13 Tina:** Re dev, Parliament pass increase in threshold over decrease in PIT rate.

<http://www.civil.ge/eng/article.php?id=25560>

**4-030**

**08/01/13 Tina:**Parliament has approved the Budget. Section added.

<http://www.civil.ge/eng/article.php?id=25574>

**08/01/13 Tina:** No other relevant news/updates found.

# WBTG Georgia Tracker November27-11\_2012

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| --- | --- | --- |
| **Name** | **Time** | **Stage** |
| Lela Nanuasvili | 3 hours | Researcher/editor |
| Edward | 15 mins | TT check |
| Tina | 45 mins | Senior Edit |

**11/12/12 Edward TT check:**

Treaty signed with Slovenia

<http://services.taxanalysts.com/taxbase/tni3.nsf/81e040bec29f052f85256372004b736f/48a3c3a20521bf6685257ad1000635d1?OpenDocument>

Some amendments made

**13/12/12 Tina:**Agreed; no other relevant TT updates found.

## News check:

Civil Georgia: <http://www.civil.ge/eng/article.php?id=25440>

Revenue Service: <http://www.rs.ge/en/1340>

Ministry of Finance: <http://www.mof.ge/>

Ministry of Justice Legislation Database: <https://matsne.gov.ge/>

## Developments:

08/12/2012 Lela:

**2013 income tax rates (GEO ¶1-020(b))**

The Government plans to introduce minimum untaxed system setting the annual income threshold at GEL6,000

<http://www.civil.ge/eng/article.php?id=25440>

**13/12/12 Tina:**Development added at 1-020(b).

**[GEO ¶1-050] LOCAL TAXES**

Order No 503 of the Minister of Finance of December 3, 2012 onMaking Changes to Order 996 of the Minister of Finance of December 31, 2010 on Tax Administration

Property located within the territories considered as occupied territories according to the legislation of Georgia and the property located within the territories adjacent to the occupied territories are exempt from property tax, and the tax or penalties imposed on such property shall be revoked.

Ref: Order No 503 of the Minister of Finances of Georgia of 3 December 2012: <https://matsne.gov.ge/index.php?option=com_ldmssearch&view=docView&id=1780227&lang=ge>

**13/12/12 Tina:**I think this is a little out of scope/too specific for WBTG.

**4-030 Budget 2013**

**13/12/12 Tina:** Budget 2013 has been submitted to Parliament but has not been approved yet. I have not added anything to the file yet as there is only one source at present.

<http://www.civil.ge/eng/article.php?id=25421>