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## Amendment to the law

On November 14, 2025, Georgian Law 1061-IVთბ-XIაჰ was published that made an amendment into the Tax Code of Georgia (Hereinafter “GTC”), which will come into the force from January 1, 2026. The mentioned amendments refer to the following issues:

### About the supply and import of investment gold

With the amendment to the Tax Code of Georgia, a new subparagraph “z3” was added to Article 157 of GTC, about definitions of terms for VAT purposes. By the amendment it was additionally clarified the meaning of investment gold, which refers to a gold bar or plate of at least 995/1000 fineness, as well as a gold coin made of at least 900/1000 fineness, issued after year 1800 and used/previously used as a means of payment in the country of issue. As a result of this amendment, Articles 172-173 of GTC were also updated, under which the supply and import of investment gold were exempted from VAT with the right of deduction.

### Distribution of Dividends from Net Profit Received by Insurance Organizations

With the implemented amendment, a new part 103<sup>1</sup> has been added to Article 309 (Transitional Provisions) of GTC, about the taxation of the distribution of dividends from net profit received by insurance organizations for Corporate Income Tax purposes. According to this part, for insurance organizations, the distribution of dividends from net profit received during the reporting period from 1 January 2015 to 1 January 2024 shall be considered as distribution of profit, whereas the subsequent distribution of dividends received in reporting periods before 1 January 2024 shall not be considered as distribution of profit.

### Subsequent Distribution of Dividends Received from a Financial Institution

Based on the aforementioned amendment, a new part 99<sup>2</sup> has been added to Article 309, according to which, if a resident enterprise has received a dividend from a financial institution as a result of the distribution of profit attributable to the year 2023 or subsequent periods of the same year, and this dividend is subsequently redistributed, the dividend paid by the resident enterprise shall not be taxed at the source of payment and, accordingly, shall not be included in the gross income of the dividend recipient.

### Extension of Deadlines for Tax Obligations /Reliefs

The said amendment extended the validity of tax legislation and/or tax benefits on various issues, namely:

#### ***Extension of the Period of Exemption from VAT With the right to deduct for the Supply of Real estate and related construction and installation Services***

The amendments made in GTC regarding the extension of the period affected the supply of certain categories of Real estate (as provided under Article 309, part 79), as well as the

provision of construction-installation services related to the property supplied by such supplier of Real estate. Specifically, these operations were subject to VAT exemption with the right of deduction if such supply was carried out from 2015 up to 1 January 2026. As a result of the amendment, the period has been extended up to 1 January 2029.

This amendment, in its turn, resulted in the adjustment of limitation periods related to the above-mentioned operations. Namely, based on these tax reliefs, for exempt taxable operations carried out during the reporting periods from 1 January 2015 to 1 January 2026, the limitation periods defined by Article 4 of GTC for the relevant reporting periods have been extended by several years (from 1 to 5 years).



### ***Extending the period of validity of the tax relief established for agricultural sector***

According to the amendment made in GTC, the period of validity of tax relief established for agricultural sector, was extended from 1 January 2026 until January 1, 2028.

### ***Extension of the period until 2028 regarding other important issues***

According to the above amendment made in the Tax Code, the validity period of the other legislative norms, similar to the agricultural sector, has been extended to January 1, 2028. For example, it was extended the validity period for exemption from income tax of the income received by an individual in the form of interest, which arises from debt securities issued by a resident legal entity in Georgia through a public offering and admitted to trading on an organized market recognized by the National Bank of Georgia.

The extension of deadlines also affected other reliefs intended for natural persons, specifically, until 1 January 2028, a natural person is exempt from the obligation to use a cash-register, if the person does not use the labour of an employed person and carries out economic activity from a non-stationary trading place located on the territory of a market (marketplace), including from a counter, except for a natural person who has been granted the status of small business or who is registered, or is obliged to register, as a VAT payer in accordance with GTC.

In addition, if, until 1 January 2028, a natural person rents out his own residential property for a short term period, upon application to the tax authority, she/he is taxed with fixed income tax, unless he is voluntarily registered as a VAT taxpayer or, in respect of this activity, the total amount of transactions carried out by him during any continuous 12 calendar months does not exceed 100,000 GEL.

### **On the cancellation of Certain Articles**

As a result of the amendment, Articles 26 and 26<sup>2</sup> of GTC and therefore the tax statuses such as a Special Trade Zone and the Organization of the Market were removed. In its turn, on the basis of the annulment of these statuses, all legislative norms that were connected to persons falling under these statuses were also removed. This amendment was due to the fact that these statuses were not used in practice, since registration under another status (e.g., small entrepreneur) was more relevant for the respective persons for the purpose of receiving the tax relief.

### **Excise duty rates on Tobacco and tobacco products**

On November 28, 2025, Georgian Law 1114-IV<sup>86</sup>-XI<sup>83</sup> was published introducing amendment into the Tax Code of Georgia (Hereinafter "GTC") about the excise duty rates on tobacco and tobacco products.

