



MINISTRY OF FINANCE
OF GEORGIA



REVENUE
SERVICE

INTERACTION IS SIMPLE

2021

ANNUAL REPORT

OF THE GEORGIA REVENUE SERVICE
OF THE MINISTRY OF FINANCE



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OF GEORGIA



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OF THE GEORGIA REVENUE SERVICE
OF THE MINISTRY OF FINANCE



FIRST ROW
(FROM LEFT TO RIGHT)

NINO PODIASHVILI
HEAD OF DISPUTE DEPARTMENT

DINARA CHUBINIDZE
HEAD OF LEGAL DEPARTMENT

LEVAN KAKAVA
DIRECTOR GENERAL OF GEORGIA
REVENUE SERVICE

IA IADZE
ACTING HEAD OF PUBLIC
RELATIONS AND MARKETING
DEPARTMENT

NINO KVELASHVILI
HEAD OF HUMAN RESOURCES
MANAGEMENT AND DEVELOPMENT
DEPARTMENT

SECOND ROW
(FROM LEFT TO RIGHT)

MIKHEIL AKHVLEDIANI
HEAD OF FINANCIAL DEPARTMENT

NIKA KANKIA
HEAD OF DEBT MANAGEMENT
DEPARTMENT

ROMAN BUGADZE
HEAD OF TAX AND CUSTOMS
METHODOLOGY DEPARTMENT

ZURAB SITCHINAVA
HEAD OF CUSTOMS DEPARTMENT

LEVAN TSITELASHVILI
DEPUTY DIRECTOR GENERAL
OF GEORGIA REVENUE SERVICE

PAATA KILADZE
FIRST DEPUTY DIRECTOR GENERAL
OF GEORGIA REVENUE SERVICE

ZAZA TABAGARI
HEAD OF ANALYTICAL DEPARTMENT

TEIMURAZ GABADADZE
HEAD OF TAX MONITORING DEPARTMENT

THIRD ROW
(FROM LEFT TO RIGHT)

IRAKLI SHARTAVA
DEPUTY DIRECTOR GENERAL
OF GEORGIA REVENUE SERVICE

GIORGI BUBUTEISHVILI
HEAD OF INTERNAL AUDIT DEPARTMENT

LEVAN DGBUADZE
HEAD OF SERVICE DEPARTMENT

VLADIMER KHUNDADZE
DEPUTY DIRECTOR GENERAL
OF GEORGIA REVENUE SERVICE

SAMSON URIDIA
HEAD OF INTERNATIONAL RELATIONS
DEPARTMENT

NODAR KAKRIASHVILI
HEAD OF INFORMATION TECHNOLOGY
CENTER

ZAAL TKESHELASHVILI
HEAD OF AUDIT DEPARTMENT

LEVAN BERADZE
HEAD OF STAFF MONITORING
DEPARTMENT



LEVAN KAKAVA

DIRECTOR GENERAL OF THE REVENUE SERVICE
OF THE MINISTRY OF FINANCE



Dear fellow citizens, employees, international partners,

I would like to present 2021 Annual Report on the activities.

Although the last year was full of significant challenges, the team of the Revenue Service of the Ministry of Finance, through the joint cooperation with the taxpayers and with the support of the partners, successfully coped with the assigned tasks.

Our team further continues to support the culture and foresight of ensuring fair tax and customs administration.

The cornerstone of our activities remains to be further refinement of a more comfortable, tailored and sustainable environment for law abiding taxpayers. Therefore, the efforts of each of our colleagues are directed towards raising of motivation on voluntary law compliance of the taxpayers through modern approaches.

A clear example of the improvement of the administration process, based on trust and cooperation, is the operation of a new system of qualified VAT payers, as well as the updated strategy of large taxpayers, refinement of the taxpayer database, actions to increase the quality of the officially declared data and other effective measures, exhaustive information on which is further envisaged by this Report.

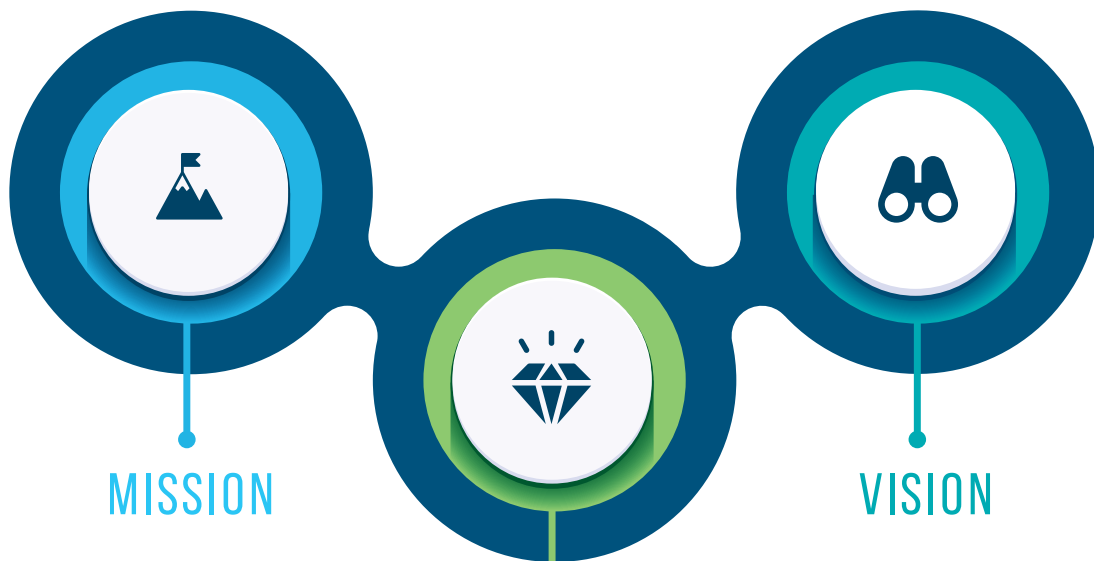
I would like to express my hope, that the information developed for you by our colleagues shall contribute to raising the awareness on tax and customs administration.

It should be highlighted, that despite the restrictions caused by the global pandemic, the Revenue Service team has managed to achieve the results provided by this Report. I take this opportunity to express my sincere gratitude to each of my colleagues.

Furthermore, I would like to thank each customs officer, as well as the Information Technology Center employees, who continued to protect the economic space of the country within 24/7 basis and were able to ensure the proper functioning of a rather complex tax and customs information infrastructure. Obviously, on behalf of the Revenue Service, I would like to extend my deepest gratitude to our international partners for their effective support and assistance.

I believe, that the application submitted by Georgia for the European Union membership, shall contribute to even more dynamism to the activities of the Revenue Service in 2022.

Let me express full solidarity and support to our strategic partner and the Ukrainian people accompanying us on the path towards the EU association, who are at this moment, in these minutes, fighting for their country and for our future.



Ensuring fulfillment of obligations imposed by tax and customs legislation through encouraging voluntary compliance and taking responsible enforcement actions towards violations.

By providing customer-oriented services and using modern approaches to compliance risk management, we create the most favorable environment to increase voluntary compliance.

VALUES

ACCOUNTABILITY

Ensuring stakeholder engagement and information publicity

PROFESSIONALISM

Fulfillment of obligations imposed by law in accordance with high professional standards

INTEGRITY

Actions of each employee are based on the principles of honesty, fairness and accountability

INNOVATIVENESS

Introducing modern and effective approaches using advanced technologies



SUMMARY

Revenue Service, despite the global pandemic situation, actively continues to fulfill the goals prescribed by the Revenue Service Strategy 2021-2024 and to implement the planned reforms in order to improve tax and customs administration.

Revenue Service, as in the previous year, in parallel with its core activities, as well as in 2021 played an important role within the frames of the socio-economic program supporting those affected by the pandemic. The activities included, inter alia, an active information campaign for compensation recipients. Electronic banners were designed and posted on the Facebook page. On the website of the agency - www.rs.ge the video instructions on the rules of registration and filling in the application required to receive one-time compensation of 300 GEL were uploaded. Through the new software <https://www.rs.ge/kompensacia>, posted on the website of the Revenue Service, the customers had the opportunity to check the register of compensation recipients by themselves.

In terms of effective tax administration, the Revenue Service began implementation of large-scale reforms in 2021. Due to the fact that the large taxpayers make a significant contribution to the formation of the state budget and taking into consideration the international best practices, a large taxpayer office has been formed, which ensures the voluntary compliance of taxpayers by offering highly qualified services and timely response to tax risks. Furthermore, by adopting a procedural guide on the administration of large taxpayers, the interests of the Revenue Service and large categories of taxpayers will be taken into account as much as possible. It is planned to introduce completely new approaches in the coming years which aims to increase compliance with the law through close, open and transparent cooperation with the taxpayers.

