



26 May 2020, Issue 12

# UPDATE

on COVID-19

The Belt and Road Initiative Tax  
Administration Cooperation Mechanism

## ***EDITOR'S NOTE:***

At this critical moment in the world's fight against the COVID-19, the Special Edition of the BRITACOM Update on COVID-19 is issued, aiming to provide a platform for BRITACOM Council Members, Observers and other stakeholders to exchange views and share experience in responding to the outbreak. Issue 12 is a general article on measures taken against COVID-19 by Georgia Revenue Service. Later we will share more experience of tax administrations from countries and regions and views of international organizations and tax experts with you. If you would like to make contributions to the Special Edition, please contact us via email [britacom@163.com](mailto:britacom@163.com).

# Georgia's Response to COVID-19

Georgia, as the vast majority of countries around the globe, could not avoid the spread of COVID-19. Thanks to the government's quick reaction to the potential pandemic threat declared by the WHO, Georgia could keep the rate of infection relatively low, compared with its neighbours in the region and many other countries in Europe. This article introduces the countermeasures taken by Georgia from the following aspects.

## 1. General Preventive Measures Taken by Government

- A recommendation was addressed to the government agencies, including Georgia Revenue Service (GRS), to adopt remote work policies whenever possible. The same recommendation was extended to the private sector as well;
- Georgian nationals returning from countries gravely affected by the disease were subjected to a 14-day mandatory quarantine;
- Foreign nationals were obliged to present PCR<sup>1</sup> certificates confirming that they were tested negative on COVID-19 while crossing the state border. Otherwise, they would be subjected to a 14-day mandatory quarantine;
- Necessary provisions obliging citizens to fully observe self-isolation were enforced;
- Flights and land travel with Iran, later with Italy were suspended; border restriction for Georgian and foreign nationals were introduced;
- All foreign businesses and study visits were suspended; and
- Dedicated web-page and hotline (144) were developed by the Government of Georgia to assist citizens with addressing problems, concerns and information requests in regard to pandemic.

## 2. Tax-related Measures

Along with the general preventive measures against spread of the virus, the very first actions that GRS has implemented to ease the negative impact of the pandemic on the taxpayers and tax environment itself, were:

### 2.1. Extension of deadlines

For taxpayers who were forced to suspend their business (tourism sector on the first place) because of COVID-19, are allowed to defer tax payment until 1 November 2020 for the declared income and property taxes. No tax collection measures shall be applied to the liabilities incurred

---

<sup>1</sup> PCR is abbreviation of "polymerase chain reaction", which is done to diagnose the virus.

during the tax privilege period for income and property taxes. Tax privileges are applied to the following types of tax returns:

- Withholding tax return (Income tax);
- Annual income tax return; and
- Annual property tax return for enterprises.

## **2.2. Remitting penalty interests**

Penalty interest shall be accrued during the tax privilege period, even for those taxpayers who enjoy tax privilege, but it will be recalculated and written off after the tax privilege period is over (1 November).

## **2.3. Debt payment plans**

According to the Tax Code of Georgia<sup>2</sup>, Article 238, paragraph 8 and 8<sup>1</sup> a person can make a payment schedule for the acknowledged outstanding tax liability which is due on 1 November. Now, any taxpayer can file electronic application via taxpayer's portal and request deferment without any guarantees for tax liabilities within 50,000 Gel (appr. 15,000 EUR). GRS is developing technical solution for the electronic signature of the payment schedules by the taxpayers, without them visiting service centres.

## **2.4. Tax certainty**

As soon as decision on above-mentioned measures were made by the government of Georgia, GRS started working on its implementation. First, incentives were made for the tourism sector-related business activities, after all, other businesses, which have to suspend their business activities due to COVID-19, will benefit from this decision. Official announcements with exact messages were made by the GRS officials, which were spread through the media (including social media). In addition, Q&A and other necessary details are available on [www.rs.ge](http://www.rs.ge) and GRS Facebook page.

## **2.5. Enhanced services**

GRS has officially urged taxpayers and other persons to use distant and electronic services rather than visiting service-centres, including GRS official web-page, taxpayers' portal, e-mail and call centre for consultation. Vast majority of the services are available online, thus it is possible to fulfil tax obligations and get services with minimal need of physical contact with tax inspectors. Additionally, GRS has allocated additional human resources, in order to address each and every incoming calls through the call centre, to answer e-mails and other.

