

# *Eurofast*

Since 1978

**Tax Card 2023**



**Georgia**

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# TAX CARD 2023 – GEORGIA

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## Table of Contents

### **1. Personal Income Tax**

- 1.1 Tax Rates
- 1.2 Exemptions
- 1.3. Social Security Contributions

### **2. Corporate Tax**

- 2.1 Tax Rates
- 2.2 Exemptions
- 2.3 Losses

### **3. Withholding Tax**

### **4. Value Added Tax (VAT)**

- 4.1 Tax Rates
- 4.2 VAT Registration
- 4.3 Exemptions

### **5. Excise Tax**

- 5.1 Taxable Goods
- 5.2 Exemptions

### **6. Import Tax**

- 6.1 Tax Rates
- 6.2 Exemptions

### **7. Property Tax**

- 7.1 Tax Rates
- 7.2 Exemptions

### **8. Tax Calendar**

### **9. Administrative penalties**

## OVERVIEW

Georgian tax legislation envisages five national taxes (Personal Income Tax, Corporate Tax, Value Added Tax, Excise Tax and Import Tax) and one local tax (Property Tax). There is no social security, wealth, gift or inheritance, capital gains or branch remittance taxes.

### I. Personal Income Tax

#### 1.1 Tax Rates

Taxable Income	Tax Rates
Employment Income	20%
Income from Economic Activities	20%
Income of an Individual Entrepreneur with the status of Small Business (annual gross income less than 500,000 GEL)	1% 3% - If gross income received from the economic activities has exceeded 500 000 GEL.
Rental Income	20%
Dividends, Interests	5%
Royalties	20%
Gains from the sale of property (if the residence/land held for less than 2 years; vehicles less than 6 months)	20%
Lottery income (if in excess of 1,000GEL)	20%

#### 1.2 Exemptions

Type of income
Income of residents and non-residents from foreign sources
Income of an Individual Entrepreneur with the status of Micro Business (annual gross income less than 30,000 GEL)
Income of an Individual Entrepreneur with no hired labor and carrying out activities listed in the order of the Ministry of Finance
Income from the sale of property held for more than 2 years
Income from the sale of vehicles held for more than 6 months
Income from the sale or exchange of shares or securities held for more than 2 years
Interest and income from the sale of securities issued by the Government, National Bank or international financial company
Income from transfer of property in exchange of a partner's share held for more than 2 years
Grants, state stipends, state scholarships, state compensations
Inherited or gifted property by I and II level legatees
Lottery earnings up to 1,000GEL
Income from the sale of free-floating securities
Alimony
Property with a value up to 1,000 GEL gifted within a tax year, except the property gifted by the employer

Income of non-resident from insurance, re-insurance and lease services not related to his/her permanent establishment (branch, representative office) in Georgia
Income of non-resident individuals from employment at foreign diplomatic and equal representative offices
Income of a gambling club, gaming machines saloon and totalizer organizing persons, except income received from system-electronic games.
Income of non-resident individuals from employment on the territory of Georgia, in maximum duration of 30 calendar days throughout a tax year, paid by non-resident employers

### 1.3 Social Security Contributions

From January 1, 2019, Georgia has introduced a pension scheme. The liability for the payment of pension contributions (besides the state) is imposed on employers, resident natural person's citizens of Georgia, and foreign citizens and stateless persons permanently living in Georgia. The total percentage of the installment varies from 4% to 6% and depends on the annual taxable salaries and / or self-employed income.

Amount of salary and/or self-employment income [GEL]	Contribution by Employer [%]	Contribution by Employee [%]	Contribution by the state [%]	Total [%]
Less than 24,000 GEL	2	2	2	6
>24,000 and <60.000	2	2	1	5
Exceeds 60,000 GEL	2	2	0	4

## II. Corporate Tax

### 2.1 Tax Rates

Taxable Income	Tax Rates
Income of resident companies on their (worldwide and Georgian source income)	15%
Georgian source income of permanent establishments (branches, representative offices of non-resident companies)	15%
Income of a non-resident company doing business in Georgia without a permanent establishment	10%
Dividends paid to individuals and non-resident companies not having a permanent establishment in Georgia	5% (lower rate applicable under a relevant tax treaty)
Profit from the performance of oil and gas transactions	10%
Interests	5%

## 2.2 Exemptions

Type of income
Dividends received from a Free Industrial Zone company, Special Trading Company, International Financial Company
Income from the sale of free-floating securities
Income from the sale of securities issued by the International Financial Company
Income from the sale of securities issued by a non-resident
Income of a Free Industrial Zone company, Special Trading Company, International Financial Company
Income of a non-resident company from insurance and reinsurance of risk from a Georgian source
Grants, membership fees and donations received by an organization
Income of medical establishments received from medical activities reinvested in rehabilitation of the establishment and/or provision for technical base
Income of a non-resident received from rental services not related to its permanent establishment in Georgia
Interest and income received from sale of securities and bonds issued by the Government, National Bank and interest accrued on funds deposited at the National Bank
Interest on loans paid to resident banks