In order to improve the tax debt management system, the structural unit on debt management has been established in the Revenue Service, which ensures creation of the most favorable environment for voluntary compliance using modern and effective mechanisms and in turn, helps to improve the timely payment of tax arrears and mobilize budget revenues.

For the purpose of reduction of the risks related to false VAT registration / automatic refund system, a special rule for the use of electronic tax invoice has been developed, which implies VAT deduction based on the tax invoice issued by certain categories of taxpayers only if the relevant amount of VAT is paid to the budget by the purchaser of the goods / services on behalf of the supplier or by the supplier of the goods / services (from the compensation amount). The purpose of the above-mentioned is, on the one hand, to limit the preconditions

for false VAT deduction / automatic refund, and on the other hand, to provide additional benefits to taxpayers.

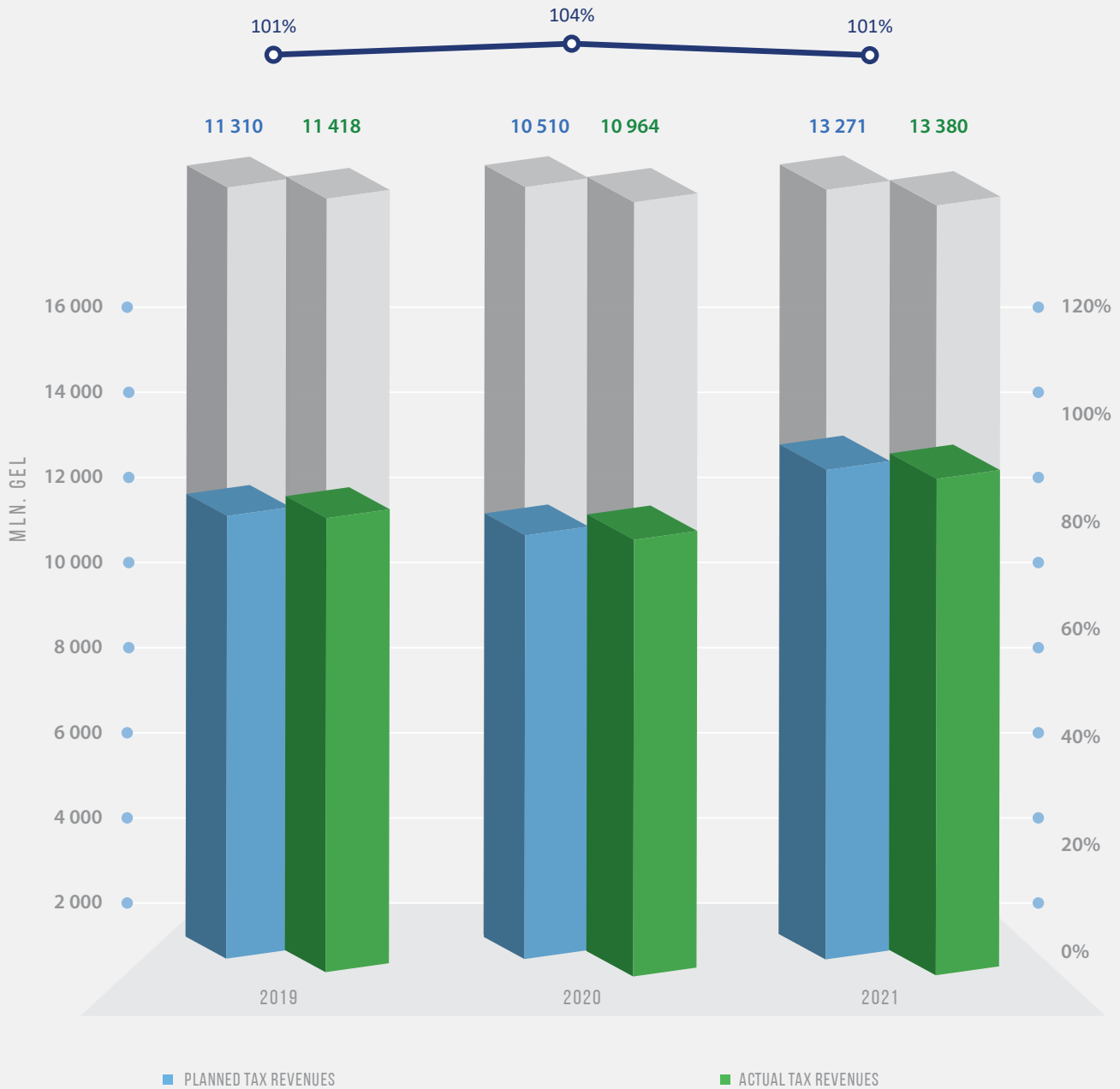
As a result of the coordinated work of the Revenue Service and the LEPL National Agency for Mineral Resources, in 2021, a new program for the administration of natural resource use fees was introduced. Through the program, the fee administration process has become automated; in particular, the automatic mechanisms for automatic validation of calculations and estimated accruals for the use of natural resources have been introduced, which made the process of administration flexible and efficient.

Within the frames of the international cooperation as well as the support of partner states, various important projects are being implemented in the Revenue Service. It should be highlighted, that through the assistance of EXBS and engagement of NU Borders, the customs information system modernization project is launched at the Revenue Service, which will continue for the next 3 years. As a result, the Revenue Service will have a completely updated, flexible and up-to-date system of data processing and production of business processes in accordance with modern standards.

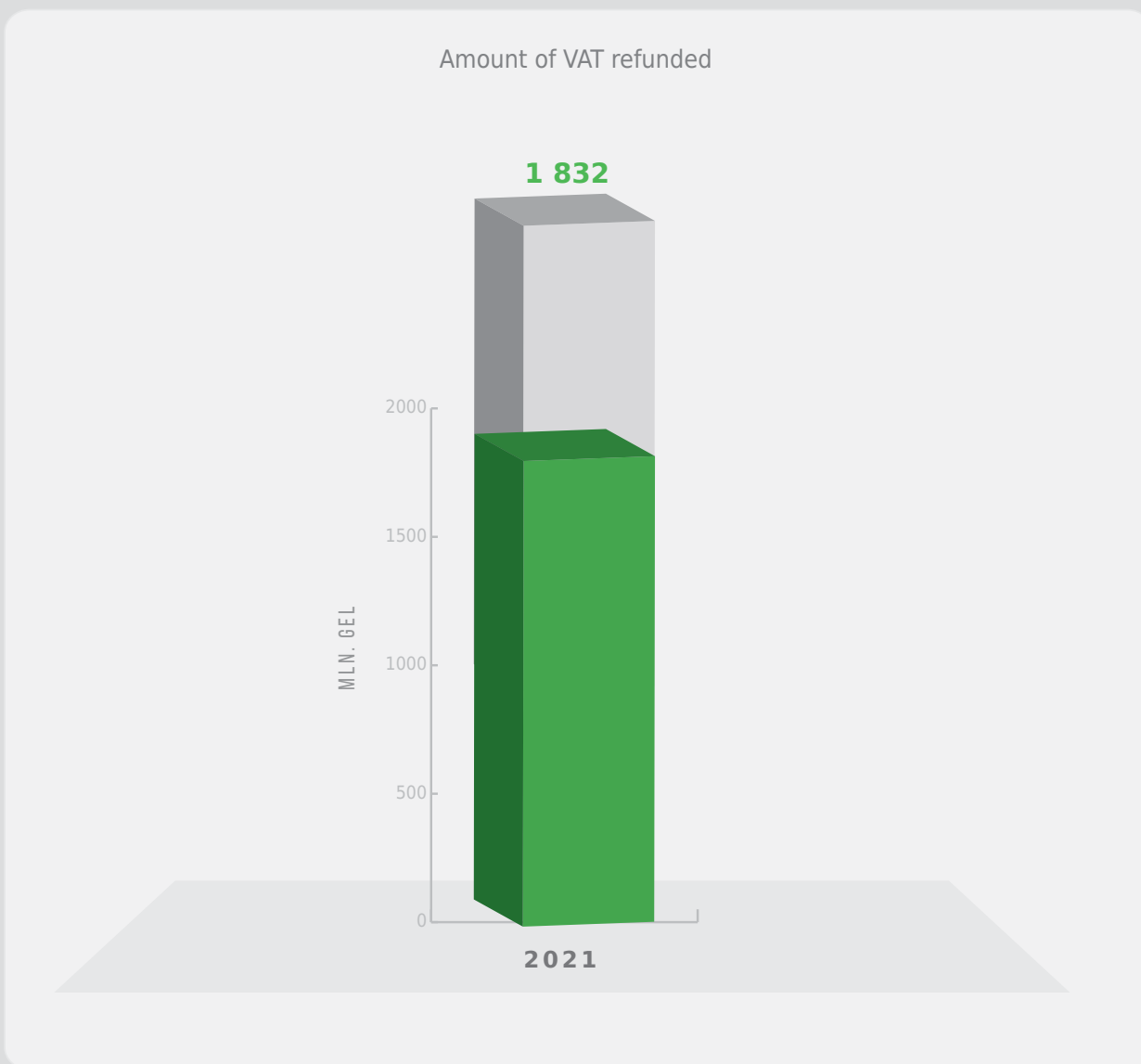
In 2021, a number of measures were taken in terms of development of institutional capacity. In addition to strengthening human resource skills and improving technological systems, it is noteworthy, that the Internal Audit Department conducted internal audits regarding the efficiency, compliance and financial internal audits in accordance with international professional standards and applicable law, which helps the revenue service to improve its organizational activities.

