



Amendment to the order

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Movement of goods in the customs territory of Georgia

Order №274 of the Minister of Finance of Georgia was published on August 20, 2024, which amended Order №257 of the Minister of Finance of Georgia dated August 29, 2019 "On approving instructions on the movement and clearance of goods in the customs territory of Georgia", namely:

- An amendment has been made to Appendix N2 "On Customs Control" approved by the order. In the mentioned appendix, it is additionally defined that if it is determined that the quantity and/or value of the declared goods and/or the customs value and/or the number of types and/or the amount of the amount to be paid have been reduced, the liable person shall be presented with a tax claim for the additional tax and/or the fine imposed for the customs offense.
- The amendment has also been made in Appendix N8 of the "Declaration and Clearance of Goods in Customs Procedure or Re-export," approved by the Order. Under the previous version before the amendment, for a Georgian citizen, who had been abroad for more than 6 months, to benefit from the tax exemption provided under subpoint "d.d" of Article 199 of the Georgian Tax Code and to exempt the import of goods for personal consumption worth up to 15,000 GEL from import tax, the goods had to be imported into the customs territory of Georgia within 90 calendar days after the person's entry and a customs declaration had to be submitted within the deadlines set for determining the customs procedure. Following the amendment, one more condition has also been added to the abovementioned obligations that a person must declare information on the goods to be imported within the next 90 days (which are not being moved with her/him) in the "Customs declaration of an individual" filled in at the customs checkpoint.

The amendment came into force on 27 August 2024.

Taxation and tax reporting of electricity trading

On August 9, 2024, the Minister of Finance of Georgia issued Order №269, introducing amendments to Order №996 of December 31, 2010, on "Tax Administration." As a result of these changes, a new chapter, VII⁶, titled "Taxation and Tax Reporting for Electricity Trading on Day-Ahead and Intraday Markets (on Exchange) and Related Activities," has been added to the instructions approved by Order №996. The new chapter outlines the rules for fulfilling tax obligations within the framework of electricity trading on the exchange, maintaining accounting/primary tax documentation, taxing executed transactions, and applying the tax benefit under Subparagraph "z" of Part 4 of Article 172 of the Tax Code (exemption from VAT with the right to deduction).

As a result of the implemented changes, it has been determined that the exchange operator represents the party to the economic operation of electricity supply, therefore, when electricity is sold by another entity of the wholesale electricity market, it is considered as the purchaser of electricity, and when another entity buys electricity on the same exchange - the person selling the electricity (supplier).

Based on the fact that the exchange operator does not purchase electricity for his own consumption and is not a final consumer, the supply of electricity by the market entity to him is exempted from VAT with the right of deduction according to subsection "c" of part 4 of Article 172. On the other hand, the supply of electricity by the operator to the entity of the market, which will purchase electricity for its own consumption, is subject to VAT taxation, and the purchase made for other purposes will also be subject to the said benefit. In these cases, the purpose of the purchase is confirmed by the status of the purchaser, based on how they are registered in the wholesale electricity market.

This amendment came into force on 9 August 2024 and applies to the legal relations arising from 1 July 2024.

The public dissemination of the document

On 6 August 2024, the Minister of Finance of Georgia issued Order №267, which introduced amendments to Order №996 of 31 December 2010 on "Tax Administration." As a result of these changes:

- New paragraphs 8 and 9 have been added to Article 14, which regulates the rules related to the public distribution of documents, according to which the tax/customs authority is authorized to remove a document issued to a taxpayer natural person from its website within 20 days after its publication following a written statement from the taxpayer on familiarization with the document.
- The amendment also affected Article 15¹, which defines the rules for the electronic submission and public dissemination of decisions by the tax/customs dispute resolution body. Consequently, new points 7 and 8 have been added to this article. According to the new points, similar to the aforementioned amendment, the Revenue Service is authorized to remove from its official website the decisions of the Revenue Service and the Dispute Resolution Council 20 days after their publication on the website, if the complainant is a natural person who confirms receipt of the publicly disseminated decision in writing.

The amendment came into force on 7 August 2024.

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 movement of goods in the customs territory of Georgia, also topics regarding the electricity trading and the public dissemination of the document.

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

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