## 2.3 Losses

Taxpayers	Carry forward	Carry back
Companies	5 or 10 years	Not allowed
Individual Entrepreneurs	5 or 10 years	Not allowed
International Financial Company Free Industrial Zone company Special Trading Company	Not allowed	Not allowed
Small Business (annual gross income less than 500,000 GEL)	Not allowed	Not allowed

## III. Withholding Tax

Income payers	Tax Obligations (Income payers are responsible for withholding tax at the following source of payments)
Legal Entities Individual Entrepreneurs Individuals	Income tax from employment salary (not applicable to enterprises operating in Free Industrial Zone and paying salary to a resident employee; or to non-resident companies paying salary to an employee, when such costs do not belong to the expenditures of a permanent establishment of a non-resident)
	Pensions except pensions paid within the state social security system
	Reimbursement for the value of rendered services to a natural person who does not have a status of individual entrepreneur
	Earnings from gambling and games of chance
	Scholarships except state scholarships
	Dividends paid to a person
	Interests paid to a person
	Royalties paid to a person
	Rental fee paid to a landlord

**Note: When withholding tax at source of payment:**

- Income payers shall be responsible for payment into the budget;
- In case of failure to withhold the tax amount, income payer shall be obliged to pay to the budget the amount of tax not withheld according to the reimbursement actually paid and related sanctions;
- The recipient of income can pay the amount of tax and sanctions on behalf of an income payer

## IV. Value Added Tax (VAT)

### 4.1 Tax Rates

Taxpayers	Taxable transactions	Tax Rates
Legal entities and individual entrepreneurs registered for VAT*	Supply of goods, provision of services and import of goods on the territory of Georgia.	18%
Taxable person who is not based/does not live in Georgia (other than an individual who is a citizen of Georgia) rendering services in Georgia without a VAT registration and a permanent establishment are subject to reverse charge VAT		

\* Note: Registered VAT payer must issue a tax invoice on its VAT taxable transactions to the customers within 30 calendar days of request.

### 4.2 VAT Registration

Mandatory registration	Voluntary registration
<p>Taxpayers are liable to register as a VAT payer if they are engaged in:</p> <ul style="list-style-type: none"> <li>• Supply of goods/ provision of services and the total amount of taxable transactions during the previous 12 consecutive calendar months exceeds 100,000 GEL. The application to the tax authority for registration must be no later than 2 working days from the day, when the total amount of VAT exceeded 100,000 GEL.</li> <li>• Produce excisable goods in Georgia. They are obliged to apply to the tax authority for registration as VAT payers before the delivery of excisable goods.</li> </ul>	<p>A person may get registered as a VAT payer voluntarily and will be considered a VAT payer from the moment of applying, but no later than the timeframe established for mandatory registration</p>

\*Note: If the total amount of taxable transactions carried out by a VAT payer during the last 12 calendar months (except for transactions exempted from VAT) does not exceed 100,000 GEL without VAT, and if 1 year has elapsed since the date of the last registration as a VAT payer, the VAT payer may apply to the tax authority for the cancellation of VAT registration.

## 4.3 Exemptions

Supply and/or import of national and/or foreign currency (other than those designed for use for collection purposes), securities
Import of gold and golden bars transferrable to the National Bank of Georgia
Supply and/or import of treasures, movable assets inherited by the government, revenue derived from a sale which shall be transferrable into the budget
Import or temporary admission of personal and household items intended for personal consumption of foreign citizens (including family members) employed in the oil and gas exploration and extraction projects
Supply and/or import of infant food products and/or children hygiene products that are marked as such at the time of the supply
Import of natural gas for the production of electricity
Supply of goods among the free industrial zone companies
Financial transactions and/or provision of financial services
Provision of medical services
Provision of services under lotteries, casinos, games
Provision of services among the free industrial zone companies
Export or re-export of goods for only the reporting period in which the declaring has been made concerning the release of the goods into exportation or re-exportation

## V. Excise Tax

### 5.1 Taxable Goods

Taxpayers	Taxable goods	Tax Rates
Producer, importer, exporter, supplier of excisable goods and provider of mobile communication services in/to/from Georgia	Alcoholic beverages	Varies from product to product. Refer to Tax Code for rates.
	Tobacco products	
	Oil & gas products	
	Cars	
	Mobile communication services	