This report envisages information on the activities and key indicators scheduled and implemented by the Revenue Service for 2021.

Dynamics of tax revenues



Automatic VAT Refund System



Since November 2020, the VAT amounts processed through the risk module under the automatic VAT refund program automatically have been returned to the taxpayer's bank account without submitting a refund request.

In 2021, the amount returned from the sub-account under the automatic VAT refund program estimated to GEL 1,831,572,401.

SIGNIFICANT EVENTS



“DIALOGUE WITH BUSINESS”

In 2021, at the initiative of the Revenue Service, in order to deliver information regarding the innovations and planned reforms envisaged by the tax legislation, 17 meetings were held with the representatives of the Business Association of Georgia, professional organizations and entrepreneurs. The parties had a possibility to discuss the amendments to the tax legislation, as well as receive information regarding the new mechanism for registering as a VAT payer, consider the status of “Qualified VAT payer” and get information regarding the new rules for the administration of the fee for the use of natural resources. The meetings were held in a dialogue format and the participants had the opportunity to get comprehensive answers to the questions of their interest.



SUPPORT FOR AUTO IMPORTERS

Within the frames of an active PR campaign, meetings were held with the representatives of the vehicle importer companies. The meetings were held in a dialogue format and auto importers had the opportunity to get comprehensive answers to the questions of their interest. The parties discussed in detail the planned legislative innovations in support of autoimporters, which covers the procedures related to the promotion and control of the import, transit and re-export of motor vehicles.





ACCELERATED REGISTRATION OF GOODS

In order to simplify the customs formalities, changes were initiated to the customs legislation, in accordance to which, from 15 December 2021, taxpayers are taking advantage of new accelerated opportunities to clear the goods. In particular, when processing a customs declaration, in case the data specified in it coincides with the risk profile of the obligation to fulfill the import duty, the time required for the free movement of goods is significantly reduced. Based on the memorandums signed with commercial banks, information on treasury transfers made by a taxpayer to a banking institution will be available online for the Revenue Service. Therefore, the payment document to be submitted by the taxpayer will be replaced by the information provided electronically by the bank, on the basis of which it will be possible to release the goods for free circulation immediately, which creates a comfortable environment for the taxpayer and further simplifies customs formalities. Furthermore, taxpayers have the opportunity to complete customs formalities on non-working days.



MEDIA SEMINARS FOR JOURNALISTS

In 2021, Revenue Service organized a total of 3 media seminars for local and regional journalists of economic profile programs. The representatives of the Revenue Service provided information to the journalists concerning the news and further plans provided by the tax legislation in 2021. Within the frames of the seminars, the representatives of the Revenue Service delivered extensive presentations to journalists working on economic issues regarding the updated website of the agency, as well as the implementation of e-services on tax reliefs, VAT reform; customs risk corridors and NCTS system. Media seminars were held in question-and-answer mode.



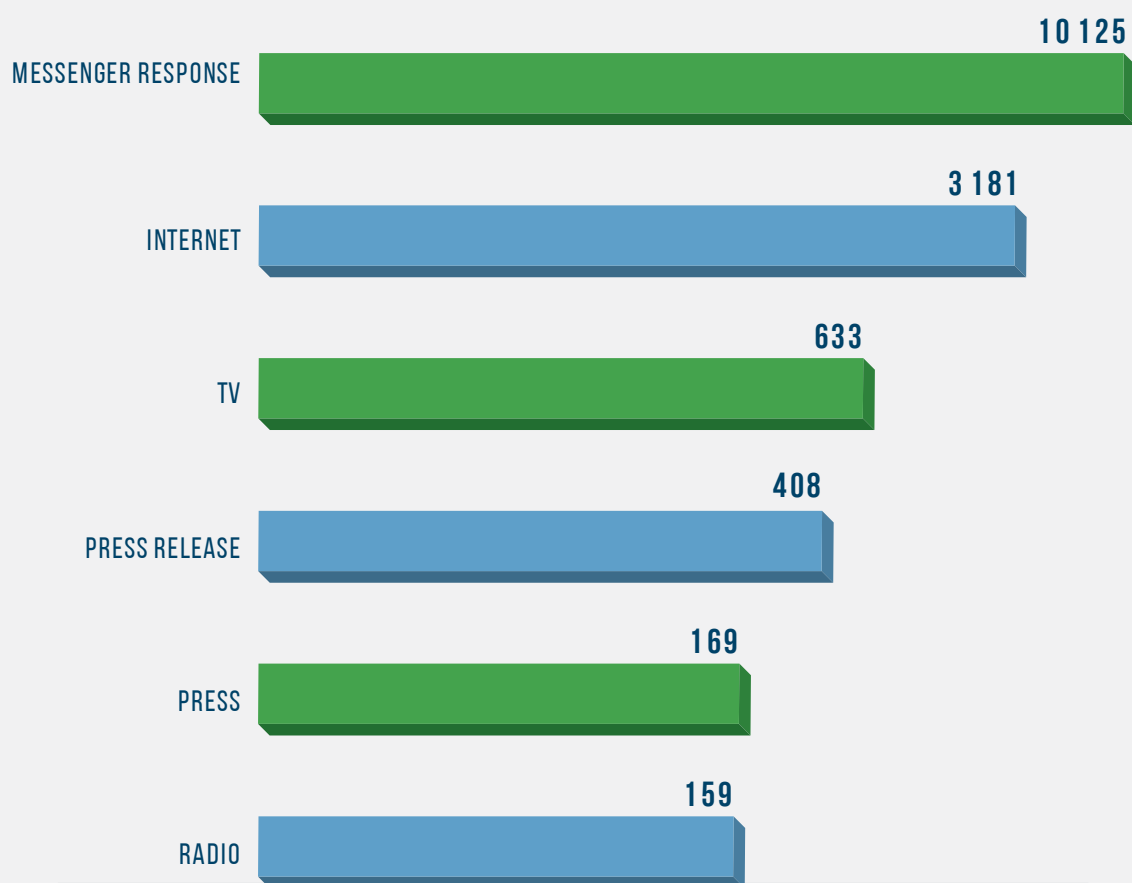


INTERNATIONAL CUSTOMS DAY

In order to prevent the spread of Covid-19, in Customs Clearance Zone “Tbilisi”, in online format, through participation of the Minister of Finance and management of the Revenue Service, International Customs Day was celebrated. The slogan of the event was - “Customs for Economy Recovery”. At the event dedicated to the International Customs Day, 18 employees of the Revenue Service and partner agencies were awarded with the WCO certificates of honor for the high professionalism.



Activity of the Revenue Service according to the news sources



IMPROVING TAX AND CUSTOMS

INTRODUCTION OF SERVICES TAILORED TO THE CUSTOMER'S NEEDS




The services provided by the Revenue Service should be in compliance with the high standards, should meet modern trends, be focused on customer needs, facilitate the fulfillment of tax and customs obligations, and increase voluntary compliance. Towards this end, in 2021, the Revenue Service implemented following important projects:

DURING THE GLOBAL PANDEMICS, SPECIAL IMPORTANCE IS GIVEN TO PROMOTION OF ELECTRONIC APPLICATIONS AND REMOTE SERVICES

- ▶ The updated website www.rs.ge of the Revenue Service, which meets the latest digital requirements, has become operational. Given the new design and additional features, the use of the website has been significantly simplified and adapted to the requirements of the taxpayer.
- ▶ In response to increased demand from remote taxpayers towards the remote services, the amendment was made to the Order N996 of the Minister of Finance of Georgia on "Tax Administration" dated 31 December 2010, according to which the citizens of Georgia were given the possibility to register remotely as taxpayers using a video call (videocall.rs.ge).
- ▶ The latest system of electronic exchange of information on perishable goods has been introduced.
- ▶ Representatives of the exporting companies can quickly and easily benefit from all kinds of customs procedures through the single-window system and receive the certificate of origin without submitting additional documentation.
- ▶ In order to register, store, process, analyze and respond to customer feedback concerning the services offered by the agency, a single feedback



system has been introduced on the website of the Revenue Service and its daily / monthly analysis is ongoing. The system is also implemented on the following communication channels of the Revenue Service and its monthly analysis is ongoing as well:

