



- Contents**
- A new annex of Withholding Tax Declaration
 - Supply of food free of charge

Amendment to the order

A new annex of Withholding Tax Declaration

On 20 October 2023 the order №382 was published by Minister of Finance of Georgia that made the amendment to the order №996 “About Administration of Taxes” issued on 31 December 2010 by the Minister.

According to the amendment, a new paragraph 12¹ was added to the Article 38 of the mentioned order, that regulates the rule of filling out the declaration of tax withheld at the source of payment. In connection with it, the new annex "E" has been added to the attachment №II-06 of Withholding Tax declaration of the same order.

The person is obliged to reflect in the Appendix "E" of the declaration, information about the compensation made in cash for the services received from a natural person, that is not subject to taxation at the source of payment in accordance with the tax legislation (e.g.: compensation given to an entrepreneurial natural person, compensation given in cash to a non-resident natural person, that is not considered as received / earned from the source in Georgia, etc.). Information about such compensations should be reflected according to the reporting month of its actual payment, in accordance with the names (contents) of the columns. In particular, the following information shall be reflected in the mentioned annex:

- Number and/or identification number, first name, last name, address and residence specified in the identification document of the person receiving the disbursement
- Type of service (the type of the service provided by the recipient of the disbursement)
- Service fee (amount) that was reimbursed.

The order comes into force on 1 January 2024.



Amendment to the law

Supply of food free of charge

On 24 October 2023, the Law of Georgia was published about Amendments to the Tax Code of Georgia. The amendment affected the Article 98³ of GTC, that refers to the free supply of goods/services and/or transfer of funds for the purposes of corporate income tax. The amendment also affected the Article 172 of GTC, that defines the exemption from VAT with the right of deduction, in particular:

- The sub-paragraph "h" was added to the Part 3 of the Article 98³, according to which the free supply (donation) of food to a food charity organization/food bank by a participant of the food supply chain in accordance with the law "On reduction of food losses and its waste and food donation", will not be taxed with corporate income tax
- The sub-paragraph "z⁷" was added to the part 4 of the Article 172 and, as a result, the free supply (donation) of food by a participant of the food supply chain to a food charity organization/food bank in accordance with the law "On reduction of food losses and its waste and food donation", is exempted from VAT with the right of deduction.

According to the law of Georgia "On reduction of food losses and its waste and food donation", the terms in the text of the amendment have the following meanings:

- Food supply chain - the complete cycle of food supply, that includes all stages of food supply from its production to its reception by the beneficiary
- Participant of the food supply chain - a natural person or legal entity that participates in the food supply chain
- Food charity organization/food bank - a non-entrepreneurial (non-commercial) legal entity that carries out food charity activities.

The amendment comes into force from 1 January 2025.

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 administration of taxes as well as other changes to the Tax Code of Georgia by the Law of Georgia from 24 October 2023.

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

MARIAM KHUSKIVADZE
MKhuskivadze@bdo.ge

MIKHEIL ENUKIDZE
MEnukidze@bdo.ge

► Read more www.bdo.ge

This publication has been carefully prepared, but it has been written in general terms and should be seen as broad guidance only. The publication cannot be relied upon to cover specific situations and you should not act, or refrain from acting, upon the information contained therein without obtaining specific professional advice.

BDO, its partners, employees and agents do not accept or assume any liability or duty of care for any loss arising from any action taken or not taken by anyone in reliance on the information in this publication or for any decision based on it.