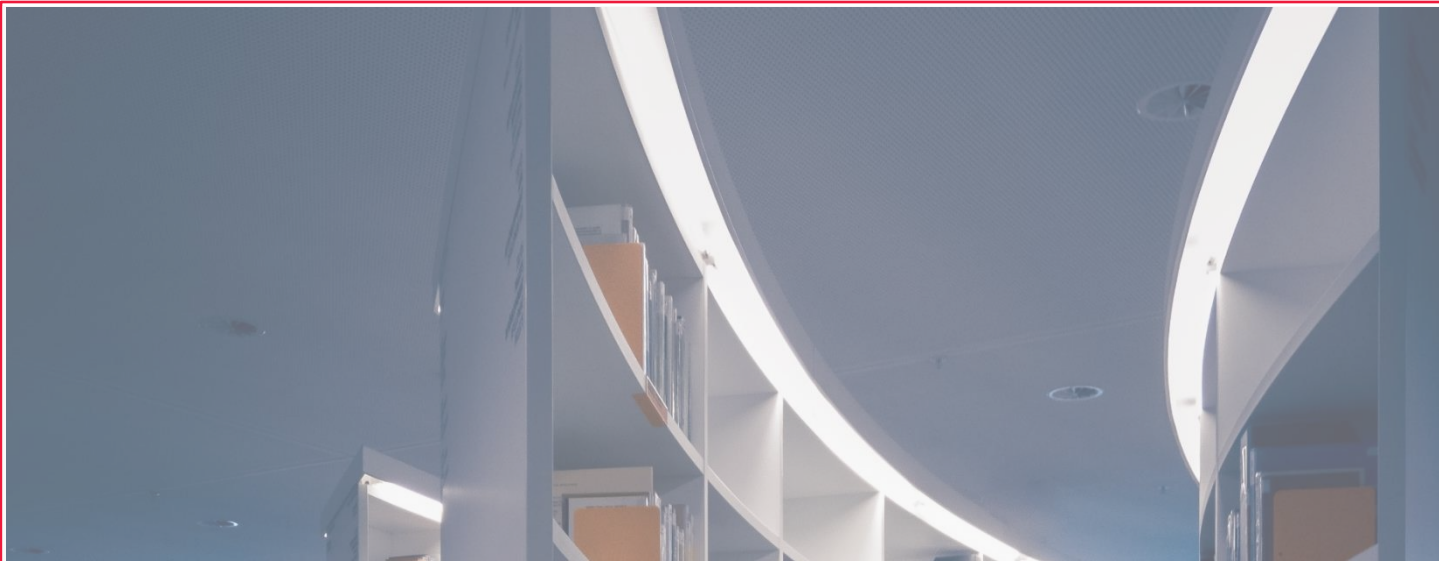




**IMPACT OF COVID-19 PANDEMIC ON BUSINESS:  
CRISIS RESPONSE AMENDMENTS TO TAX LEGISLATION**

APRIL 2020

**BDO**

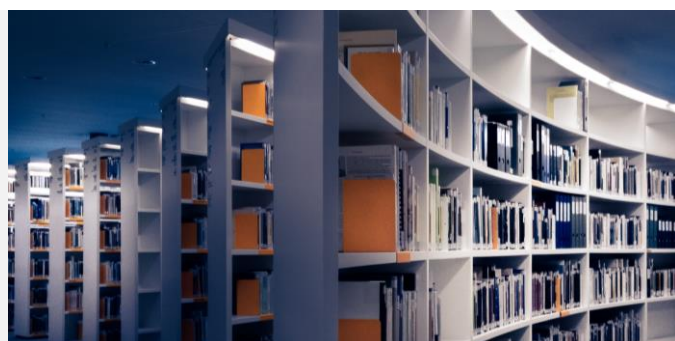


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## BENEFITS IN THE TOURISM SECTOR



The Revenue Service has introduced certain tax benefits for taxpayers employed in the tourism sector. In particular, on March 16, 2020, the deferral of tax payments to persons employed in the tourism sector has been announced.

Persons employed in the tourism sector may postpone the payment of declared Personal Income Tax (PIT) and Property Tax due until November 1 of the current year. This benefit is related to the following tax returns:

- Tax return of withholding tax (WHT);
- Annual PIT return;
- Annual Property tax return.