- Service Centers;
-  info@rs.ge
-  032 2 299 299
-  Online chat: RS Chat

Feedback system is already introduced and from January 2022, the received feedback will be analyzed with regard to the following communication channels:

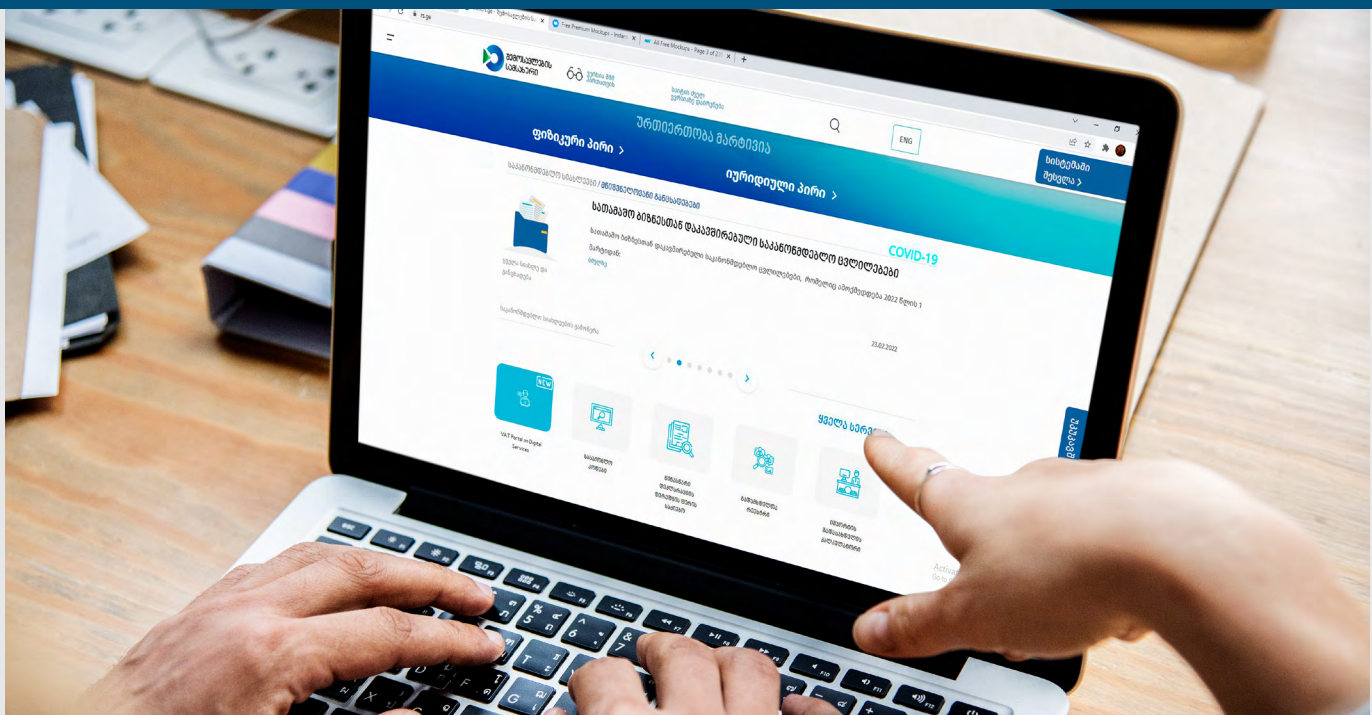
- Advance declaration service;
 - Dispute Department;
 - Binding ruling on the commodity code;
 - Binding ruling on the country of origin of the goods;
 - Issuance of a permit for the import of products subject to veterinary control;
 - Issuance of a permit for the import of products of plant origin subject to phytosanitary control.
- In order to ensure the development of tax and customs services, as well as the measures prescribed by the Service Development Strategy for 2021-2024, the format of the electronic catalog of services was developed in 2021, which should contain the information regarding the services of the Revenue Service. Part of the information will be available on the Revenue Service website for external stakeholders. All the necessary information related to the service will be covered by the catalog.

Despite the wide range of e-services offered to customers by the Revenue Service, the challenge still exists in terms of the number of visitors to the service units. Therefore, the applications were processed, the execution of which by the service center staff requires a long time and the review of documentation. In accordance with the amendments to the Order N 2742 of the Director General of the Revenue Service dated 2 June 2011, From 27 September 2021, part of the abovementioned services was defined to be transferred to the functions under the back office.

Furthermore, in terms of the deadlines for tax accounting, the amendment was made to the Order N996 of the Minister of Finance of Georgia on "Tax Administration" dated 31 December 2010, in accordance to which the deadline for tax accounting was set no later than 5 working days.

In order to facilitate the use of remote services, the amendment was made to the Resolution №96 of the Government of Georgia dated 30 March, 2010, according to which new payment terms (exemption or halving of fees) are introduced for the services for those individuals, who submit electronic applications for requesting the service from their own authorized user page. The change in fees covered 14 services. Up to 900 thousand electronic applications were registered in the Revenue Service in 2021, out of which, taxpayers had the opportunity to fill out 750 thousand applications (83%) from the page of an authorized user and from which the abovementioned service was used on 600 thousand applications.

- ▶ The mobile service center (RS CAR minibus) serves the entrepreneurial entities in 25-30 locations throughout Georgia. RS CAR is equipped with the technical means available in the service centers of the Revenue Service. Therefore, taxpayers have the opportunity to receive the desired service in a timely manner, at a time and place convenient for them, without leaving the settlement.



RAISING THE AWARENESS OF CURRENT AND POTENTIAL TAXPAYERS



INTRODUCTION OF A UNIFIED METHODOLOGICAL DATABASE

For the purpose of raising the awareness of current and potential taxpayers, a project on introduction of a unified methodological database is ongoing within the Revenue Service, through the support of USAID and EBRD. The project implies the establishment of an electronic search platform based on unified approaches. Various types of information will be placed in unified methodological database in a systematic form and will be constantly updated, which will be intended for both Revenue Service staff and external stakeholders.

Various types of information will be placed in the unified methodological database and will be constantly updated, including the following:

- Legislative acts, international treaties, orders of the Minister of Finance, orders of the Director General of the Revenue Service, resolutions of the government, etc.;
- Methodological guidelines, public ruling, situational manuals, etc.;
- Decisions of tax / customs dispute resolution bodies;
- And Other.

The project on creating a unified methodological database is foreseen for two years and the demo version of the platform is scheduled to be launched from 2023.

Within the frames of the strategic task, the "Strategy for Raising the Awareness of Current and Potential Taxpayers in the field of Taxation and Customs, as well as Border Crossing Individuals", was approved, which represents the integral part of the Revenue Service Strategy for 2021-2024, the concept of raising awareness in the field of taxation and customs and other strategic documents.

The aim of the project is to ensure the implementation of the measures envisaged by the abovementioned strategies and concept, which will raise the level of awareness of current and potential taxpayers and border crossing individuals on tax / customs obligations, as well with regard to sanitary, phytosanitary and veterinary border-quarantine controls. In addition, the project is aimed at enabling the analysis of practice and ensuring the foresight of decisions of dispute resolution bodies.

As for the outcome of the project, a new self-service mechanism will be introduced, which provides a common, user-friendly space for tax and customs administration issues.



STRENGTHENING THE TAX RISK MANAGEMENT PROCESS

For the purpose of strengthening the tax risk management process, in 2021, the new compliance risk management programs have been fully launched in the Revenue Service; this implies informing taxpayers concerning the possible inconsistencies at an early stage and using current control measures effectively. The following programs were introduced under the event:

- Integrity of the registration database, which aims at timely and complete reflection in the registration database of persons carrying out entrepreneurial activities, as well as informing interested parties regarding their registration obligations;
- Determining the status of qualified VAT payers, which aims to respond to risks in a timely manner and reduce the number of unreasonable registrations as VAT payers;
- Employee registry program, which aims to control the accuracy of information provided by employers on employees;
- Validation of information presented in the context of the declaration, the purpose of which is to validate the taxpayers' register according to taxes and ensure timely declaration;
- VAT automatic refund validation risk module, which aims to reduce errors made by taxpayers in the VAT declaration process;
- Management of taxable tax documents, which aims to reduce the number of subscribed and tax-free documents;
- Data quality control, which aims to ensure the accuracy and completeness of data on taxpayers in the database of the Revenue Service;
- Stock management, aims to reduce the growth rate of the number of taxpayers at risk of undeclared supplies.