Based on the above amendment, the excise duty rates provided under Article 188 of GTC for excisable goods

(except for alcoholic beverages) have been updated, specifically, the excise duty rates on tobacco and tobacco products specified in codes 2402 20 and 2404 11 000 00 of the National Commodity Nomenclature of Foreign Economic Activities have been increased. At the same time, a new tobacco product has been included in code 2402 20 of the National Commodity Nomenclature of Foreign Economic Activities (locally produced cigarettes containing tobacco, up to 35 million packs/packages annually), for which the excise duty rate is established as the sum of the excise duty rate determined under paragraph 1 of Article 188 of the GTC and 15 percent of the retail selling price of these goods.

The rule and conditions for applying the excise duty rate established for the specified goods, as well as the rule of quota allocation, shall be determined by the ordinance of Government of Georgia.

The amendment came into force from January 1, 2026.

## Amendment to the Order

### Determining a person's tax obligations in certain cases

On November 6, 2025, Order №24351 of the Head of the Revenue Service was published, which amended Order №22708 (July 8, 2019), of the Head of the Revenue Service, titled “On the Approval of Methodological references for Determining a Person’s Tax Obligations in Specific Cases.” As a result, the methodological guideline on the taxation of accounts receivable has been revised.

According to the amendment, the methodological reference applies to resident enterprises that are under the so-called Estonian model of corporate income taxation pursuant to Article 97 of GTC, as well as to those non-resident enterprises that conduct activities in Georgia through a permanent establishment. Therefore this methodological reference does not apply to amounts related to existing and unreimbursed accounts receivables and advance payments originated before 2017, and in the case of insurance organizations-before 2024.

The methodological reference defines the cases in which unreimbursed accounts receivable and/or advance payments may be reclassified as salary paid to the director of the enterprise (if no other identifiable responsible person exists). These cases relate to the enterprise’s advance payments to a non-resident person and/or to accounts receivable arising from the supply of goods/provision of services. The auditor is authorized to reclassify such operations, as of the end of the period under review, as salary paid to the director of the same enterprise, if all of the following conditions are met:

- A reasonable period has passed since the advance payment and/or the arising of accounts receivable, which, according to the methodological reference, may be not less than any continuous 12 calendar months.
- By the time the tax audit is completed, the enterprise has not received the corresponding service/goods, or, in the case of goods, the return of the same goods is not confirmed.
- By the date of appointment of the tax audit, the return of the advance payment and/or repayment of accounts receivable is not confirmed.

## AUTHOR’S COLUMN

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

The publication concerns amendments to the Tax Code of Georgia and related orders.

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

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It should be emphasized that the amounts reclassified as salary are considered as net amounts, for the purposes of taxation with personal income tax, are subject to the grossing up (division by 80%). Furthermore, if as a result of the tax audit, an advance payment paid to a person registered in a preferential-taxation country, which has been taxed with corporate income tax, becomes subject to taxation with personal income tax, then the amount of paid corporate income tax shall be credited in the period in which the reclassified amounts are taxed as paid salary.

According to the updated methodical reference, the Tax auditor is authorized not to determine additional tax liabilities with respect to accounts receivable, if the tax liability corresponding to the total amount reclassified, in accordance with this methodical reference, does not exceed for the person/persons:

- In the case of a small category taxpayer - 1,000 GEL
- In the case of a medium category taxpayer - 10,000 GEL
- In the case of a large category taxpayer - 100,000 GEL.

The amendment came into force from November 4, 2025.

## On Refusal to Appeal a Tax Claim and/or a decision of a Tax dispute Review body

On November 14 2025, Order №296 of the Minister of Finance of Georgia was published, introducing amendments to Order №996 of December 31, 2010, "On Tax Administration". As a result of the amendment, the annex regarding the refusal to appeal a tax claim was updated, and the procedures required for submitting an application on the refusal to appeal the decision of the tax dispute review body were defined.

By this amendment, Annex No. I-12<sup>1</sup> for submitting an application on the refusal to appeal a tax claim, as well as a tax and/or customs offence report, was updated. In the updated line 8, the purpose of submitting the given application must be indicated. Additionally, to the list of documents for which the person refuses to lodge an appeal, a customs offence report was added, for the reflection of which a separate line has been allocated in the application.

The amendment came into force from January 1, 2026.

## The procedure for determining, canceling and recording the appropriate category of the size for the taxpayer

On November 18, 2025, the order №25093 of the head of the Revenue Service was published approving the new instruction "On the determination, cancellation and registration of the appropriate category of the amount for the taxpayer". As a result, the similar instruction approved on October 30, 2023 by the order №26626 of the head of the Revenue Service has been declared invalid.

We remind you that, according to Article 6<sup>1</sup> of Order №996 of the Minister of Finance of Georgia, the taxpayer's size category is determined by the tax authority. Accordingly, the person may be assigned one of the following categories: small, medium, or large taxpayer.

As a result of the amendment, the rule for determining the large category to a taxpayer has been updated. Specifically, in order to be assigned the large category, the taxpayer must meet at least 2 criterias provided under this instruction, unlike the previous instruction, where the meeting of even 1 criteria was sufficient for assigning the large category to a person. A new subparagraph "h" has been added to the list of criteria for assigning the large category, which concerns the minimum threshold of taxes paid or refunded by the person in the previous 12 calendar months preceding the month of determining the respective category, in the amount for not less than 1,000,000 GEL.

The amendment came into force from November 14, 2025.