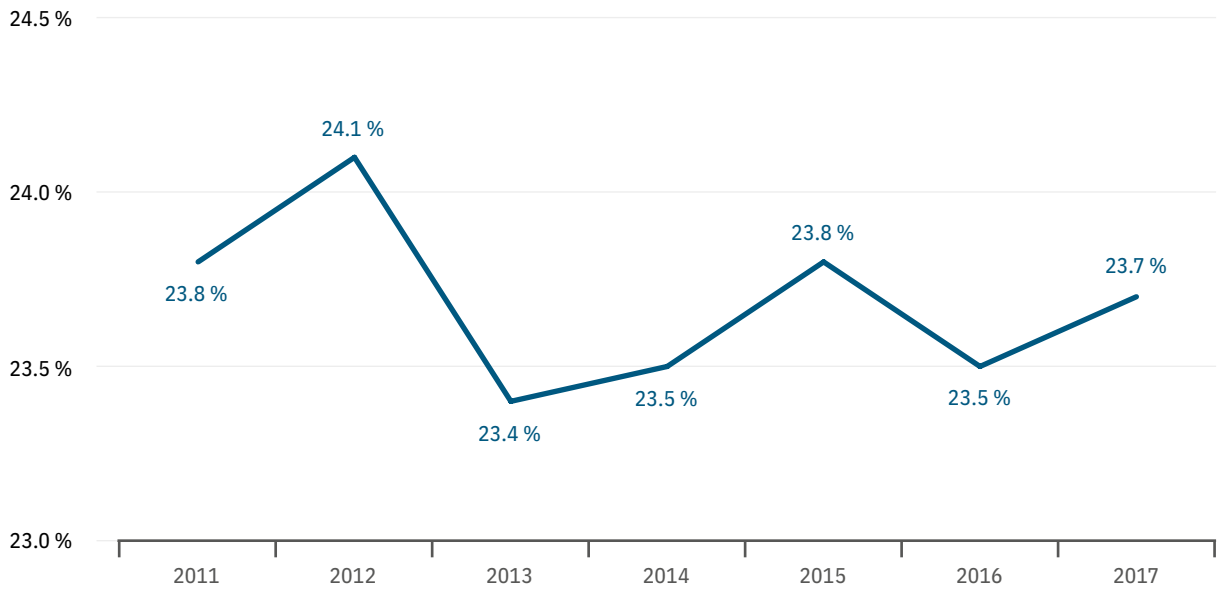


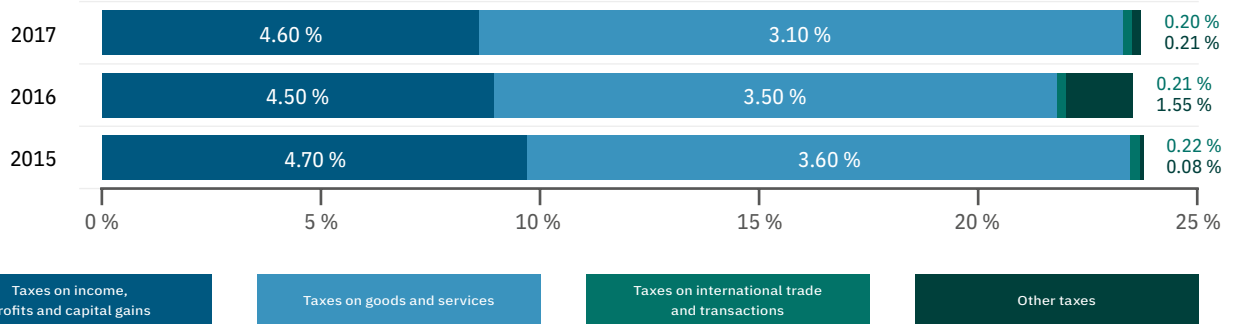
Georgia

Stepping up domestic revenue mobilisation



Tax revenues (% of GDP) (2011-2017)

Source: Government Finance Statistics (2019)



Tax revenues, by sources (% of GDP) (2015, 2016 & 2017)

Public Expenditure and Financial Accounting (PEFA)

2018 (2016 framework)

- B+** Revenue administration
- A** Accounting for revenue

2014 (2011 framework)

- A** Transparency of taxpayer obligations and liabilities
- A** Effectiveness of measures for taxpayer registration and tax assessment
- D+** Effectiveness in collection of tax payments

*A = internationally-recognised level of good performance
D = performance is below the basic level*