### 5.2 Exemptions

<b>With entitlement to credit (transaction not subject to tax and the right to tax credit used)</b>
Supply of Georgian goods for sale at a duty-free outlet
Transfer of ownership of and sale of property (excise goods) seized from a natural person in the favor of state and local budget through enforced tax collection measures
Export of excise goods only for that reporting period for which taxpayer files with a tax authority the following documents: 1) tax invoice and a document certifying the payment to a supplier of the excise amount specified in the tax invoice (in case the excise goods- raw materials - produced by another person were used for the production of exported excise goods); 2) customs declaration about the placement of goods under export regime;

Without entitlement to credit (transaction not subject to tax and the right to tax credit is not used)
Alcoholic beverages produced by an individual for own consumption
Import of 200 cigarettes or 50 cigars or 50 cigarillos and/or other tobacco products with the total weight up to 250 grams by an individual during one calendar day by air or during 30-day period by other means of transportation, also import of 4 liters of alcoholic beverages
Fuel in a standard tank of a motor vehicle of a person entering Georgia on a motor vehicle that is related to the engine feeding system structurally and technologically
Import and/or supply of goods to be provided on board of international flights and international sea passages
Import and/or supply of aviation fuel, lubricant and other auxiliary materials intended for the supply on board for international air and international marine trips
Import and/or supply of oil products for the performance of oil and gas transactions determined under the Law of Georgia on "Oil and Gas"
Import of property of diplomatic representations of Georgia abroad
Import of goods for personal use of citizens of foreign countries (including their family members) employed at oil and gas exploration and extraction sites
Left-hand drive vehicles with electric engines envisaged under 8703 commodity code of the Foreign Economic Activity National Commodity Nomenclature and vehicles with electric engines envisaged under 8711 commodity code of the Foreign Economic Activity National Commodity Nomenclature.

Note: Import or/and supply of goods and services shall be exempted from excise tax if they are effected within the framework of an International Agreements ratified by the Parliament of Georgia and entered into the force and according to above agreements import or/and supply of goods and services are excise tax exempted.



## VI. Import Tax

### 6.1 Tax Rates

Taxpayers	Taxable Objects	Tax Rates
Person transporting goods on the customs border of Georgia, except export	Customs value of goods at the time of the crossing of Georgia's economic border	0%, 5% or 12% according to HS codes (see Tax Code)
		Certain food products - 5%
		Foodstuffs, construction materials, minerals, cloth, paper, shoes - 12%
		Other products (specified in grant agreements, produced in Free Industrial Zones, child diabetic products, products within the framework of oil and gas legislation) – 0%
		Beverages - EUR 0.2 – EUR 3 per liter or 100 liters, depending on alcohol content
		Vehicles – various rates depending on the age and engine capacity
		Temporary import – 3%

### 6.2 Exemptions

Placement of goods under any operation upon bringing them into the customs territory of Georgia, except import and/or temporary import
Placement of goods in a duty-free zone
Import of goods for the purpose of liquidation of natural disaster and catastrophe, as well as for humanitarian assistance purpose
Import of goods (including furniture, household goods, one means of transport per family) that are not intended for economic activity when entering Georgia for permanent residence
Import of goods defined by the grant agreements
Import and/or temporary import of goods for personal use of citizens of foreign countries (including their family members) employed at oil and gas exploration and extraction sites
Import of goods produced in a Free Industrial Zone
Import of goods for the supply on board for performing international aviation and international maritime trips
Import of appliances and equipment, means of transport, spare parts, and materials designated for the performance of oil and gas transactions envisaged under the Law of Georgia on Oil and Gas
Import of baby food products and diabetic food products that are marked as such for the supply under wholesale and retail method; x-ray tapes, insulin syringes, glucometers, and diagnostic test-systems
Import and/or temporary import of goods for official use by foreign diplomatic and representative offices, for personal consumption of its diplomatic, administrative, technical personnel (including their family members) where such exemption is stipulated under relevant international agreements to which Georgia is a party

## VII. Property Tax

### 7.1 Tax Rates

Taxpayers	Taxable Assets	Tax Rates
Individuals	Immovable property under ownership, except land plot it is related to (including unfinished construction, building, and structure or parts), yachts (motorboats), helicopters, airplanes; Property received from leasing from non-residents	Depending on annual family income of the individual for the previous tax year:  income <100,000 GEL 0.05 to 0.2%  income ≥ 100,000 0.8 to 1%
Resident companies Non-resident companies Individual Entrepreneurs	Assets recorded as fixed assets on its balance sheet, uninstalled equipment, construction in progress, and intangible assets, as well as the property issued under leasing	1% of annual average book value

