

## Legal Newsletter

(May 2020)

The present newsletter concerns significant legislative changes made in various legislative and sub-legislative acts in May 2020.

### Tax Code of Georgia

On 22<sup>nd</sup> of May, 2020, a number of legislative changes have been made in the Law of Georgia "Tax Code of Georgia", in particular, according to the Law of Georgia „on Amendments to the Tax Code of Georgia", Articles 112 and 116 of the following content have been added to the Article 309 of the Tax Code of Georgia:

„112. From May 1, 2020, for 6 calendar months, the employer is entitled to reduce (not to include in the budget) the income tax paid to the employee for up to 750 GEL issued to the employee, if the salary received by this employee from the same employer during 1 calendar month does not exceed 1500 GEL."

It should be noted that the tax exemption provided in the above paragraph does not apply:

- A) on a budget organization;
- B) the National Bank of Georgia;
- C) the national regulatory authority
- D) an enterprise whose, more than 50% of, shares/stakes are owned by the state or municipality;

E) on an enterprise established / adopted by an enterprise provided in sub-paragraph “d” of this note, if this enterprise owns more than 50% of the shares / stake of the enterprise established / adopted by it.

The detailed list of above-mentioned and other changes made under this law, you can see: <https://matsne.gov.ge/>, registration code: 2000000000.05.001.019814

The above law came into force on 25<sup>th</sup> of May, 2020.

### Law of Georgia „on Energy Efficiency of Buildings”

On 21<sup>st</sup> of May, 2020, the Parliament of Georgia adopted the Law of Georgia „on Energy Efficiency of Buildings.” The purpose of this law is to promote the rational use of energy resources and improve the energy efficiency of buildings taking into account the external climatic and local conditions of the buildings, the demand for domestic climatic conditions and cost-effectiveness.

It should be noted that the above law does not apply:

A) on the building, which has been granted the status of a cultural heritage monument in accordance with the legislation of Georgia, if the compliance of these buildings with the minimum requirements for energy efficiency of buildings, parts of buildings or building elements will lead to a change in its special character and appearance;

B) on a cult-religious building;

C) On a temporary building intended for use for a period not exceeding 2 years, on an industrial object, on a workshop, on a non-residential, non-agricultural building with low energy demand;

D) On a residential building, which is used for a period of less than 4 months per year or is intended for use for this period;

E) On a separate building, whose useful area is less than 50 m<sup>2</sup>.

You can fully view the above law: <https://matsne.gov.ge/>, with the registration code: 300280020.05.001.019858

The law came into force on May 28, 2020, except the Articles 4, 5, 7, 8, 10 and 12 and 18 of this Law, a number of the articles will come into force in accordance with Article 20 of the same law.

### Order of the Minister of Finance of Georgia №996

On the basis of the order №117 dated by 21<sup>st</sup> of May 2020 the amendments were made to the order of the Minister of Finance of Georgia of 31<sup>st</sup> of December, 2010 №996 "On Tax Administration". According to the mentioned amendments, the following changes were included in the instruction approved by the above-mentioned order:

1. "Part III" of the appendix N V-01 shall be formed with the attached edition.

2. Paragraph 4 of Article 88:

A) Subparagraph "K" shall be formed as follows:

(K) In the 13<sup>th</sup> column: the difference between the amount of tax specified in this declaration (cl. 11, or cl.15 if any) and the amount of the current payment (cl. 12) shall be reflected, including:

K a) a positive difference is subject to additional accrual;

K,b) the negative difference is subject to reduction; ”;

B) Sub-paragraphs "K1" and "K2" of the following content should be added after sub-paragraph "K":

„K1) In the 14<sup>th</sup> column: "Period of existence of the enterprise / organization"– is filled only if the enterprise / organization exists (established, canceled, etc.) incomplete calendar year and

indicates the number of months of existence of the enterprise / organization during the tax year. However, if the taxpayer is registered from the beginning of the month to the 15th of the month, or is removed from the register after the 15th of the month, then the month of registration and cancellation of the registration will be considered as a full month. Otherwise, the mentioned month shall not be taken into account;

K2) In the 15th column: "Tax amount according to the period of existence"– indicates the amount of property tax in proportion to the months of existence of the enterprise / organization during the calendar year (cl.11 : 12 X cl.14).

The detailed list of above-mentioned and other changes made under this command, you can see: <https://matsne.gov.ge/>, registration code: 200090000.22.033.017324

The above-mentioned resolution came into force on 22<sup>nd</sup> of May, 2020.

### **Resolution of the Government of Georgia №316**

By the resolution №316 of the Government of Georgia dated 21<sup>st</sup> of May, 2020 It was determined that in accordance with Article 22 and Article 142, Part 1, Subparagraph “f” of the Code of Spatial Planning, Architectural and Construction Activities of Georgia, to approve the rules and conditions for determining the conceptual compatibility of infrastructural and / or other similar construction projects affecting the planning of the Georgian space, attached to the resolution.

In particular, according to the mentioned resolution "Rules and Conditions for Determining the Conceptual Conformity of Infrastructure and / or Other Similar Construction Projects Affecting Georgian Spatial Planning" (hereinafter referred to as the Rules) specifies the requirements of Article 22 of the Georgian Spatial Planning, Architectural and Construction Code (hereinafter referred to as the Code) and determines the rules and conditions for the preliminary assessment of infrastructure and / or other similar construction projects affecting the planning of the Georgian space.

You can see the full version of the above resolution: <https://matsne.gov.ge/>, with the registration code: 330090000.10.003.022028

The above-mentioned resolution came into force on 22<sup>nd</sup> of May, 2020.