



BUILDING A GROWTH-FRIENDLY TAX ENVIRONMENT

Raising Tax Certainty Virtual Seminar

12 December 2023





BUILDING A GROWTH-FRIENDLY TAX ENVIRONMENT

Sharing practices of raising tax certainty

Lasha Koberidze
Deputy Chief of the Legal Department
Georgia Revenue Service, Ministry of Finance



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Part 01

Transparent Tax Laws



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Steps taken



01

Clarity in Legislative Framework

02

Predictability in Tax Policies

03

Consistent Application of Tax Laws



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Steps taken



04

Clarity on Taxpayer Rights and Responsibilities

05

Legal Certainty in Dispute Resolution

06

Cross-Border Consistency



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INFOHUB.RS.GE



From January 1, 2023, the information and methodological hub corresponding to the latest digital requirements - infohub.rs.ge was launched!



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infohub.rs.ge/en



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Document number: 8674
Category: tax/customs dispute

Order N 8674

Document type: Resolution of disputes of the Revenue Service
Receipt date 21 April 2023



Document number: 18224/2/2022
Category: tax/customs dispute

decision №18224/2/2022

Document type: Resolution of disputes of the Ministry of Finance
Receipt date 09 February 2023



Document number: 5819/2/2018
Category: tax/customs dispute

decision №5819/2/2018

Document type: Resolution of disputes of the Ministry of Finance
Receipt date 30 July 2018

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01

It is a **unified electronic information management system**, where different types of data are combined

02

After the launch of the new software, information became even **more accessible** to all users, and the process of receiving information was **significantly simplified**

03

Infohub is an electronic information base based on a unified approach that **promotes systematic and uniform tax practices**



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04

Enables interested parties **to find, process and share** information/documentation of interest to them

05

Information/documentation related to both tax and customs matters **is placed and constantly updated**, including: legislative acts, international agreements, normative acts by law, methodological instructions, as well as decisions of tax/customs dispute review bodies and courts in the system of the Ministry of Finance of Georgia. etc.



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აირჩიეთ სასურველი დოკუმენტის ტიპები

+ tax/customs dispute	<input type="checkbox"/>
Advance tax ruling	<input type="checkbox"/>
+ Tax Manuals	<input type="checkbox"/>
+ Individual Administrative Act	<input type="checkbox"/>
+ Deliberative Body Decisions	<input type="checkbox"/>
+ Legislative Acts	<input type="checkbox"/>
+ International Treaty/Agreement	<input type="checkbox"/>
+ Subordinate Normative Act	<input type="checkbox"/>
Decisions of the Constitutional Court of Georgia	<input type="checkbox"/>
Decisions of the Court of Justice of the European Union (CJEU)	<input type="checkbox"/>
+ EU Legislation	<input type="checkbox"/>

Close

Choose



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The project of creating a unified methodological base, information-search platform Infohub has been ongoing in the revenue service of the Ministry of Finance **since 2021**, and the **public and private sectors** were actively involved in it

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The expert support of the informational and methodological digital hub Infohub.rs.ge is provided within the framework of **the USAID economic management program**, and the technical support process is carried out with the support of the European Bank for Reconstruction and Development (EBRD)



Part 02

Advance Tax Rulings (ATR)

And

Public Rulings (PR)



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Advance Tax Rulings



The Revenue Service may, on the basis of a person's application, issue an advance tax ruling according to a future or completed transaction on:

1

the tax reporting rules provided for by **Tax Code** of Georgia and/or outstanding tax liabilities

3

the tax reporting rules provided for by **Customs Code** of Georgia and/or outstanding customs liabilities

2

the reporting rules and/or outstanding **liabilities related to a fee** administration of which is carried out by a tax authority



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Advance Tax Rulings



If a person acts under an advance tax ruling, controlling/law-enforcement authorities **may not make decisions** contradicting the advance tax ruling or impose any charges and/or sanctions

1

An advance tax ruling shall be issued within not later than **90 days** after submission of a request

2

An advance tax ruling shall apply **only to the persons** to whom it has been issued

3

Different advance tax rulings may **not be issued** with respect to identical transactions performed by different persons



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Advance Tax Rulings



4

If a person disagrees with an advance tax ruling of a tax authority, he/she **may appeal it**

5

An advance tax ruling shall **need to be agreed** upon with the Minister of Finance of Georgia

