



## Amendment to the order

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### The rule for filling in the declaration of tax withheld at the source of payment

On 28 March 2023 the order №108 of Minister of Finance of Georgia was published, stipulating amendment to the order №996 “About Administration of Taxes” issued on 31 December 2010 by the Minister of Finance of Georgia.

The amendment affects the article 38 of the mentioned order, that determines the rules of the preparation of the declaration of tax withheld at the source of payment. According to the amendment, mandatory cells 68 and 69 of the main part of the declaration shall be filled in according to the revised rules:

- Cell 68 should contain the information about cash amounts not returned to the taxpayer's bank account(s) and/or to the cash desk by the accountable persons at the end of the accounting month. Prior the amendment the sum of the amounts disbursed for accountability purposes were required to be reflected here
- And cell 69 shows the number of accountable persons provided in cell 68, who have not returned the amount or have not submitted a report on the amount received as sub-accounts. Prior the amendment, the mentioned cell showed the number of persons to whom funds were disbursed.

Filling in the mentioned cells is mandatory for declaration of the tax withheld at the source of payment and the amendment will already apply to the declaration for the accounting month of March.

The amendment came into force on 29 March 2023.

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## Granting Georgian residency to a high net worth individual

On 2 March 2023, the order №60 of the Head of Revenue Service was published, that approved the updated edition of the rule "About granting Georgian residency to a high net worth individual".

As you know, a high-net-worth individual is a natural person whose proven property exceeds GEL3 million or whose annual income exceeds GEL200,000 during the last 3-year prior to submitting the application. Georgian residency is granted to the natural person in case if:

- The person is a high-net-worth individual and has a residence permit/residence card/identity card of a citizen of Georgia; or
- The person is a high net worth individual and confirms that his/her income received from Georgian source is not less than GEL25,000 in the last tax year before the submission of the application.

In both cases, as a result of the amendment, a new term has been added to the aforementioned terms, according to which, along with the above-mentioned conditions, an individual must own property in Georgia with the worth at least USD500,000 equivalent in GEL.

In order to obtain Georgian residency, a natural person could only personally apply to the Revenue Service. As a result of the amendment, he/she can apply personally or through an authorized representative. The documents submitted for the granting of Georgian residency should additionally include information that the natural person owns property worth at least USD500,000 in GEL in Georgia.

The amendment comes into force on 15 April 2023.

## AUTHOR'S COLUMN

This publication covers important new tax changes that business should take into consideration for their daily operations and governance.

This issue provides information on amendments to the order on The rule for filling in the declaration of tax withheld at the source of payment and the public decision about taxation of tourist services with VAT.

Please contact BDO to discuss these matters in the context of your particular circumstances.

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# Public Decision

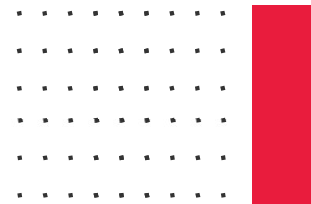


## Taxation of tourist services with VAT

On 28 March 2023, the order №107 of Ministry of Finance of Georgia was published regarding adoption of a public decision on taxation of tourist services with VAT.

The public decision defines:

- VAT Taxation of rendering tourist service at the moment of taking tourists into the territory of Georgia in an organized manner
- VAT taxation of rendering tourist service at the moment of taking out the tourist from the territory of Georgia
- The issue of VAT deduction on goods/services purchased for the purpose of organized transfer of foreign tourists in the territory of Georgia and provision of tourist products to them.



By this public decision it was established, that:

- Organized transfer of foreign tourists in the territory of Georgia by tour operators and supply of tourist products (a combination of at least two components of tourist services, including accommodation, food, transfer to Georgia, etc.) and providing related ancillary services (e.g. travel insurance, etc.) in the territory of Georgia shall be VAT exempt with the right of deduction. Although the insurance service is exempt from VAT without the right of deduction, if it is provided to a foreign tourist brought to the territory of Georgia in the framework of the supply of a tourist product to the territory of Georgia, it is also exempted from VAT with the right of deduction
- For the purpose of VAT, providing tourist services, such as accommodation, food, etc. and related ancillary services (e.g. visa support) are considered as services provided outside Georgia
- Also, the tour operator is entitled to receive VAT deduction, taking into account the restrictions defined by the tax legislation of Georgia, on the VAT paid for the goods/services purchased for the purpose of the organized transfer of foreign tourists in the territory of Georgia and supply of tourist products to them in the territory of Georgia.

The public decision came into force on 29 March 2023.