



# **Planned and Implemented Activities**

**December 21 , 2011**

## From control to cooperation



- ▶ **District Tax Officer is oriented towards prevention of violations and not punishment:**
  - ▶ **He/she offers to the taxpayer on-site services**
  - ▶ **Provides to the taxpayers information and consultations**
  - ▶ **Helps the taxpayer to fulfill his tax liabilities**
  - ▶ **Promotes to increase of trust towards the tax system**



# The Institute of District Tax Officer



- ▶ Tbilisi
- ▶ Kvemo Kartli
- ▶ Kakheti
- ▶ Shida Kartli
- ▶ Samtskhe-Javakheti
- ▶ Imereti
- ▶ Racha-Lechkumi
- ▶ Samegrelo-Zemo Svaneti
- ▶ Adjara

- ▶ In total 165 officers throughout the country
- ▶ 1 officer per day meets around 25 taxpayers on average
- ▶ 1 officer per day provides consultations to 24 taxpayers on average (including consultations by phone)

## ▶ Functional software of Samsung Galaxy Tab

- ▶ Taxpayer's card
- ▶ Warning on violation
- ▶ Registration of a taxpayer
- ▶ Passportization program
- ▶ GPS map
- ▶ Tax Messenger
- ▶ Q&A



# Personal Tax Consultant



- Provision of information to the taxpayer regarding legislative changes
- Provision of information to the taxpayer regarding reasoning and position of the tax authority in regard to relevant issue
- Promotion of timely tax reporting
- Promotion of cooperation with tax authority
- Rendering of assistance in obtaining of public information
- Organizing of meetings with the senior officials of tax administration
- Promotion of conducting of liquidation/reorganization procedures
- Visits to the taxpayer

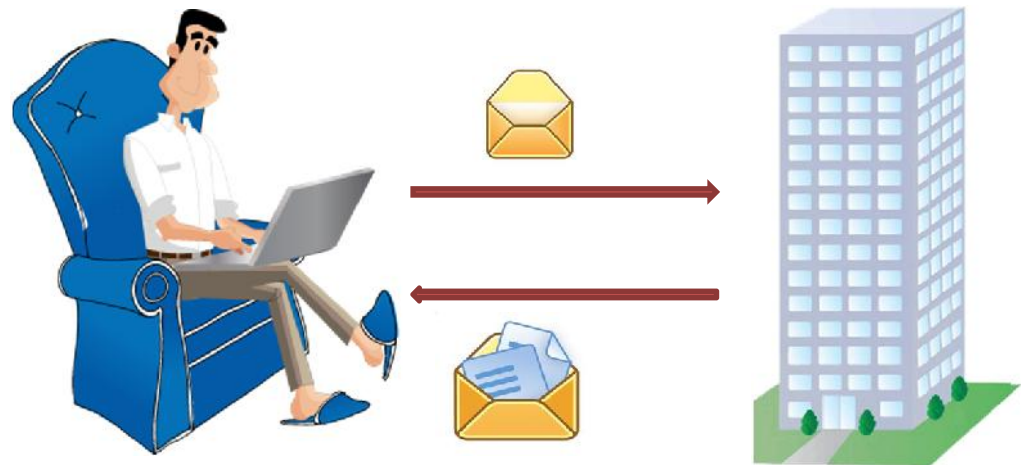


# Personal Tax Consultant



- ▶ Around 130 companies are already using services of a personal tax consultant
  - ▶ including 80% of large taxpayers
  - ▶ 90% of service users continued to use this services
- Term of validity of the agreement
- ▶ For the purpose increase of flexibility, effectiveness and interactivity of services:

- ▶ Video call
- ▶ Live Chat
- ▶ E-mail



# Alternative audit



- ▶ **In the process of tax audit take part private audit and consultancy companies**
- ▶ **Cooperation based on mutual trust and respect**
- ▶ **Transparency of tax audit process**
- ▶ **Joint methodology and clearly outlined procedures**



