

VAT Reporting and  
Payment Rules for Foreign  
Companies Rendering  
Digital Services in Georgia



## VAT Reporting and Payment Rules for Foreign Companies Rendering Digital Services in Georgia

With effect from 1 January 2021, new VAT law entered into force at the initiative of the Government of Georgia. These regulations were adopted as part of Georgia's undertaking under the EU-Georgia association agreement to approximate its tax legislation with EU VAT Directive (2006/112/EC). Pursuant to these changes, new definitions of the VAT regulations were aligned to the EU definitions, VAT scope and place of taxable transactions were also changed. Some notable amendment also include VAT taxation of digital services.

# Non-resident VAT Payers on Digital Services

According to the Tax Code of Georgia, VAT obligation (**without the obligation to register as a VAT payer**) arises for foreign taxable persons, who are not established or have no habitual residence in Georgia, nor have a fixed establishment in Georgia, and who provide digital services to be used in the territory of Georgia by non-VAT registered natural persons. In case of the business-to-business transactions carried out by non-resident taxable persons, supply of such services will be subject to the reverse charge VAT in Georgia.

**In terms of the new VAT regulations the digital services include the following:**

- Electronically supplied services
- Telecommunication services
- Broadcasting services

**According to the Tax Code of Georgia, the place of service delivery is considered to be Georgia if one of the following conditions is met:**

- The location of the financial institution (in which the bank account is opened and used to reimburse the services rendered) or the operator of the electronic financial means (i.e. the operator through which the payment is made) is in Georgia;
- The location of the service recipient is Georgia;
- The network address (IP) of the device used by the service recipient to purchase the service is located in Georgia; or
- The telephone code of the country used to purchase / pay for the service belongs to Georgia.

The registration of non-residents providing the mentioned services is conducted through an online portal, which was specially developed by the Georgian tax authorities. The obligation to calculate and pay VAT refers only to transactions carried out after 1 October 2021.

VAT reporting period is a calendar quarter and the tax return should be filed with the Revenue Service of Georgia no later than the 20th day of a month following the reporting quarter. The tax must be paid no later than the last day of the month following the reporting quarter.

According to the new regulations, the declaration and payment of VAT must be made in the payment currency selected on the registration form. The tax declaration and payment currency can be either Georgian Lari (GEL), U.S. Dollar (USD) or Euro (EUR). Currently, the tax payment is expected to be via an online bank transfer and can be done from outside of Georgia.

In order to complete the registration, declare and pay VAT the non-residents digital service providers are not required to appoint a fiscal representative in Georgia.

**Foreign providers of the services in Georgia that potentially fall under the new VAT rules on the digital services should:**

- analyse the scope and nature of the services they provide in Georgia and the legal status of recipient / buyers of such services;
- consider taxation of the transactions that fall under the new provisions;
- prepare for the new VAT reporting and payment obligations, including online registration with the tax authorities, preparation and filing of VAT returns, calculation and payment of taxes and management of the taxpayer online account with the Revenue Service of Georgia.

This brochure aims to provide the reader only with a general understanding of tax and legal framework in Georgia effective at the time of writing. It neither purports to provide nor is intended to replace professional legal, tax advice or any other advice.

Any reliance made on the information contained in this handbook is your sole responsibility and Deloitte will not be held liable for any losses that may arise thereby. Full professional tax and legal advice should be sought when dealing with specific situations.

# Contacts

Deloitte Georgia will be happy to assist foreign businesses with a registration and compliance support.

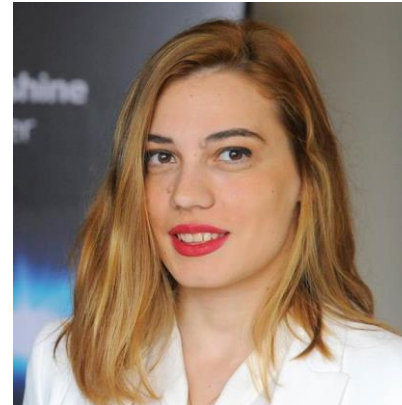


**Giorgi Tavartkiladze**

**Director**

Tax & Legal Services

[gtavartkiladze@deloitte.ge](mailto:gtavartkiladze@deloitte.ge)



**Ketevan Kukhianidze**

**Tax Manager**

Tax & Legal Services

[kkukhianidze@deloitte.ge](mailto:kkukhianidze@deloitte.ge)



Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited (“DTTL”), its global network of member firms, and their related entities. DTTL (also referred to as “Deloitte Global”) and each of its member firms are legally separate and independent entities. DTTL does not provide services to clients. Please see [www.deloitte.com/about](http://www.deloitte.com/about) to learn more.

Deloitte is a leading global provider of audit and assurance, consulting, financial advisory, risk advisory, tax and related services. Our network of member firms in more than 150 countries and territories serves four out of five Fortune Global 500® companies. Learn how Deloitte’s approximately 330,000 people make an impact that matters at [www.deloitte.com](http://www.deloitte.com).

This communication contains general information only, and none of Deloitte Touche Tohmatsu Limited, its member firms or their related entities (collectively, the “Deloitte network”) is, by means of this communication, rendering professional advice or services. Before making any decision or taking any action that may affect your finances or your business, you should consult a qualified professional adviser. No entity in the Deloitte network shall be responsible for any loss whatsoever sustained by any person who relies on this communication.

© 2021 Deloitte & Touche LLC. All rights reserved.