### The rules and restrictions for using these benefits:

Benefits are applied to the business entities, which provide:

- accommodation services (hotels, hostels, guesthouses etc.);
- Catering services (restaurants, cafes, bars and other catering facilities)
- Tour operating services (travel agencies);
- Transportation services (airline services, car renting services and provision transport services to tourists in various ways);
- Excursion services;
- Conference services;
- Entertaining services (entertainment centers, movie theaters, centers for children and other similar entertainment venues);
- Other entities providing organized services to tourists (other than those listed above

### The benefits will apply to the taxes accrued in the following reporting periods:

- On the basis of withholding tax return - the taxes for the February, March, April and May reporting periods accrued as of the due dates in March, April, May and June of 2020.
- On the basis of the annual PIT return - PIT accrued during the reporting period of 2019 and current (advance) tax accrued as of the due date of May 15, 2020.
- On the basis of the annual property tax return -tax accrued during the reporting period of 2019 and current (advance) tax accrued as of the due date of June 15, 2020.

### Procedures of applying benefits:

To apply for the benefits, a person should apply to the Revenue Service electronically (<https://eservices.rs.ge/ServiceRequestNew.aspx?p=721>).

- Revenue Service shall respond to an application within 10 business days.
- If satisfied, the payment of the relevant declared tax will be deferred until November 1, 2020.
- The interest accrued on declared and unpaid taxes is subject to cancellation as of November 1.
- No measures will be taken to ensure securing deferred tax payments.

## SITUATIONAL GUIDELINES ON THE TRANSACTIONS CARRIED OUT DURING A STATE OF EMERGENCY

The Revenue Service has developed situational guidelines that will apply to the transactions carried out during a state of emergency and provide certain tax relieves. This time, the guidelines are developed for two types of operations: free leasing and organized recruitment.

### FREE LEASING

The Situational Guideline №2537 defines that the services rendered by the lessor shall not be regarded as gratuitous supply of service and therefore subject to taxation if below mentioned factual circumstances exists:

- The person rented commercial/trade premises to non-food traders on the territory of the market;
- Activities of the parties were suspended in connection with the announcement of a state of emergency;
- The lease agreement was not canceled and the lessor exempts the lessee from paying the rent.

### TRANSPORTATION OF THE EMPLOYEES

The Situational Guideline №2539 defines that organized transfer of employees undertaken in different manner than by employer does not produce tax liabilities, if:

- A person using employment work in the course of economic activity has been granted the right to carry out economic activity in a state of emergency;
- Public transport was suspended for the duration of the state of emergency;
- For the purpose of unimpeded economic activity, during a state of emergency, the person organizes the transportation of the hired persons in various ways, including transferring the amount of money for travel required.

\* The situational guideline came into force from the day of a state of emergency.



## TAX ACCOUNT CARD PROCEDURES

By Decree N9206 (26.03.2020) an amendment has been made to the methodological guidelines №13446 issued by the head of Revenue Service “On the procedures for producing Personal Taxpayer’s Cards”. In particular, the section 6 has been added to the 23<sup>th</sup> article of the transitional provisions, which defines that tax liabilities/sanctions accrued as a result of tax inspection on taxpayer’s personal card shall be postponed from the cancelation of the state of emergency:

- 31<sup>st</sup> day in case the person has not appealed the decision of tax/customs authority before 23<sup>th</sup> of March;
- 21<sup>st</sup> day in case the person has not appealed the decision of dispute resolution authority before 23<sup>th</sup> of March;

Before the state of emergency tax liabilities/sanctions were accrued on the taxpayer’s main personal cards 3 working days after the expiration of appeal period in case of decision of tax/customs authorities and automatically from the expiration of the time limit for appealing the decision of the dispute resolution body.

The order came into force from 26 March 2020.



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For more information on COVID19 visit:

**StopCoV.ge**

<https://stopcov.ge/>

Official Website of the Government of Georgia Created for the Prevention of Coronavirus in Georgia.



<https://www.covdata.ge/>

BDO website designed to combat Coronavirus and facilitate the dissemination of correct information, which has no commercial purpose.

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