ACTIVITIES IMPLEMENTED WITHIN THE TAX COMPLIANCE PROGRAMS IN 2021 AND THE RESULTS

8,978
taxpayer card details
were corrected

VAT qualified status
was granted to
12,479 Taxpayers

28,588
New employees
were registered

12,935
irrelevancies were
revealed and corrected

3,471
declarations
were corrected

281
persons were
registered as taxpayers

7,554
documents
were taxed

156,899
Telephone
communications
were made

583,245
notifications
were sent

15,027
Site visits
were carried out

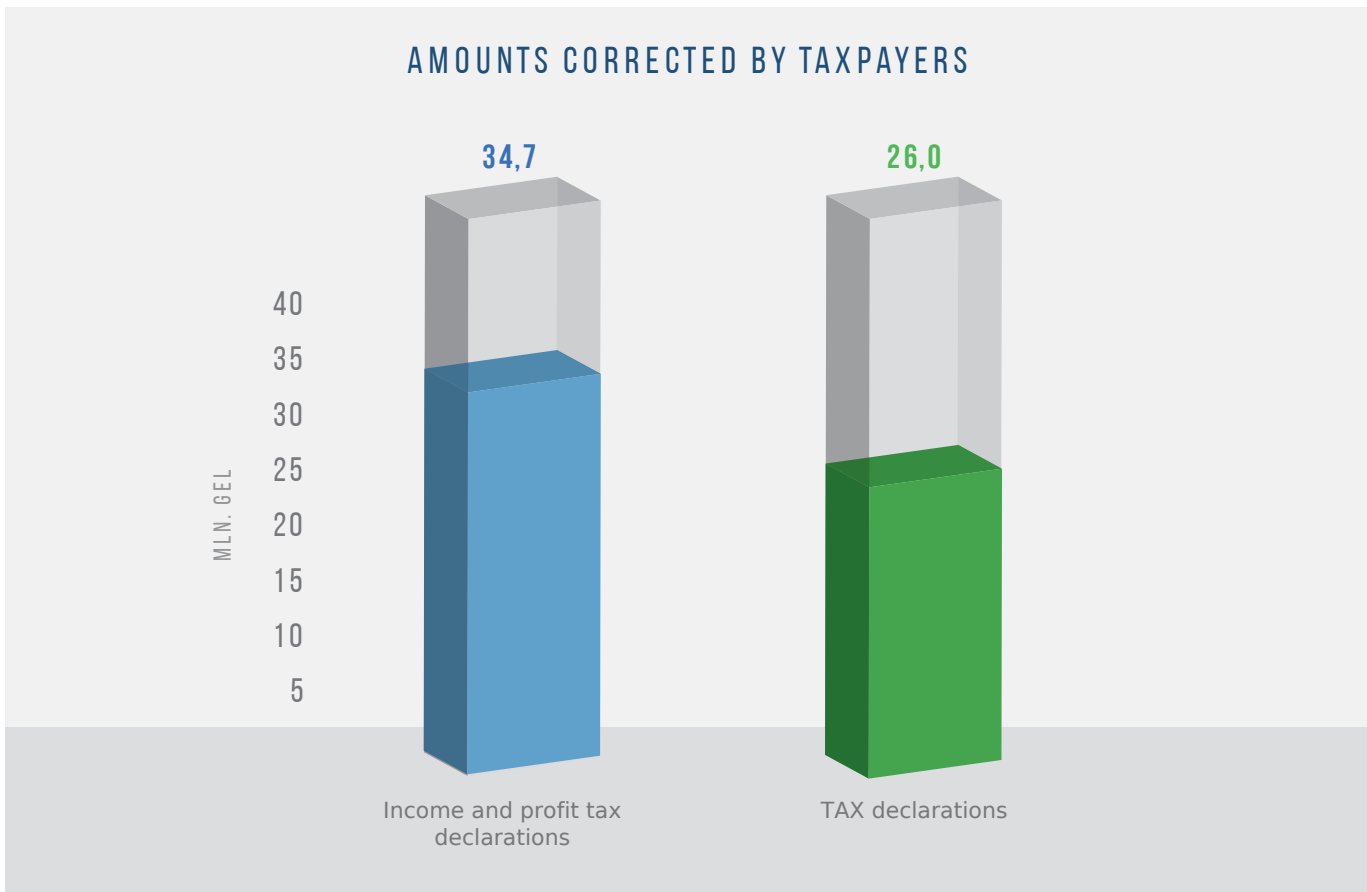
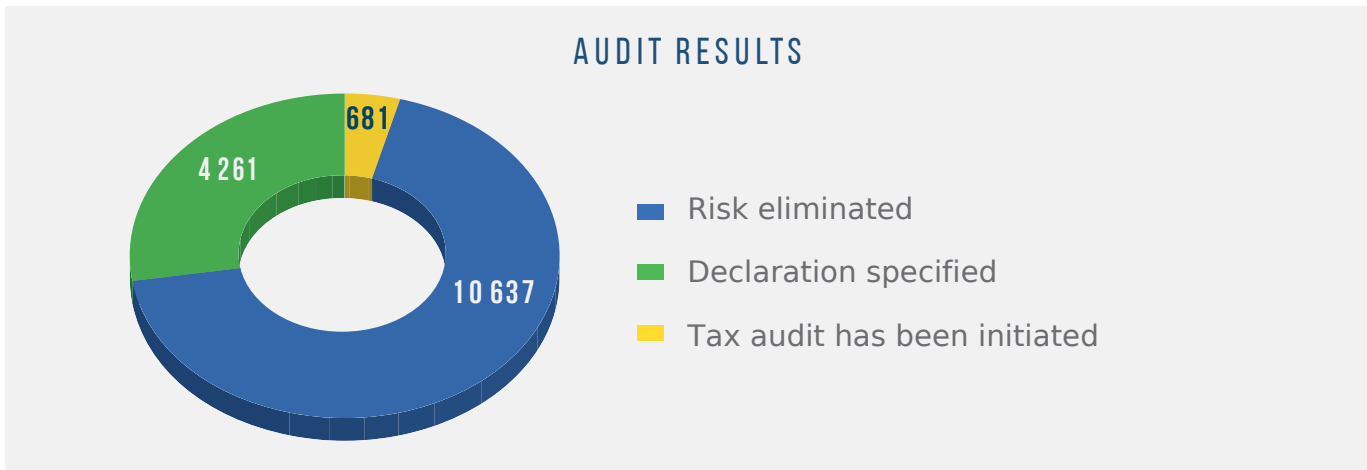
959
inventories, control
purchases, inspections
were carried out





INTRODUCTION OF AUDIT PROGRAM IN CORE TAXES

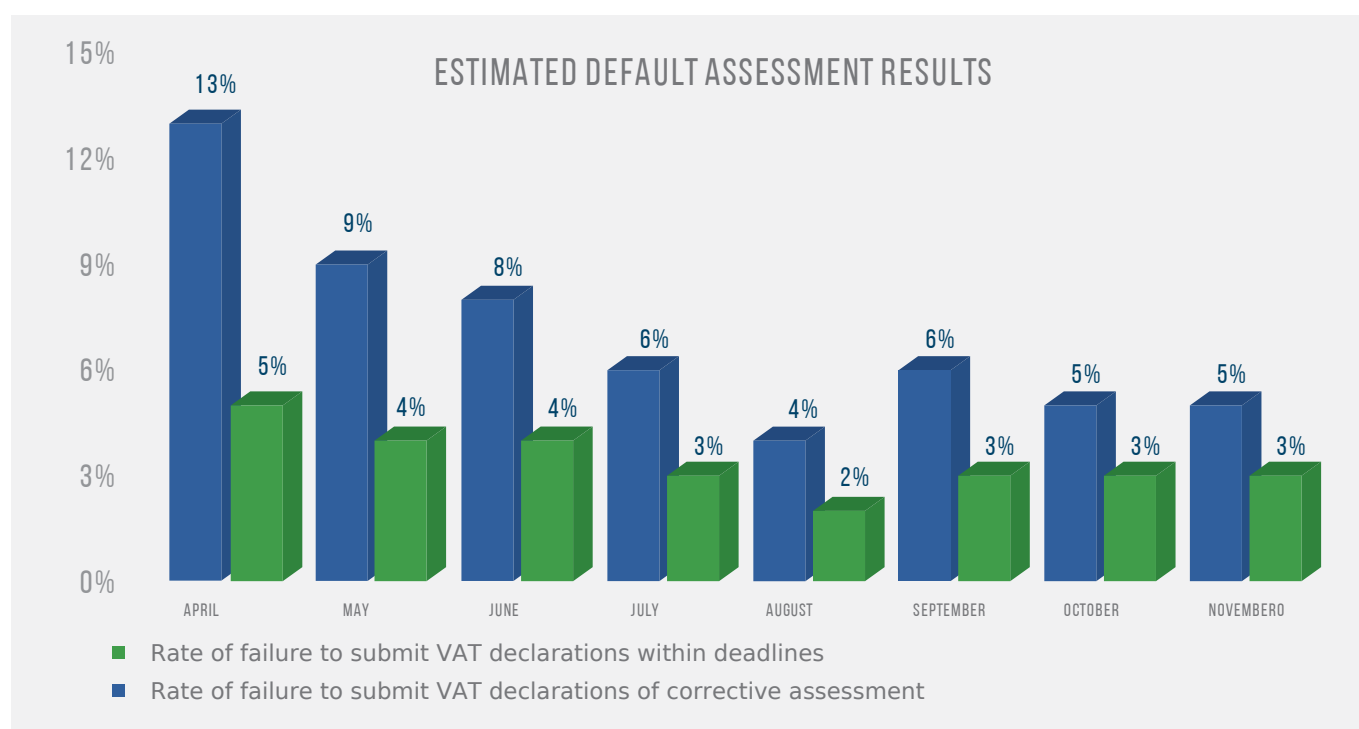
In 2021, within the framework of the control of accurate reporting of tax returns, 15,969 declarations of income, profit and VAT submitted by taxpayers were checked. As a result, the amount corrected by the taxpayers estimated to GEL67, 170,364.





