TAX NEWSLETTER

Contents

Amendment to the Law

Exemption from Excise Tax on the Import of Goods Transferred to State Ownership

On June 10, 2026, Georgian Law 1649-Vმს-Xმპ on Amendments to Georgian Tax Code was published.

Under the amendment, Article 194 of GTC, regulating the rules governing exemptions from excise tax, was updated by adding a new Subparagraph "N" to Paragraph 5. As a result, it was determined that the import of goods transferred to state ownership shall be exempt from excise tax without the right of deduction.

The amendment came into force on June 11, 2026

Amendment to the Resolution

Fee for the issuance of advance ruling by Tax Authority

On June 8, 2026, Government of Georgia Resolution №251 on Amendments to Government of Georgia Resolution No.96 of March 30, 2010 "On the Approval of Fees and their Rates for Services Provided by the Legal Entity under Public Law - Revenue Service" was published.

As a result of the amendment, the fee for the service of issuing an advance tax ruling by tax authority was updated, which is GEL 20,000 instead of GEL 10,000 for legal entities, while for resident individuals GEL 10,000 instead of GEL 5,000.

It should be noted that, for this purpose, the residency of an individual is determined based on the calendar (tax) year preceding the submission of the request for the issuance of an advance ruling.

At the same time, this rule does not apply to requests for the issuance of an advance tax ruling submitted to the Revenue Service before January 1 2027.

The amendment came into force from January 1, 2027

Public Ruling

Taxation of Income gained from the Supply of an Asset by Personal Income Tax

On June 10, 2026, Public Decision No. 175 of the Minister of Finance of Georgia, "On Amendments to Public Decision No. 143 of the Minister of Finance of Georgia of May 14, 2026, on Issues Related to the Income Taxation of Income Received by an Individual from the Supply of an Asset," was published.

As a result of the amendment, subparagraph 2 of paragraph 3 of Article 1 of the Public Decision was revised, and a new paragraph was added. Under the new provision, an activity is considered systematic and organized only where an individual creates, acquires, or disposes of assets as an independent and principal economic activity with the purpose of generating regular income. Accordingly, the mere ownership of residential apartments or houses, the number of such properties owned, the duration of ownership, and their subsequent disposal do not, in themselves, constitute sufficient grounds for classifying the activity as entrepreneurial activity.

It should be emphasized that, upon the sale of a residential apartment or house, the following provision of the GTC does not apply to supplies made by an individual entrepreneur in the course of entrepreneurial activities (including property development, the enforcement of secured mortgage claims, and similar activities):

- The taxation of the resulting capital gain at a rate of 5%, as provided for in paragraph 3 of Article 81 of the Tax Code of Georgia.
- The exemption from personal income tax on the capital gain derived from the sale of a residential apartment (house), together with the land attached to it, where the property has been owned for more than two years, as provided for in subparagraph "v.a" of paragraph 1 of Article 82 of GTC.

The amendment came into force from June 11 2026

Amendment to the Order

Granting of Active Taxpayer status

On June 11, 2026, Order №180 of the Minister of Finance of Georgia was published, introducing amendments to Order №996 of the Minister of Finance of Georgia of December 31, 2010, "On Tax Administration." Under the amendment, the criteria for granting active taxpayer status have been established.

As a result of the amendment, Paragraph 2 of Article 7 of Order №996 was updated by adding new Subparagraphs "N-R", according to which a taxpayer shall be granted active taxpayer status where at least one of the following conditions are met:

- A POS terminal/mobile POS terminal/e-commerce terminal has been registered in the name of the taxpayer, and such registration has not been cancelled as of the date of granting the relevant status provided for by this Article.
- The enterprise/organization has an open bank account that is active as of the date of granting the relevant status provided for by this Article.
- A tax document (TD) has been issued by the taxpayer.
- The taxpayer has been granted micro business/small business/fixed tax payer status, which has not been revoked as of the date of granting the relevant status provided for by this Article.
- The taxpayer has been registered as a VAT payer, and such registration has not been cancelled as of the date of granting the relevant status provided for by this Article.

It should be noted that Paragraph 2 of Article 7 of Order №996 also establishes other conditions for granting active taxpayer status, including the taxpayer being newly registered, the timely submission of tax returns and other statutory filings required under the legislation, the payment of taxes, the recording of turnover through a cash register (control cash register) and compliance with other requirements prescribed by the Order.

We remind you that, for the purpose of assessing the activity of a taxpayer (including a person subject to registration with the National Agency of Public Registry), one of the following statuses are assigned:

- Active taxpayer
- Passive taxpayer
- Non-entrepreneur individual
- Liquidated/deceased taxpayer.

The amendment came into force from June 12, 2026

Maintenance of Accounting Book

On June 24, 2026, the Ministry of Finance of Georgia issued Order №196, introducing amendments to the Order №996 of 31 December 2010 of the Minister of Finance of Georgia on "Tax Administration." As a result of the amendment, the rules for maintaining the Simplified Income and Expense Accounting Book were determined.

The amendment affected Article 28 of Order №996, "On Simplified Accounting of Income and Expenses." Under the amended provision, a person who is entitled to apply the simplified income and expense accounting method and maintains a simplified income and expense accounting book, in which all business transactions of the reporting (tax) period are recorded in chronological order based on primary accounting documents, may maintain the book either in material form (printed on paper) or in electronic form.

It should be recalled that, pursuant to Article 73 of GTC, a person who carries out the sale of goods/services predominantly through cash payments applies the simplified income and expense accounting rules established by the Minister of Finance of Georgia for tax payment purposes. These rules do not apply to a taxpayer who, for the purposes of profit tax and income tax, is required to maintain or voluntarily maintains accounting records under the accrual method, as well as to a person who is registered as a value-added tax (VAT) payer.

As a result of the amendment, paragraphs 2, 4, and 10 of the same Article were removed, which previously regulated the procedures for the sealing of accounting books by the Revenue Service. In particular, a person is no longer required to apply to the tax authority for the purpose of sealing the accounting book.

The amendment also established the retention period for the accounting book, which must be at least three years. In addition, depending on the nature of the activity, a person may maintain more than one accounting book.

The amendment came into force from August 1, 2026

AUTHOR'S COLUMN

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

The publication provides an overview of current issues and practical aspects of tax legislation.

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

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