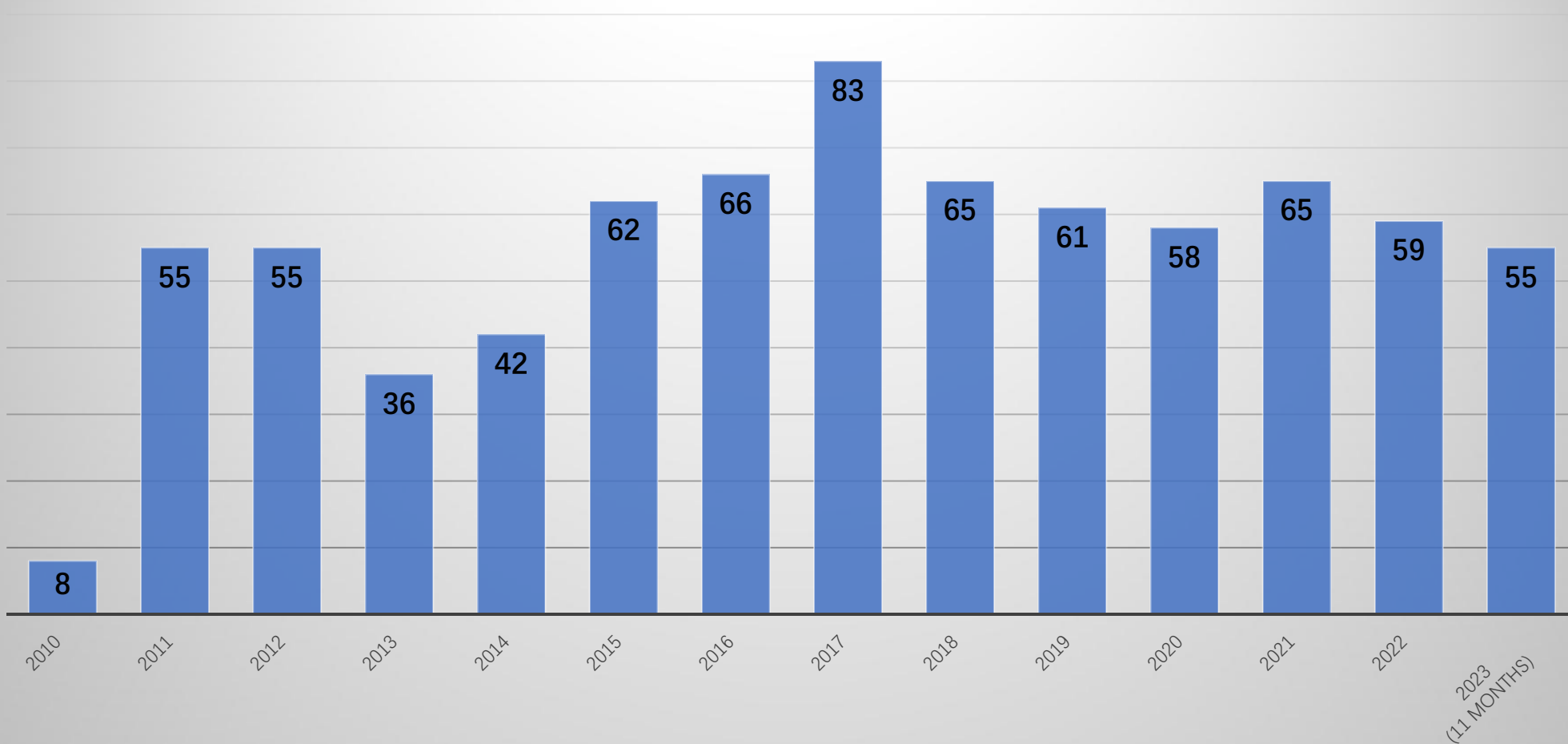
6

The information provided by a person in a request for an advance tax ruling shall be treated as a **tax secret**



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Numbers of ATRs Issued by GRS (2010-2023*)



◆
ATR decision has been issued since 2010

◆
A total of **770** ATRs have been issued in the period up to now



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Public Rulings



Based on a decision made by a **dispute resolution** authority or on the analysis of **the current practice** of taxation of taxpayers by a tax authority, the Minister of Finance of Georgia may issue a public ruling on the application of certain provisions of the tax legislation of Georgia



If a person acts according to a public ruling, a monitoring/law-enforcement authority **may not adopt a decision** contradicting the ruling and may not impose additional taxes/sanctions



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Public Rulings made



Agriculture



Tourist services



Securities



Crypto Assets



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N107

28 March, 2023

- The public decision clarifies the VAT taxation of tourist services

<https://infohub.rs.ge/ka/workspace/document/dc5b4971-2958-460b-96a3-ceb30f5a47df?openFromSearch=true>

N388

28 November,
2022

- The public decision determines the issue of taxation of the difference between the weight of the goods at the port of unloading and the port of loading when importing grain under CIF conditions in Georgia.

<https://infohub.rs.ge/ka/workspace/document/dfdf976e-9967-4ee9-bf4c-f0f9b9cf7e93?openFromSearch=true>

N387

28 November,
2022

- The public decision clarifies the issue of the use of tax relief if:
 - a) supply of slaughtered animal;
 - b) delivery of hatched (fresh), live, chilled or frozen fish;
 - c) supply of agricultural products obtained as a result of biological transformation of the imported biological asset;
 - d) Delivery of agricultural products in packaged/priced form.