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Ernet & Young		www.ey.com/GE	zurab.nikvashvili@ey.com.ge
GDC Solutions	577 41 44 28	www.solutions.ge	bgutidze@solutions.ge
GLOBAL CONSULTING	599 53 41 95 577 43 88 99		odishi.2000@gmail.com
PricewaterhouseCoopers		www.pwc.com/ge	sergi.kobakhidze@ge.pwc.com
აუდიტორული კომპანია "მრჩეველი"	577 43 18 88		899366999@mail.ru

20 audit/consultancy companies

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შპს აუდიტორული კომპანია „GRB“	577222715 599229733		grbcompany@yahoo.com
შპს "მილენიუმ აუდიტ კონსალტინგი"	571 39 28 53 599 92 38 66	www.milenniumauditconsulting.com	info@milenniumauditconsulting.com

12 audit/consultancy companies

C 300 000-მდე B 3000 000-მდე **A 3 000 000 და ზემოთ**

- ქვეყნის ჯორჯია
- კატორი აკაუფი
- კონსალტინგ ჯორჯია
- საგადსახადო აუდიტორული ბიურო "სანი"
- საკონსულტაციო კომპანია გურზია და პარტნიორი
- ფინანსური მართვის უკუფი
- შპს "საქართველოს აუდიტორული და საკონსულტაციო"
- შპს ალექსანდრე
- შპს აბელედიანი აუდიტ კონსალტინგ
- შპს ბიუჯეტ ტილი ჯორჯია
- შპს ბიდიო
- შპს პეკაფე ჯორჯია
- შპს ქართული აუდიტორული კომპანია
- შპს ცოდნისა
- შპს ჯ.ა. აუდიტორ

- შპს "L აუდიტორ"
- შპს "ბიზნესის მართვის ბიურო"
- შპს "კონსალტინგ აკაუფი"
- შპს "კაკაუფი"
- შპს "ფინანსური გადამყვებელი"
- შპს "ბიურო აუდიტორ"
- შ.პ.ს. "ფინანსური და საბუღალტრო"
- შპს "ბიზნეს აუდიტ კონსალტინგ"
- შპს "კონსალტი"
- PricewaterhouseCoopers
- ფინანსური მართვის უკუფი
- შპს ცოდნისა
- შპს "საქართველოს აუდიტორული"
- GLOBAL CONSULTING

აირჩიეთ ქალაქი

- [თბილისი](#)
- [რუსთავი](#)
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- [სამეგრელო-ზემო სვანეთი](#)
- [გორი](#)
- [ახალციხე](#)
- [ახალქალაქი](#)

Total: 160 auditors

- Tbilisi - 99
- Rustavi - 6
- Batumi - 6
- Imereti region - 23
- Guria region - 5
- Kakheti region - 7
- Samegrelo-Zemo Svaneti - 8
- Gori - 3
- Akhaltzikhe - 2
- Akhalkalaki - 1

## Alternative audit – future plans



- **Approval of Decree of the Minister of Finance of Georgia on *“Selection of persons for conducting of alternative tax audit and adoption of rules on regulation of issues related to tax audit”***
- **Approval of methodological guidelines for conducting of tax audit (alternative audit)**
- **Further expansion of circle of companies and auditors involved in alternative audit scheme**



# Mediation



- ▶ The Mediation Council is fulfilling the role of mediator between the Audit Department and the taxpayer.
- ▶ composition of the Council is determined by the Chairman of the Revenue Service and it consists of the heads of structural units and divisions of the RS.
- ▶ The Mediation Council jointly with the taxpayer considers position/claims of the taxpayer in regard to audit act.
- ▶ The Mediation Council evaluates the draft of audit act (which has already been examined by the Deliberative council of the Audit Department) and issues relevant instructions, which assists the parties (the auditor and the taxpayer) to come to mutually acceptable decision.