DEFAULT ASSESSMENT

The default assessment program has been launched since 2020 and implies accounting and reporting of tax for a specific tax period by the tax authority on the main personal registration card of the taxpayer, who has not submitted a declaration for the relevant period within the terms under the law. In the first stage, it was applied to the VAT declarations not submitted by the taxpayers under the medium size category (except for individuals); and from April 2021, the program has been extended to all taxable categories of taxpayers (except for individuals) for non-filled VAT returns.



NATURAL RESOURCE FEE ADMINISTRATION

As a result of the coordinated work of the Revenue Service and the LEPL National Agency for Mineral Resources, in 2021, a new program for the administration of natural resource use fees was introduced. Through the program, the fee administration process has become automated; in particular, the automatic mechanisms for automatic validation of calculations and estimated accruals for the use of natural resources have been introduced, which made the process of administration flexible and efficient.

Within the frames of the program, persons holding natural resource use licenses were identified and electronic database was created. In parallel with data processing, for the



successful operation of the automatic accrual program and for obtaining information from the Agency for Mineral Resources, a memorandum of cooperation was signed with the agency. Furthermore, material documents (Licenses and development plans issued under the license) issued before the launch of the project were digitalized and integrated to the single electronic database.

Prior to the launch of the automated program, a plan of estimated accruals for 2017-2020 was developed. In accordance with the pre-designed accrual methodology and given the period of limitation, relevant estimated accruals were made. Taxpayers holding the license were constantly informed regarding these accruals and ongoing processes, both through remote channels as well as in the format of face-to-face meetings. Meetings were held in Tbilisi, Kutaisi and Batumi where information regarding all the news and advantages of the project were delivered to the taxpayers holding the license.

Despite the abovementioned, the Revenue Service has been given access to the portal of the National Agency for Mineral Resources, which ensures time savings from the service and timely retrieval of necessary documents for the smooth implementation of the tax audit. Furthermore, the number of requests to submit additional documentation by the taxpayer has been significantly reduced.



A UNIFIED ELECTRONIC SYSTEM FOR SEARCHING FOR GOODS BY COMMODITY CODES AND ISSUING PERMITS

All the state agencies are engaged in the unified electronic system for searching goods by commodity codes and issuing permits. The service of requesting and receiving all types of permits / certificates via the official website: www.rs.ge has been launched accordingly



INTRODUCTION OF eTIR SYSTEM

In May 2021, through the support of UNECE TIR Secretariat the 11th Annex of the TIR Convention was approved, which implies digitalization of TIR system. Within the frames of this initiative, in 2020-2021, the Revenue Service engaged in the process of implementation of eTIR project; the project envisages electronic exchange of information between Georgia and the UN single server. It is planned that this platform will exchange TIR information between all the customs administrations, which represent to be the part the Convention.

STRENGTHENING MECHANISMS FOR DETECTING, PREVENTING AND AVOIDING CUSTOMS VIOLATIONS



ELECTRONIC LICENSING SYSTEM FOR STRATEGIC GOODS - STRATLINK

Through the support of EXBS program, the modern electronic licensing information system "STRATLINK" was transferred to the Revenue Service.

Through this system, various business operators will be able to fill out an application by logging on to the Revenue Service website www.rs.ge, for the purpose of obtaining the permit for dual-use products and determine the need for a permit. After submitting the application and complete information, the permit will be issued by the Customs Department, which will be sent to the permit applicant through the Revenue Service website.

It is important to introduce the latest electronic licensing system for strategic goods, both in the process of detecting and preventing the illicit trade in strategic goods, as well as in terms of control of illegal transactions, which, in turn, is crucial for ensuring state security.

IMPROVING THE TAX DEBT MANAGEMENT SYSTEM

Based on the reforms implemented in the Revenue Service in recent years, in order to strengthen the debt management function, resources were redistributed between the Headquarter and the Operations Department, according to which, the Headquarter is responsible for developing the debt management program and Operations Department is responsible for liaison with taxpayers.

Although most taxpayers voluntarily declare and pay their dues, debt management remains a challenge for the Revenue Service.

Under the reform, the Debt Management Department has been established in the Revenue Service, the main function of which is the effective administration of tax debt. In 2021, the debt management strategy for 2022-2024 was approved, which aims to improve the timely payment of tax arrears and reduce the amount of accumulated tax arrears.



In order to achieve the abovementioned goal, it is scheduled to perform 3 main tasks in the coming years:



The transition to a new tax debt management system is planned for the third quarter of 2022.

IMPROVEMENT OF TAX AUDIT PROCESS

The Revenue Service has been conducting analysis of completed tax audits since 2020, in accordance with the approved compliance quality control standards. In 2021, up to 300 completed audits (including those with zero results) were randomly selected and studied/analyzed. The decisions of the dispute resolution bodies were also analyzed. Methodological guidelines have been developed, the use of which is mandatory in the process of tax audit and they were integrated in the audit case management system (CMS).



LEGISLATIVE AND PROCEDURAL AMENDMENTS

For the purpose of planning and effective management of tax audit following has been implemented:

- ▶ In the process of returning overpaid funds, relevant documents to be submitted in material form (report, payment request) were digitalized; in particular, through the appropriate software modules in the tax administration information system, electronic reports are drawn up; in addition, payment requests are generated electronically and submitted to the state treasury in the same form; as for the response regarding the refund, the taxpayer is informed automatically and electronically. With the introduction of such services, the Revenue Service greatly simplifies the work process and among other things, saves the time resources of the citizens
- ▶ In order to significantly eliminate shortcomings and inaccuracies in the tax administration process, improve cooperation and communication with taxpayers, and establish common practical and methodological approaches, the Revenue Service started the Dispute

Resolution Enforcement Project, which in case of reduction of the amount of the taxes imposed by the audit by more than 10%, ensures substantive review of disputed issues by the management of the service.

- ▶ In order to bring it in line with international best practice and carry out accurate and risk-based tax audits, as well as to take into consideration the recommendations of the International Monetary Fund (IMF), the Qualitative Review Group for II Level Control was created in the Audit Department. Work in this regard facilitates the control of the compliance of the tax audit results with the current legislation; furthermore, by studying the activities of a particular taxpayer, in terms of issues related to tax audit, correct assessment of tax liabilities according to specific economic operations / actions and in case of discrepancy, provides measures to be taken to eliminate deficiencies.
- ▶ It should be highlighted that within 2021, procedural norms have been developed in tax and customs field. This envisages processes tailored to business needs and simultaneously, gives the possibility in terms of implementation of relevant tax and customs administration, in particular:
 - Advance Purchase Agreement (APA) was developed in 2021. This is an effective mechanism for reducing transfer pricing risks, insofar as the criteria will be agreed upon by the taxpayer and the Revenue Service prior to the transaction, which will affect the price of the controlled transaction. Therefore, the process of determining the tax consequences that may arise when performing a controlled transaction is being eased for the taxpayer.

