1. **What is a Multinational Enterprise Group?**

A Multinational Enterprise (MNE) Group is any group that:

- Includes two or more enterprises that are tax residents of different countries/jurisdictions, or includes an enterprise that is a resident for tax purposes of one country but is subject to taxation in another country/jurisdiction with respect to the business carried out through a permanent establishment in another country/jurisdiction;
- Is not an Excluded MNE Group.

An Excluded MNE Group is a group that, with respect to any fiscal year of the Group, has a total consolidated group revenue of less than 750 million euros during the fiscal year immediately preceding the reporting fiscal year as reflected in its consolidated financial statements for such preceding fiscal year.

2. **Who is responsible for submitting the Country-by-Country Report, and what is the deadline for its submission?**

The Ultimate Parent Entity of an MNE Group that is a resident for tax purposes in Georgia is required to file the Country-by-Country Report to the tax authority for its reporting fiscal year by December 31 of the year following the reporting fiscal year.

3. **What is the reporting fiscal year?**

The reporting fiscal year is the fiscal year the financial and operational results of which are reflected in the Country-by-Country Report. The fiscal year is an annual accounting period with respect to which the Ultimate Parent Entity of the MNE Group prepares its financial statements.

4. **What is the Ultimate Parent Entity?**

The Ultimate Parent Entity is the Constituent Entity of an MNE Group that meets the following criteria:

- It owns directly or indirectly a sufficient interest in one or more other Constituent Entities of such MNE Group such that it is required to prepare consolidated financial statements under accounting principles generally applied in its jurisdiction of tax residence, or would be so required if its equity interests were traded on a public securities exchange in its jurisdiction of tax residence; and

- There is no other Constituent Entity of such MNE Group that owns directly or indirectly an interest described above in the mentioned Constituent Entity.

5. What is a Constituent Entity, and is it required to submit the Country-by-Country report to the tax authority?

A Constituent Entity is:

- Any separate business unit of an MNE Group that is included in the consolidated financial statements of the MNE Group for financial reporting purposes, or would be so included if equity interests in such business unit of an MNE Group were traded on a public securities exchange;
- Any separate business unit that is excluded from MNE Group's consolidated financial statements solely on size or materiality grounds;
- Any permanent establishment of any separate business unit of the MNE Group as mentioned above, provided that the business unit prepares a separate financial statement for such permanent establishment for financial reporting, tax reporting, and internal management control purposes.

A Constituent Entity, which is not the Ultimate Parent Entity of the MNE Group, is required to submit the Country-by-Country Report to the tax authority by December 31 of the year following the reporting fiscal year of the MNE Group, with respect to the reporting fiscal year of an MNE Group of which it is a Constituent Entity, if the following conditions are met:

- This entity is resident for tax purposes in Georgia; and
- One of the following conditions applies:
  - The Ultimate Parent Entity of the MNE group is not required to submit the Country-by-Country Report in its jurisdiction of tax residence, or
  - The jurisdiction in which the Ultimate Parent Entity is resident for tax purposes has a current International Agreement to which Georgia is a party, but does not have a Qualifying Competent Authority Agreement in effect to which Georgia is a party by December 31 of the year following the reporting fiscal year of an MNE Group, for filing the Country-by-Country Report for the reporting fiscal year; or
  - There has been a Systematic Failure of the jurisdiction of tax residence of the Ultimate Parent Entity that has been notified by the tax administration to the Constituent Entity resident for tax purposes in Georgia.

6. **Who is obliged to send a notification to the tax authority regarding the submission of the Country-by-Country Report?**

Any Constituent Entity of an MNE Group that is a resident for tax purposes in Georgia is required to notify the tax authority whether it is the Ultimate Parent Entity or a Surrogate Parent Entity, no later than the last day of the reporting fiscal year of the MNE Group.

Where a Constituent Entity of an MNE Group that is resident for tax purposes in Georgia is not the Ultimate Parent Entity nor the Surrogate Parent Entity, it shall notify the tax administration of the identity and tax residence of the Reporting Entity, no later than the last day of the reporting fiscal year of the MNE Group.

7. **What is the Surrogate Parent Entity?**

A Surrogate Parent Entity is a Constituent Entity of an MNE Group that has been designated by the MNE Group as a sole substitute for the Ultimate Parent Entity, to file the Country-by-Country Report in that Constituent Entity's jurisdiction of tax residence on behalf of such MNE Group, when one or more of the following conditions are satisfied:

- the Ultimate Parent Entity of the MNE Group is not obligated to file a Country-by-Country Report in its jurisdiction of residence; or
- The jurisdiction in which the Ultimate Parent Entity is resident for tax purposes has a current International Agreement to which Georgia is a party, but does not have a Qualifying Competent Authority Agreement in effect to which Georgia is a party by December 31 of the year following the reporting fiscal year of an MNE Group, for filing the Country-by-Country Report for the reporting fiscal year.

8. **What data does the Country-by-Country Report contain?**

The Country-by-Country report contains the following data:

- Aggregate information relating to the amount of revenue, profit (loss) before corporate income tax, corporate income tax paid, corporate income tax accrued, stated capital, accumulated earnings, number of employees, and tangible assets other than cash or cash equivalents with regard to each jurisdiction in which the MNE Group operates;
- An identification of each Constituent Entity of the MNE Group setting out the jurisdiction of tax residence of such Constituent Entity, and where different from such jurisdiction of tax residence, the jurisdiction under the laws of which such Constituent Entity is organised, and the nature of the main business activity or activities of such Constituent Entity.

9. For what purpose is the Country-by-Country Report used?

The tax authority must use the Country-by-Country Report in Georgia for assessment of high-level transfer pricing risks, including other Base Erosion and Profit Shifting-related risks, as well as risks of non-compliance with transfer pricing rules by members of the MNE group, and, if necessary, for economic and statistical analysis.