Managing uncertainty in the new tax environment
## GEORGIA

### KEY FEATURES

<table>
<thead>
<tr>
<th>Feature</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Competent authority</td>
<td>Georgian Revenue Service</td>
</tr>
<tr>
<td>Types of APAs available</td>
<td>Unilateral, bilateral, and multilateral APAs are available, however Decree 423 is only applicable to unilateral APAs. Procedures relating to bilateral and multilateral APAs may differ from those provided for under Decree 423, and the Revenue Service will provide guidance on these at the request of the Taxpayer at the pre-filing stage.</td>
</tr>
<tr>
<td>APA acceptance criteria</td>
<td>Georgian Taxpayers are eligible to apply for unilateral APAs provided that the covered transaction(s) exceed or are expected to exceed GEL 50 million (approx. USD 20.4 million).</td>
</tr>
<tr>
<td>Key deadlines</td>
<td>An application for a unilateral APA must be made in advance of the proposed covered transaction(s) taking place.</td>
</tr>
<tr>
<td>APA term limits</td>
<td>There is a three year maximum term for a unilateral APA.</td>
</tr>
<tr>
<td>Filing fee</td>
<td>There is no filing fee.</td>
</tr>
<tr>
<td>Rollback availability</td>
<td>Rollback to prior years is not available.</td>
</tr>
<tr>
<td>Collateral issues</td>
<td>No specific guidance.</td>
</tr>
</tbody>
</table>
## PRE-FILING REQUIREMENTS

### Overview

Taxpayers may make requests for pre-filing meetings in writing to the Head of the Revenue Service. The Revenue Service will respond to the request within 14 days of receipt to arrange the pre-filing meeting with the Taxpayer. A Taxpayer should be prepared to express its preliminary views on an appropriate pricing mechanism, and other information required for negotiations, including:

- details of the Taxpayer’s activities and the industry in which the covered transaction will take place;
- approximate values of the proposed covered transactions;
- the scope of the issues to be covered by the APA;
- the proposed covered period;
- an explanation of how the Taxpayer proposes to demonstrate that its proposal is in accordance with the market principle; and
- a thorough description of any other relevant facts and circumstances.

Taxpayers may use the pre-filing meetings for the following purposes:

- assess or mitigate any risk to confidential information provided in the APA application, or information provided to the Revenue Service that could be used against the Taxpayer in future audits should the APA application be rejected, or the potential undermining of previous transfer pricing practices adopted in prior years;
- assess the likelihood of an agreement being reached with the Revenue Service on the application of the market principle to the proposed covered transactions; and
- discuss opportunities for bilateral or multilateral APAs.
Any views expressed by either party during the pre-filing meeting(s) will not be binding on either party. The Revenue Service will communicate with the Taxpayer within 14 days after the pre-filing meeting(s) the likelihood of an application being accepted.

**Anonymous pre-filing availability**

No specific guidance.

### APPLICATION REQUIREMENTS

**Content of APA application**

Taxpayers are required to submit an application to the Revenue Service in writing, and include the following:

- details of the proposed covered transactions;
- details of the associated enterprises that are party to the proposed covered transaction(s) (including tax residence);
- a description of the Georgian Taxpayer entity’s business model and the industry relevant to the covered transaction(s);
- the proposed scope and covered period;
- the relevant details of the proposed covered transaction(s), including:
  - the details of the proposed comparable uncontrolled transaction(s) (or criteria for selection of comparable controlled transaction(s) and proposed source of information), supported by comparability analysis in accordance with art 127(4) of the GTC and art 5 of Decree 423;
  - the proposed comparability adjustment;
  - the proposed TP method, selected in accordance with art 8 of Decree 423;
  - where applicable, the proposed tested party selected in accordance with art 9 of Decree 423;
relevant financial data for the previous three years and calculations based on the application of the proposed TP method (if the outcome of these calculations differ from outcome in the tax returns of the same years, the Taxpayer should provide explanations for the variance);

- proposed critical assumptions to be included in the APA; and

- any other information that may be relevant to the Revenue Services’ assessment of the application.

**Language**
The documentation should be submitted in Georgian or English. Where documents are submitted in English, the Revenue Service may request Georgian translations of specific documents.

**SME provisions**
No specific guidance.

**OTHER PROCEDURAL CONSIDERATIONS**

**General**
The Georgian Revenue Service follows a standard pre-filing, application, and monitoring process. There are no unique procedural aspects.

**Monitoring & compliance**
Taxpayers are required to complete and file an ‘Annual Compliance Report’ for each of the years covered by the APA. Taxpayers will be notified by the Revenue Service of the form and filing date for the Annual Compliance Report.

**Renewal procedure**
Applications for the renewal of APAs are required to be lodged six months before expiry. An APA renewal request will go through the same stages as the initial APA request. The Revenue Service will renew an arrangement if the following terms are met:

- there have been no material changes in the facts and circumstances and relevant critical assumptions are still applicable;
- the Taxpayer entity has complied with the requirements of the existing APA; and
- the Revenue Service considers it appropriate to renew the arrangement.
COUNTRY EXPERIENCE

Statistics
There are no statistics publicly available.

MAP PROCEDURE

MAP provisions
Article 38 of Decree 423

DOUBLE TAXATION TREATY NETWORK

The following treaties include MAP provisions which are the basis for bilateral and multilateral APA negotiations:

- Armenia
- Austria
- Azerbaijan
- Bahrain
- Belarus
- Belgium
- Bulgaria
- China
- Croatia
- Cyprus
- Czech Republic
- Denmark
- Egypt
- Estonia
- Finland
- France
- Germany
- Greece
- Hungary
- Iceland
- India
- Iran
- Ireland
- Israel
- Italy
- Japan
- Kazakhstan
- Korea (Republic of)
- Kuwait
- Latvia
- Liechtenstein
- Lithuania
- Luxemburg
- Malta
- Netherlands
- Norway
- Poland
- Portugal
- Qatar
- Romania
- San Marino
- Serbia
- Singapore
- Slovak Republic
- Slovenia
- Spain
- Sweden
- Switzerland
- Turkey
- Turkmenistan
- Ukraine
- United Arab Emirates
- United Kingdom
- United States
- Uzbekistan
NOTES

I  denotes treaties with MAP arbitration provisions.

II denotes treaties with the USSR that remain applicable until a separate tax treaty is concluded.

III denotes treaties between the countries’ representative office in Taipei and the Taipei Economic and Cultural Office in the relevant country.

IV denotes treaties that became effective within the last five years.

V denotes treaties that are awaiting ratification.

VI denotes MAP provisions identical to para 3, art 25 of the OECD Model Convention with respect to Taxes on Income and on Capital.

VII arbitration is to be conducted under the statutes of the ECJ.

VIII arbitration is to be conducted under the statutes of the ICJ.
DLA PIPER CONTACTS

Joel Cooper
Co-Head International
Transfer Pricing
T  +44 207 796 6929
M  +44 773 829 5470
joel.cooper@dlapiper.com

Randall Fox
Co-Head International
Transfer Pricing
T  +44 207 796 6928
M  +44 773 8295 935
randall.fox@dlapiper.com