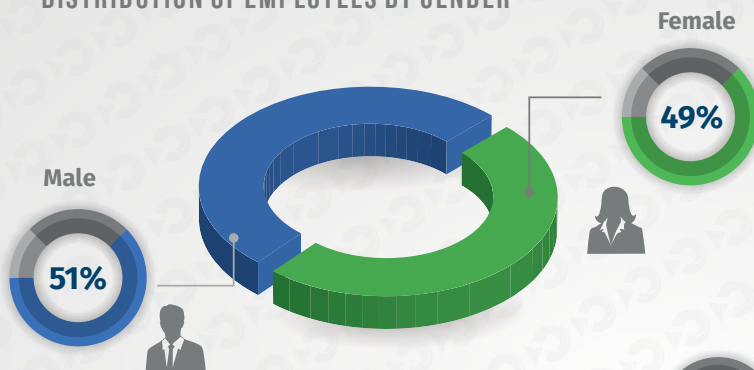
INSTITUTIONAL DEVELOPMENT AND SUSTAINABILITY

IMPLEMENTATION OF MODERN APPROACHES IN THE FIELD OF HUMAN RESOURCE MANAGEMENT

COMPETENT, PROFESSIONAL, MOTIVATED AND
REALIZED HUMAN RESOURCE IS A NECESSARY
CONDITION FOR THE REVENUE SERVICE SUCCESS

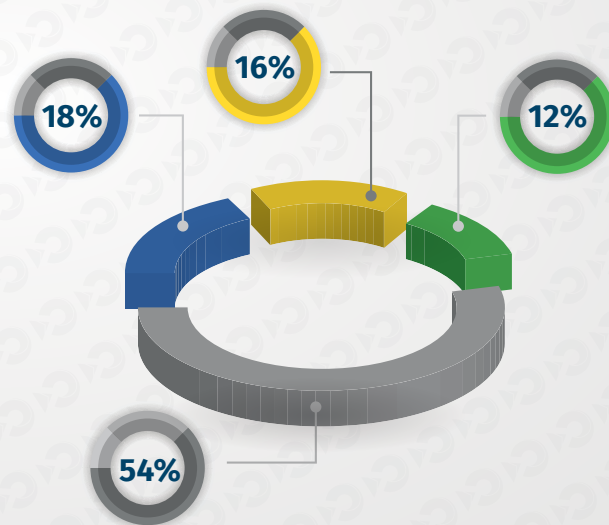
Statistics on employees of the Revenue Service

DISTRIBUTION OF EMPLOYEES BY GENDER



DISTRIBUTION OF EMPLOYEES BY AGE GROUPS

- From 21 to 30 years
- From 30 to 40 years
- From 40 to 50 years
- Above 50 years





ACTIVITIES IMPLEMENTED IN 2021



- 🎯 A system for evaluating the performance of employees based on goals (70%) and competencies (30%) has been introduced, which is aimed at promotion of organizational development of the service, refining the management system, increasing employee productivity and directing their efforts to achieve organizational goals. 2 midterm (quarterly) and final (annual) evaluations were carried out through the system;
- 🎯 Based on the results of the performance evaluation, 150 employees were promoted (including 34 middle and senior level management positions); in another structural subdivisions, 220 employees were relocated horizontally and the salary coefficient was increased for 462 employees;
- 🎯 Certificate of gratitude was given to 105 employees for completing tasks of exceptional complexity and importance;
- 🎯 Through the website administered by the Civil Service Bureau www.hr.gov.ge, based on an open and transparent competition, 46 employees were selected and appointed to vacant positions. Furthermore, 220 interns were selected to undergo theoretical and practical training in various departments;
- 🎯 Up to 1500 employees were trained in the development of professional and personal skills;
- 🎯 As a result of measures taken to prevent the spread of coronavirus, 90% of the employees of the Revenue Service have been vaccinated;
- 🎯 Staff engagement and satisfaction survey was conducted, on the basis of which there was revealed the rate of involvement of employees and managers, their level of satisfaction towards various parameters and effectiveness of the service; in addition, factors that affect employee motivation were analyzed. According to the outcome of the research, employee involvement and teamwork components represent to be the strengths of the service. Based on the analysis of the research results, a motivation enhancement policy document is being prepared;
- 🎯 A document on professional development policies and procedures for employees was developed, which aims to promote the continuous development of professional knowledge and skills of employees, that in turn is associated with the high quality of performance of the functions and duties by employees and ensures efficient implementation of service duties;



-  In order to strengthen the internal capabilities of the organization and standardize the operational process, the "Operational Planning Manual" has been developed, where the basic principles with regard to operational planning were prescribed, including the issues related to the development of operational plans, their monitoring and reporting rules. Furthermore, the document envisages the roles and responsibilities of the structural units engaged in the process of the development of the operational plans;
-  The activities performed / to be performed by the Operations Department were identified and the time and resources required for data collection, analysis, and core activities were identified.

ALIGNMENT OF INFORMATION SECURITY SYSTEM WITH THE MODERN STANDARDS

In order to strengthen information security, the following measures were implemented in the Revenue Service in 2021:

- ▶ Within the frames of the pilot project on automatic exchange of financial account information (AEOI Pilot), extensive material has been prepared by the Global Forum in response to the Information Security Assessment Process and the Privacy and Data Assessment completed questionnaire. In addition, a detailed action plan has been developed for the evaluation visit of the Global Forum representatives in accordance with the recommendations received;
- ▶ The integration of an online information security management system tool is nearing completion, where the information assets, the risks identified with the assets and the controls associated with them are recorded;
- ▶ New assets and related risks were identified, and appropriate controls were developed to reduce the risks;
- ▶ A new course on raising information security awareness has been prepared for Revenue Service staff.

IN ORDER TO IMPROVE INFORMATION TECHNOLOGY SYSTEMS

The IT system evaluation project was implemented with the support of the World Bank, through the IT Diamond module, under which three directions were evaluated:

- ▶ IT infrastructure;
- ▶ Infrastructural needs;
- ▶ Data security.

Based on the evaluation results, it is planned to prepare a guide by World Bank experts regard the activities, which shall be implemented for elimination of the deficiencies identified as a result of the evaluation. Furthermore, it is planned to further deepen the cooperation taking into consideration the results of the mentioned evaluation.



AUTOMATED AUDIT CASE MANAGEMENT SYSTEM

In 2021, the Revenue Service has launched a real-time audit case management system. The aim of the new system - Microsoft Dynamics CRM is digitalization of the tax audit processes and its effective management. This will give a possibility to electronically monitor the entire tax audit process.

Through the program, all stages of the tax audit (from planning to completion) will be covered by the software and employees will be having electronic access to all documentation (legislative acts, dispute resolution, audit report, etc.) necessary within the ongoing tax audit process.



DATA PROCESSING AND ANALYSIS SYSTEM

In 2021, the Revenue Service was actively developing and implementing a data processing and analysis system, which provides for the collection and analysis of internal and third party data; this facilitates strengthening the analytical capabilities of the Revenue Service and making strategic and operational decisions based on reliable information. At the same time, it will further improve operational access to information and make the daily working process of the Revenue Service more efficient.

The above-mentioned system transforms the information entered in the data warehouse from different sources in such a way as to exclude or minimize possible hindrances. Information received from various government agencies is integrated into the system.

Herewith, as of 2021, Memorandum of Understanding on receipt / exchange of information has been signed with more than ten state agencies and thus, the information is received / exchanged in a systematic manner.





EXPENDITURES MADE BY THE REVENUE SERVICE IN 2021 TO ENSURE THE IMPROVEMENT AND DEVELOPMENT OF TAX AND CUSTOMS SERVICES

In 2021, the Revenue Service continuously implemented various projects and activities, which included construction / repair works at both customs crossing points and service offices, as well as the procurement of relevant technical equipment and funding of various ongoing activities as required by the Revenue Service, namely the following:

- ▶ “Ninotsminda” customs crossing point - The new customs crossing point was equipped under modern standards; booths for cars / trucks and passport control were set up in the building. The facility was equipped with a new modern heating and ventilation system. The area was fenced and lighting was arranged, as well as the access road to the building was widened. The building was equipped with new transformers and generators, as well as all other necessary technical means and inventory;
- ▶ “Lagodekhi” customs crossing point - Construction / reconstruction of the first stage of the new customs crossing point has been completed: a new building was constructed, interior repair and paving works have been performed, special gates for cars and trucks were arranged. Modern heating, cooling and ventilation systems were installed. The building was also equipped with all other necessary technical means and inventory. In addition, landscaping works will be completed next year;
- ▶ At Georgian-Russian state border, at the “Kazbegi” customs crossing point, due to the growing rate of land transportation and the number of visitors, the building reconstruction project was completed this year, which envisages increase of number of gates for freight vehicles, construction of an additional building on the administrative part, increase of useful area, arrangement of parking space and internal repair-finishing works of the whole facility. Completion of the mentioned construction-reconstruction works, due to its scale, is scheduled for 2023.