---

<sup>2</sup> Georgian Government's Anti-crisis Plan, [http://gov.ge/index.php?lang\\_id=GEO&sec\\_id=541&info\\_id=7597](http://gov.ge/index.php?lang_id=GEO&sec_id=541&info_id=7597)  
[2.](#)

## **2.6. Communication**

GRS shared information about all the electronic services available on its official web-page and Facebook page (well-used by the taxpayers). Public relation service has very close communication with media and all necessary information is spread immediately. Further, frequently asked questions are analysed on a daily basis and appropriate answers, guidelines are provided electronically.

## **2.7. Tax relief and tax exemptions**

To address economic challenges brought by the pandemic, Georgian Government introduced anti-crisis plan on 24 April<sup>3</sup>. As part of the anti-crisis plan, tax relief and tax exemptions for the businesses will be provided over the next 6 months.

- Employees who have lost jobs during the pandemic will receive a monthly allowance amounting to Gel 200 for six months (Gel 1,200 or USD 375 in total);
- Employees who have not been fired during the pandemic and receive less than Gel 750 (USD 234) salary, will be exempted from income tax for the next six months. Those who earn less than Gel 1500 (USD 469), income tax will only apply to a Gel 750 (USD 234) tax base;
- Self-employed or jobless people who are able to prove they have lost income due to the pandemic will receive Gel 300 (USD 94) as a one-time payment assistance;
- Automated VAT refund will be allowed, allocating additional Gel 600 million (USD 189 million) for businesses;
- Gel 500 million (USD 157 million) will be allocated for businesses, including Gel 300 million (USD 94 million) for financing lines of credit aimed at small and medium businesses. The government will assume the role of a loan guarantee for 90% of the new credits. Additional funds will be allocated to support farm crediting; and
- Overdue fines will be written off for those individuals and businesses using state irrigation system.

## **3. 6-stage Plan to Resume the Economy**

As announced in the anti-crisis plan on 24 April, restrictions applied to the whole country with regards to the development of COVID-19 will be removed in six different stages, each taking place in every two weeks, while taking into consideration the epidemiological situation in the country. For the whole period, citizens will be obliged to observe physical distancing guidelines and wear

---

<sup>3</sup> Georgian Government's Anti-crisis Plan, [http://gov.ge/index.php?lang\\_id=GEO&sec\\_id=541&info\\_id=75972](http://gov.ge/index.php?lang_id=GEO&sec_id=541&info_id=75972).

face masks in closed public spaces.

- Stage I (starting from 27 April ): to allow driving private vehicles/taxi cabs; to resume online shopping and delivery services; to open air agricultural markets;
- Stage II (starting from 11 May): to ease restrictions on construction businesses, car maintenance services, computer maintenance services, and recreational zones;
- Stage III (starting from appr. 25 May) to lift restrictions on retail and wholesale shops (excluding shopping malls) with separate access from streets; to reopen all types of open-air markets; to resume operation of publishing companies;
- Stage IV (starting from appr. 8 June): to open shopping malls, open-air restaurants and beauty salons; to resume functioning of all kinds of financial services;
- Stage V (starting from appr. 22 June): to open enclosed markets/all types of restaurants; and
- Stage VI (starting from appr. 6 July): to resume operation of gambling businesses, entertainment services, hotels, educational institutions, and all other types of businesses.

As of 18 May, the following have been implemented under the Government's 6-stage plan for the resumption of the economy:

- Driving private vehicles/taxi in and out of Tbilisi has been allowed;
- Restrictions on construction businesses, car maintenance services, computer maintenance services, and recreational zones have been eased;
- Retail and wholesale shops (excluding shopping malls) with separate access from the streets have been reopened;
- Function of recreation zones has been resumed;
- Construction and production of construction materials have been allowed; and
- Online shopping and delivery services have been allowed.

*Contributed by*

*Ms. IA Mikhelidze, Adviser, International Relations Department, Georgia Revenue Service*



## **BRITACOM Update**

Editor: Secretariat of the BRITACOM

Issue: 12