Doing Business, Ease of Paying Taxes 2017 (DB 2018), values from 2016 (DB 2017) in parentheses

Payments (number per year)	Time (hours per year)	Total tax rate (% of profit)	Postfiling Index (0-100)
5 (5)	269 (270)	16.4 (16.4)	85.89 (87.22)

Overall ranking
22 / 190 (22 / 190)

Global Competitiveness Report (2017-2018), values from 2016-2017 in parentheses

Effect of taxation on incentive to work
5/7; Rank 14/137 (5.2/7; Rank 10/138)

Effect of taxation on incentive to invest
4.9/7; Rank 14/137 (5.1/7; Rank 11/138)

Recent reform steps

Georgia is actively participating in the Base Erosion and Profit Shifting (BEPS) project. Together with 70 ministers and other high-level representatives, Georgia signed the Multilateral Convention to Implement Tax Treaty Related Measures to **Prevent Base Erosion and Profit Shifting** (“Multilateral Instrument” or “MLI”) in June 2017. Within the framework of the MLI, Georgia has initiated a review of its tax treaties, resulting in the modification of 35 out of 54 active treaties under the MLI upon its entry into effect. In addition, a Georgian team has come up with a set of reservations as well as notifications and options regarding its covered tax agreement, which were communicated to the OECD Secretariat.

Further, preferential tax regimes existing in Georgia have been reviewed by the **Forum on Harmful Tax Practices** (FHTP) against the compliance with the Action 5 minimum standards in 2017. As a result of these reviews, it has been recognised that Georgia’s Free Industrial Zone and Special Trade Company Regimes are out of scope of the minimum standards. Therefore, no further action is required by Georgia. Two other regimes, the International Financial Company and the Virtual Zone Person Regimes, were concluded as “potentially harmful but not actually harmful”. These two regimes will require no further actions to be taken by Georgia, though they are subject to an ongoing yearly monitoring process on their actual harmfulness. In 2018, the FHTP conducted a reassessment of preferential tax regimes existing in Georgia, resulting in similar evaluations as in the year before.

Progress achieved

International tax standards

In 2018, the OECD launched a peer review of existing bilateral tax treaties to ensure effective and coordinated implementation of the Action 6 minimum standard. This peer review revealed that a large majority of the BEPS Inclusive Framework members, including Georgia, have made substantial progress towards implementing the minimum standard and are currently in the process of modifying their treaty network by using the MLI.

In November 2018, the Ministry of Finance of Georgia prepared the draft package for the implementation of the **Country-by-Country Reporting (CbCR)**, consisting of the amendments to the primary legislation along with the secondary legislation.

Throughout 2018, Georgia was closely involved in activities of the **Forum of Tax Administration Mutual Agreement Procedures (FTA MAP)** and participated in the reviews of other jurisdictions. The Ministry of Finance provided the reporting of its mutual agreement procedures statistics pursuant to the agreed reporting framework on April 17 2018.

The peer review of Georgia on Action 14 (MAP) is scheduled for 2020.

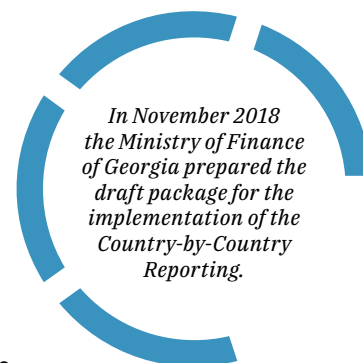
EU screening process

With a letter from December 2018, the Ministry of Finance was informed by the General Secretariat of the Council that Georgia would retain its status and would not be included in the lists of non-cooperative jurisdictions in 2019.

OECD Induction Programme

In 2017, the Georgian Government and the OECD agreed to launch an induction programme to support Georgia in reviewing its domestic legislation and **implementing BEPS minimum standards and tools** developed by the OECD to facilitate the implementation process thereof.

As part of the OECD Induction Programme, a roadmap for Georgia has been finalised in 2018. The roadmap is a working document that outlines particular areas where technical assistance is required and sets relevant timelines.



Outlook: DRM priorities in 2019

<i>Priority activities</i>	<i>Expected outcomes</i>
<ul style="list-style-type: none"> • Training of staff 	<ul style="list-style-type: none"> ▶ Improved efficiency

Ensuring policy coherence for development

Georgia is part of various international groups and activities working towards the development of coherent policy strategies and approaches. Furthermore, Georgia is represented in working groups at the level of the OECD as well as regional communities working in the field of international tax cooperation.