# Mediation



Out of **2230** appeals considered in 2011

Decision	January	February	March	April	May	June	July	August	September	October	November	December
Was not satisfied	70%	75%	67%	65%	32%	28%	41%	39%	40%	33%	39%	30%
Was partially satisfied	18%	18%	23%	22%	41%	41%	32%	44%	28%	37%	37%	56%
Was fully satisfied	11%	8%	10%	13%	28%	31%	27%	18%	32%	30%	23%	15%
Trend:	29%	26%	33%	35%	69%	72%	59%	62%	60%	67%	60%	71%

# Advance Ruling



- ▶ **Advanced Ruling** is adopted **on the basis of operations to be implemented or implemented** in regard to rules of tax reporting and/or tax liabilities to be fulfilled
  
- ▶ **60 Advanced Ruling cases** were issued in the following sectors:
  - ▶ **Construction**
  - ▶ **Telecommunications**
  - ▶ **Banking**
  - ▶ **Transport**
  - ▶ **Advertising**
  - ▶ **Medical**
  - ▶ **Charity related activities**
  - ▶ **Energy production**
  - ▶ **Persons employed in agricultural sector**
  
- ▶ **Currently 12 Advanced Ruling cases** are in the process of elaboration

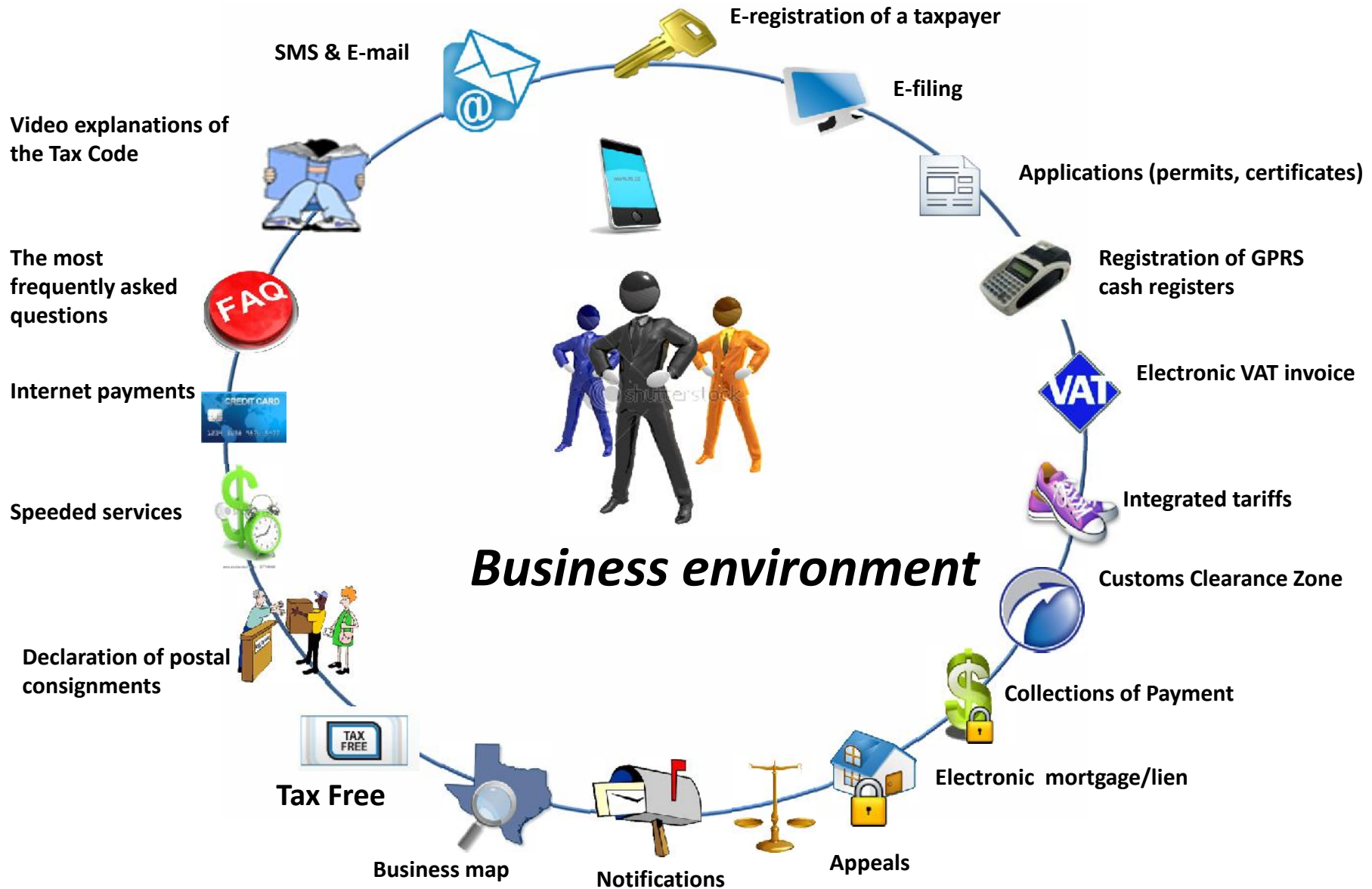
# Establishment of production loss



- ▶ **Establishment of maximum limit of production losses, productivity of goods, yield of goods, and other technical norms** related to production process on the basis of factual information, provided by the entrepreneur, expert's conclusions and examination of international experience in given area
  
