



Georgia

Deloitte Legal

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## Georgian Legal News Refer to the Law

### Order No. 633 of the Minister of Finance of Georgia

On 7 December 2021, Article 1<sup>1</sup> “Beneficial owners of income” was added to the Order, which entails the following provisions:

- This article shall apply to dividends, interests and royalties. Its application must align with the provisions of a particular international agreement.
- An individual shall be deemed a beneficial owner of income depending on the essence of the relevant international agreement and the purpose of avoiding double taxation with respect to taxes on income/capital. This individual’s activities cannot qualify as tax evasion.
- A recipient of income shall be deemed the beneficial owner of that income if and only if he or she has full rights to use and dispose of that income and is not bound by any contractual or legal obligation to transfer the received income to another person.
- The tax relief defined in the international agreement applies only to recipients of income who are also the beneficial owners of that income.

- A beneficial owner of income shall not be a person who acts as an agent, representative, nominal owner/recipient of income, and/or an intermediary, even if he or she may be a direct recipient or formal owner of that income.
- The tax relief provided for in the International Agreement shall not apply if the beneficial owner of the income is a resident not of a contracting state, but of a third state.

Even if all the conditions set out in this article are met, the income recipient may be forbidden from benefitting from the tax relief defined in the international agreement if, given the specific form and content of the transaction, the main purpose of concluding the relevant transaction or agreement is deemed to be tax evasion.

## Double Tax Treaty between Georgia and Poland

On 1 December 2021, the Parliament of Georgia ratified an Agreement between Georgia and the Republic of Poland on the Elimination of Double Taxation with respect to Taxes on Income and the Prevention of Tax Evasion and Avoidance (“the Agreement”). Once in force, the Agreement will apply

- in Georgia – to profit tax and income tax;
- in Poland – to corporate income tax and personal income tax.

This agreement replaces the Agreement between the Government of the Republic of Poland and the Government of Georgia on the Avoidance of Double Taxation and Prevention of Fiscal Evasion with Respect to Taxes on Income and on Capital executed in Warsaw on 5 November 1999.

## Ordinance No. 322 of the Government of Georgia “On Isolation and Quarantine Rules”

On 29 and 30 November 2021, upon the decision of the Government, the following provisions were added to the Ordinance, according to which:

- Any person arriving from a foreign country, including Georgian citizens, who has traveled to the countries specified in the table below in the last 14 days shall be subject to a 14-day quarantine at their own expense in a designated place upon their entry into Georgia, barring exceptional circumstances.

|   |                              |
|---|------------------------------|
| 1 | the Republic of South Africa |
| 2 | the Republic of Botswana     |
| 3 | the Republic of Zimbabwe     |
| 4 | the Republic of Namibia      |
| 5 | the Kingdom of Lesotho       |
| 6 | The Kingdom of Eswatini      |
| 7 | the Republic of Mozambique   |
| 8 | the Republic of Malawi       |

- After the quarantine period elapses, such individuals shall take a PCR test for COVID-19.
- The costs of the PCR test shall be covered by the State of Georgia for citizens of Georgia, while foreign citizens shall pay for such tests themselves.
- Any individual who meets one of the criteria below shall be granted “Green” status:
  - a) He/she is fully vaccinated;
  - b) He/she holds a negative result of a PCR test conducted in last 72 hours and/or a negative result of a rapid antigen test conducted within 24 hours;
  - c) He/she has been infected by COVID-19 (SARS-CoV-2) and more than 14 days have passed after a laboratory confirmation.
- The rules allow natural persons with “Green” status to enter various facilities. “Green” status is not mandatory for employees to enter their workplace or for persons under 18 years.

# Contacts

If you have any questions regarding the information provided in this newsletter, please contact one of the Tax & Legal professionals at our Deloitte office in Georgia:



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