

Georgian Tax News

Amendments to the Tax Code

The President of Georgia signed Law # 206 introducing a package of amendments to the Tax Code of Georgia. The majority of amendments are effective from 1 January 2009. These amendments clarify a number of articles and introduce additions to the chapters of the Tax Code. Among them, the most noteworthy changes include the following:

Personal Income Tax

Personal income tax rate for individuals will be gradually decreased to 15% during next five years. Current rate is 25%. The personal income tax rate will be reduced according to the following scheme: from 1 January 2009 till 1 January 2010, the tax rate will be 24%; in 2010 - 22%; in 2011 - 20%; in 2012 - 18%; and finally, the tax rate will be reduced to 15%, effective from 1 January 2013.

Loss Carried Forward

A new Article 192² on loss carried forward was added to the Tax Code. According to the article, the terms of carrying forward of losses were extended, and from now on a taxpayer's losses may be carried forward for a period of up to 10 years instead of 5. This 10-year period will apply to the losses incurred in 2010 and subsequent years.

Taxation of the Georgian Source Dividend and Interest Payments

After 1 January 2011, dividends paid by a Georgian company to an individual or a foreign company and the interest paid by a permanent establishment of a non-resident entity or by a Georgian resident, will be exempt from withholding tax, provided that the source of payments is in Georgia.

It should be mentioned that according to the law, the rate of withholding tax will be reduced to 7.5% with effect from 1 January 2009 and then further to 5% with effect from 1 January 2010.



If you have any questions concerning the items in this newsletter, please contact one of the tax professionals at our Deloitte office in Georgia as follows:

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Excise Tax Rates

According to the amendments introduced to the tax law, wine was withdrawn from the list of excisable goods. In addition, sparkling wines (including champagne), fortified wines (both bottled and in bulk), vermouth and natural wines flavored with herbal or aromatic extracts, and other fresh grape wines (both bottled and in bulk), were withdrawn from the list of excisable goods.

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