- ▶ **production losses for following sectors have been established:**

- ▶ **Damage of excise stamps**
- ▶ **Glass production**
- ▶ **Milling of wheat**
- ▶ **Margin of error in measurement of oil products**
- ▶ **Metallurgical production**

- ▶ **Breakage of eggs**
- ▶ **Beating of cotton**
- ▶ **Production of lime**
- ▶ **Juice production**
- ▶ **Losses related to nut curing**
- ▶ **Losses related to sugar producing raw material**





# Customs Clearance Zone

# ▶ New infrastructure





**Economic zones of registration**



**High quality services**



# Prior to establishment of Customs Clearance Zone



# After establishment of economic zones of registration



## Border Crossing Point

Standard procedure – 15 min on average

In case of red corridor – 45 min

In case of green corridor – 5 min  
(registration of passport data and registration procedures)

In case of  nce declaration



## Customs Clearance Zone

Standard procedure – 15 min on average

In case of red corridor – 1 hour

Obligation to pay cost of registration and import duty is postponed for 5 days



# Border Crossing Point



## Sarpi

- ▶ Control is implemented through risk-based management system
- ▶ Unimpeded and quick movement through border
  - ▶ Vehicle is stopped at the border only once
  - ▶ Submission of documents and passport control is conducted without the need of getting out of the car