<https://infohub.rs.ge/ka/workspace/document/aed6117e-65ae-4998-bcdb-5d582ebc7a5f?openFromSearch=true>



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N328

17 August, 2018

- A natural person is exempted from income tax in case of forgiveness of the loan obligation (including the interest and penalty charged on the loan) by a commercial bank or microfinance organization

<https://infohub.rs.ge/ka/workspace/document/6e3c498e-afc3-498f-a3bd-fe469133f6c0?openFromSearch=true>

N327

27 August, 2018

- a) Income received from the delivery of equity securities
- b) Income from equity securities in the form of dividends
- c) Income from debt security in the form of interest
- d) Income received from the delivery of debt securities

<https://infohub.rs.ge/ka/workspace/document/974c52c2-9b3f-40a0-a8e6-5f57846f25a8?openFromSearch=true>

N201

28 June, 2019

- The public decision explains:
 - a) the issue of VAT taxation of crypto-asset supply (exchange operation for national or foreign currency);
 - b) the issue of taxation of the income received as a result of the delivery of the crypto-asset by income tax;
 - c) the issue of VAT taxation of the operation of supplying computing speed (power) for mining crypto-assets and the calculation of the amount of VAT on the goods/services purchased for the implementation of the said supply operation.

<https://infohub.rs.ge/ka/workspace/document/c91aec42-2042-4ec2-84f4-9f246252e5bc?openFromSearch=true>





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N107

05 May, 2020

- The public decision clarifies, (for the purpose of the Tax Code of Georgia), whether the right to use a leased asset reflected in the article of fixed assets of a person's financial statement is considered an object of property tax taxation



Part 03

Open Communication



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Open Communication



01

Communication and Transparency

02

Public Consultation and Feedback Mechanisms

03

Regulatory Impact Assessments



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RS.GE - Official website ESERVICES.RS.GE - Electronic platform of the taxpayer



TAXPAYER REGISTER



SAMPLES OF CERTIFICATE OF RESIDENCE



CASH REGISTER



REGISTER OF TAXPAYERS BENEFITING FROM TAX INCENTIVES



REGISTER OF HIGH MOUNTAIN SETTLEMENT ENTERPRISES



REGISTER OF SPECIAL TRADE ENTERPRISES



REGISTER OF PERSONS RECEIVING COMPENSATION



REGISTER OF CHARITABLE ORGANISATIONS



REGISTER OF INTELLECTUAL PROPERTY OBJECTS



REGISTER OF OWNERS OF GAMBLING BUSINESS PERMITS



CLASSIFICATORY OF PLACES FOR STORAGE OF GOODS



REGISTER OF TOBACCO PRODUCERS



FIXED TAXPAYERS REGISTRY



REGISTER OF AUTHORISED EXPORTERS



REGISTER OF PERSONS WITH THE STATUS OF AN INTERNATIONAL COMPANY



REGISTER OF PERSONS WITH THE STATUS OF A PHARMACEUTICAL ENTERPRISE



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VIDEO CALL SERVICE



TAX FREE AUTHORIZATION



TIR PARKS



APPLICATION FORMS



ELECTRONIC PAYMENT



CUSTOMS DECLARATION



GRANTING A STATUS OF A VIRTUAL ZONE PERSON



Version for people with disabilities



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CARGO SEARCH



REGISTRY OF THE COLORS FOR THE ADVANCED DECLARATION



HS CODES



CHECK A CERTIFICATE OF ORIGIN



SEARCH FOR VALIDITY OF ACCREDITATION CARD NUMBERS OF DIPLOMATS



SEARCH FOR AN APPLICATION




Part 04

MAP, APA



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MAP



On July 4, 2023, the rules for the mutual agreement procedure (MAP) determined by the international agreement on the avoidance of double taxation were approved

The taxpayer is entitled **to apply** to the relevant competent authority to initiate a mutual agreement procedure if he believes that the action of one or both of the states party to the international agreement **causes or may cause** him to be taxed inconsistently with the provisions of the same international agreement, including:





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MAP



A

on matters related to international controlled operations

B

on the matter related to permanent establishment

C

on the matter related to the dual residency of the taxpayer

D

on the issue of tax payment at the source

E

on the matter related to the incorrect/abuse use of the provisions stipulated by the international agreement



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Advance Pricing Arrangement (APA)



From 2022, Unilateral preliminary agreement on valuation of operations - procedural agreement between the enterprise of Georgia and the Revenue Service, which is effective in accordance with Article 129 (1) of the Tax Code of Georgia was launched





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APA



If a person acts under an advance pricing arrangement, a controlling authority shall in **no event make a decision or charge taxes and/or penalties** that contradict the advance pricing arrangement



1

Based on a taxpayer's application, the Head of the Revenue Service may sign an APA with the taxpayer

2

APA is made **before the commencement of a transaction**, for a fixed period of time

3

It determines **a set of criteria** for determining the transfer pricing for those transactions



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An advance pricing arrangement **shall not apply if:**

4

the facts and circumstances indicated in the advance pricing arrangement which would have affected the advance pricing arrangement, **do not correspond to the actual facts and circumstances**

5

the provision of the legislation of Georgia on which the advance pricing arrangement was based, **has been abolished or amended**



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APA



In **2022**, 2 APAs were concluded



In **2023**, 5 APAs were concluded



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THANKS