### 7.2 Exemptions

Property (except land) belonging to an individual with annual family income not exceeding GEL 40,000 for a year preceding the current tax year
Agricultural land plots received by individuals and requiring cultivation (the exemption is valid for five years after receiving of the land plots)
Agricultural land plots up to five hectares in the ownership of an individual as of 1 March 2004
Property located in Free Industrial Zones
Biological assets (animals and plants)
Assets leased in from Georgian residents
Movable property, including leased in movable property, of an individual used in livestock agriculture, etc.
Property needed for oil and gas activities
Property used for environmental and fire protection (excluding land)
Lands that are used as security zones for aerodromes, airports, helicopter aerodromes and aerial navigation and for underground communications, scientific research, as well as lands used by medical institutions

## VIII. Tax Calendar 2023

Submission deadlines			
15 Jan 2023	Submission of Withholding, VAT and Excise tax returns and paying VAT and Excise Taxes for December	Submission of information on total amount of income received and total amount of tax withheld during the reporting month	
15 Feb 2023	Submission of Withholding, VAT and Excise tax returns and paying VAT and Excise Taxes for January	Submission of information on total amount of income received and total amount of tax withheld during the reporting month	
15 Mar 2023	Submission of Withholding, VAT and Excise tax returns and paying VAT and Excise Taxes for February	Submission of information on total amount of income received and total amount of tax withheld during the reporting month.  Submission of the program report, financial statement and financial documents defined by Tax Code (for charitable organizations only)	Submission of Personal Income tax return by individuals, individual entrepreneurs, Micro and Small Businesses for the preceding year
1 Apr 2023	Submission of the Property Tax returns by companies	Submission of Corporate Tax Return	
15 Apr 2023	Submission of Withholding, VAT and Excise tax returns and paying VAT and Excise Taxes for March	Submission of information on total amount of income received and total amount of tax withheld during the reporting month	
15 May 2023	Submission of Withholding, VAT and Excise tax returns and paying VAT and Excise Taxes for April	Making current payments of Corporate and Personal Income Tax	Submission of information on total amount of income received and total amount of tax withheld during the reporting month
15 June 2023	Submission of Withholding, VAT and Excise tax returns and paying VAT and Excise Taxes for May	Making current payments of Property Tax by companies	Submission of information on total amount of income received and total amount of tax withheld during the reporting month

15 Jul 2023	Submission of Withholding, VAT and Excise tax returns and paying VAT and Excise Taxes for June	Making current payments of Corporate and Personal Income Tax	Submission of information on total amount of income received and total amount of tax withheld during the reporting month
15 Aug 2023	Submission of Withholding, VAT and Excise tax returns and paying VAT and Excise Taxes for July	Submission of information on total amount of income received and total amount of tax withheld during the reporting month	
15 Sep 2023	Submission of Withholding, VAT and Excise tax returns and paying VAT and Excise Taxes for August	Making current payments of Corporate and Personal Income Tax	Submission of information on total amount of income received and total amount of tax withheld during the reporting month
15 Oct 2023	Submission of Withholding, VAT and Excise tax returns and paying VAT and Excise Taxes for September		
1 Nov 2023	Submission of Property Tax returns by individuals		
15 Nov 2023	Submission of Withholding, VAT and Excise tax returns and paying VAT and Excise Taxes for October	Submission of information on total amount of income received and total amount of tax withheld during the reporting month	Paying Property Tax by individuals  Paying Property Tax on land
Dec 15 2023	Submission of Withholding, VAT and Excise tax returns and paying VAT and Excise Taxes for November	Making current payments of Corporate and Personal Income Tax	Submission of information on total amount of income received and total amount of tax withheld during the reporting month

## IX. Administrative penalties

Misaction	Rate
Delayed payment of tax	0.05% of the tax due for each complete/ incomplete overdue day
Delayed filing of tax return	<p>If the delay period does not exceed 2 months - 5% of a tax value based on the tax return/tax calculation for each overdue period (incomplete months shall be counted as one month). At the same time, the total amount of a penalty for the entire overdue period shall not exceed 30% of the sum of the tax to be assessed for payment.</p> <p>Should the delay period exceed 2 months - 10% of the tax to be assessed for payment on the basis of the tax return/tax calculation.</p> <p>If the sum of a tax to be assessed for payment under a tax return/tax calculation equals zero, the fine would not be imposed</p>
Understatement of tax (other than due to incorrect timing)	<p>50% of the understated amount (with exception for the below cases):</p> <p>10% - if the amount of the understated tax does not exceed 5 %</p> <p>20% - if the amount of the understated tax is more than 5 %</p> <p>25% - if the amount of the understated tax is more than 5 % and does not exceed 20 %</p> <p>If the amount of the understated tax is more than 100 000 GEL - it shall be deemed a tax evasion in large amounts and entail responsibility under the procedure established by the criminal legislation of Georgia.</p>
Understatement of tax due to incorrect timing	10% of the understated amount
Crediting tax based on bogus operations or forged agreements or fake VAT documents	200% of credited tax

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