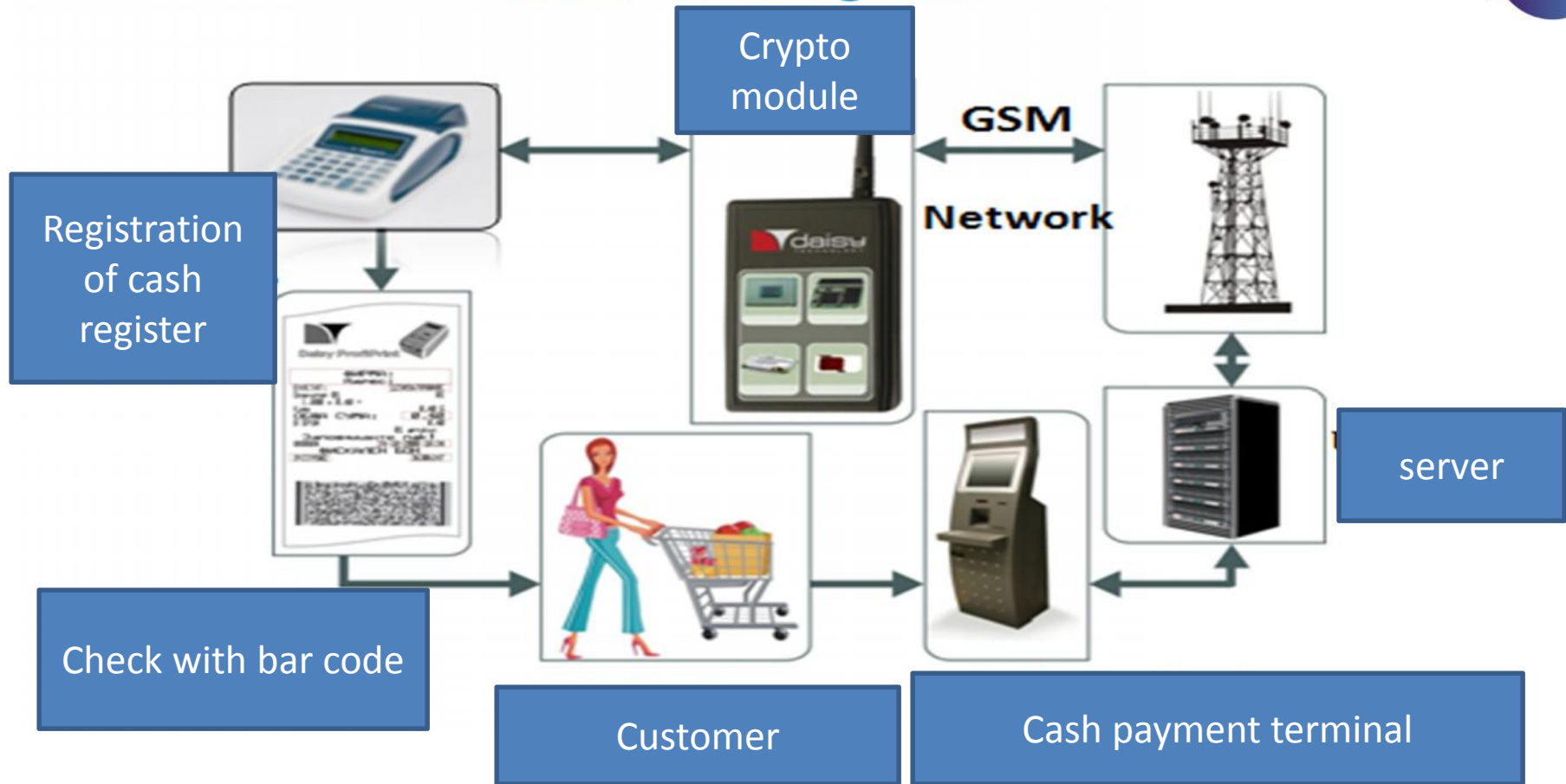
# Tax Free

- ▶ Citizens of foreign countries get VAT refund for good purchased in Georgia
- ▶ VAT refund can be required on goods but not services
- ▶ After passage of passport control VAT paid on goods shall be refunded prior to crossing of customs border of Georgia
- ▶ 150 shops are registered in the network
- ▶ 290 foreigners already used this service as of today
- ▶ 48 000 GEL has been refunded





## New cash register



- ▶ Persons having the status of a small business shall be given new cash registers free of charge
- ▶ Old cash registers shall be replaced till January 1 of 2012



# Plans for 2012



## ▶ Customs Clearance Zone

- ▶ For air cargo shall be open new Customs Clearance Zone on the territory adjacent to Tbilisi airport

## ▶ Customs border

- ▶ Reconstruction of Ninotsminda, Kazbegi, Vakhtangisi and Lagodekhi portals

## ▶ Mediation

- ▶ **Video-activation** – taxpayer from foreign country or region can participate remotely in mediation process

- ▶ **Sectoral audit** – systematization of taxpayers and audit according to sectors

- ▶ **Simplification of declarations** – development of new format for declaration of income and corporate income tax



# Plans for 2012



## ▶ **Alternative – fixed taxes**

- ▶ **Entrepreneurs shall pay unified fixed taxes**
- ▶ **Small service providers are exempt from requirement of maintaining of book-keeping and operating of cash registers**
- ▶ **Small traders shall pay 3% from the turnover**
- ▶ **In the event of choosing of fixed tax, there shall be no obligation of registration as a VAT payer even in case of exceeding of 100 000 GEL threshold**

## ▶ **Electronic system of management of excise stamps and marking of goods**

- ▶ **Excise stamp shall be in electronic format and marking of goods shall be possible electronically**
- ▶ **The government of Georgia shall define the list of non-excise goods subject to electronic marking**

## ▶ **Electronic invoice**



# Plans for 2012



## Batumi service center



## Gori service centers



### ▶ Shall be completed:

- ▶ Rustavi
- ▶ Didube-Chugureti
- ▶ Gldani-Nadzaladevi
- ▶ Vake-Saburtalo

## Telavi service center





**REVENUE  
SERVICE**

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