In order to improve service standards and ensure smooth movement of visitors, repair / rehabilitation and improvement works were carried out at the following facilities:

- ▶ Customs Clearance zone “Tbilisi” - repair-finishing works of facades of buildings and interior were carried out, rehabilitation of outdoor lighting and office space lighting as well as installation of flagpoles was ensured;
- ▶ “Sarpi” customs crossing point - road pavement rehabilitation works were carried out, reinforced concrete cover was arranged, installation of road signs and drawing of the area was ensured, damaged heating and cooling system equipment was replaced, lighting was rehabilitated in the pedestrian area;

- ▶ “Kartsakhi” customs crossing point - in order to improve working conditions, roof rehabilitation works, as well as interior repair works were carried out;
- ▶ “Vale” customs crossing point - in order to improve working conditions, roof rehabilitation works were carried out and damaged section door on hangar was replaced;
- ▶ N4 Gulua Street, Tbilisi - reconstruction of Isani-Samgori Service Center has been completed; in particular, facade rehabilitation, interior repair and paving works were completed; in addition, heating, cooling and ventilation system arrangement works have been fulfilled. New office space was arranged for the Information Technology Center and reinforcement works of the damaged part of the building were carried out;
- ▶ Administrative building at N68a Kostava street, Tbilisi – glass façade was reinforced and the first stage of strengthening the basement structure in the foundation was completed.

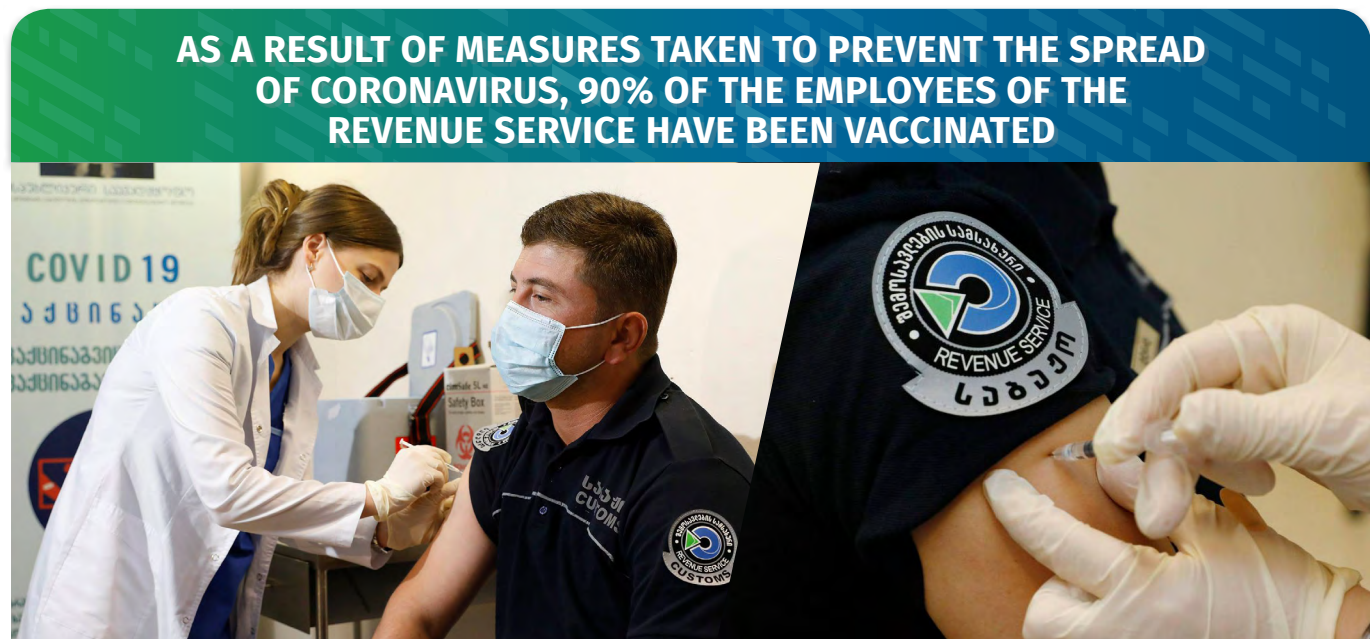
Under the project on Sustaining Border Management and Migration Governance in Georgia (SBMMG), by the support of the International Organization for Migration (IOM) and through financial assistance of the EU, isolation spaces were arranged at Tbilisi International Airport, Sarpi, Red Bridge and Sadakhlo customs crossing points. Arrangement of such spaces represents a recommendation issued by the World Health Organization, which is especially important in the process of managing the complex epidemiological situation in the world caused by the Covid-19 pandemic. Under the project, 25 structural units of the Revenue Service were provided with passport-reader devices. Equipment will be distributed to the main customs crossing points (“Red Bridge”, “Sadakhlo”, “Kazbegi”, “Guguti”, “Vale”, “Ninotsminda”, and “Kartsakhi”).



In total, in 2021, about GEL 8.6 million was spent on construction / renovation works of the Revenue Service facilities, as well as on the procurement of various equipment and software for the Revenue Service (increase in non-financial assets); out of which, in order to improve and smooth the implementation of customs and tax control, computer equipment and various database security programs were procured, in particular:

- ▶ 120 units of tablet computers;
- ▶ Vehicle scales – for “Lagodekhi” and “Ninotsminda” customs crossing points;
- ▶ These license plate recognition cameras- for mobile groups;
- ▶ Relevant software solution for a specialized computer designed for vehicles;
- ▶ Customer flow management and video systems were upgraded at customs crossing points, customs clearance zones and service centers, etc.

Herewith, throughout the country, around 65 facilities located in different locations, used by the Revenue Service, were systematically maintained. This covers, cleaning and maintenance of the facilities and unhindered operation and proper functioning of belonging inventories, heating and cooling systems, installations of main and alternative sources of electricity, transport and various special equipment. In addition, material-technical and financial support of about 4 thousand employees of the Revenue Service is provided during the year.



INTERNATIONAL COOPERATION

SUPPORT FOR EU INTEGRATION PROCESSES



VAT REFORM



Within the framework of harmonization of tax legislation with the EU VAT Directive, on 1 October 2021 the amendment to the Order N996 of the Minister of Finance of Georgia on “Tax Administration” dated 31 December 2010 entered into force. In accordance with this amendment, for the non-resident taxable persons, not registering as VAT payers, the rules for calculating VAT, settling with the budget and informing were introduced. In particular, non-resident taxable person, who does not live, or does not have permanent residence in Georgia and provides digital services to individuals on the territory of Georgia, is obliged to report and pay VAT for digital services. For this purpose, a special platform was developed by the Revenue Service, through which non-resident taxable persons will undergo simplified registration and calculate VAT and pay to the budget - <https://nr.rs.ge/>. At this stage, 35 companies are registered on the portal. The change will result in fair taxation of digital services, which, in turn, shall ensure the mobilization of additional budget revenues.



NEW COMPUTERIZED TRANSIT SYSTEM (NCTS)

Within the framework of the Association Agreement between Georgia and the European Union and “The Strategic Framework for Customs Cooperation between the EU and Georgia”, the Revenue Service is running a 24-month project on implementation of New Computerized Transit System. The budget of the project is 1 million Euros. The project aims to strengthen the operational capacity of the Revenue Service.

Accession to the Common Transit Convention (CTC) and implementation of the New Computerized Transit System is another opportunity for businesses registered in the EU and Georgia to create a joint customs regulation zone. It should be emphasized, that as a result of implementation of the project, single document related to transit and guarantee issued by the Customs Department will be sufficient for uninterrupted transit to the final destination in the territories of the EU and EFTA member states, as well as Great Britain, Turkey, Serbia and Macedonia.





AUTOMATIC EXCHANGE OF FINANCIAL INFORMATION

Through the support of the German Federal Ministry of Finance and the Global Forum on Transparency and Exchange of Information for Tax Purposes, pilot project for automatic exchange of financial information continues, which aims to successfully introduce the AEOI standard in Georgia, which is also known as the Common Reporting Standard-CRS.

In accordance with the official commitment, from 1 September 2024, Georgia will start the automatic exchange of financial information on financial with the relevant foreign agencies, which shall facilitate the increase of tax transparency and reduce tax evasion.



TRAINING OF SPECIALISTS CARRYING OUT SANITARY, PHYTOSANITARY AND VETERINARY BORDER CONTROL

In accordance with the 2021 Action Plan on the implementation of the Deep and Comprehensive Free Trade Area Agreement between Georgia and the EU, under the EU Twinning Project on “Ensuring further progress of SPS and food safety system in Georgia” which is financially supported by the EU, in accordance with EU legislation and procedures, the Revenue Service staff participated in online trainings / workshops on the following issues:

- ▶ Working in the EU electronic system - TRACES;
- ▶ Development of risk-based monitoring plans;
- ▶ Development of border control procedures for products and live animals and update of existing procedures;
- ▶ Estimation of SPS inspection fee system;
- ▶ Border control of non-animal food / animal feed;
- ▶ Phytosanitary border control issues;
- ▶ Through financial assistance of ADB, within the frames of the technical assistance project - Modernizing Sanitary and Phytosanitary Measures to Expand Trade and Ensure Food Safety, online training was conducted to CAREC countries on the risk assessment of non-food products of animal origin. 26 employees of the Revenue Service were trained. From 1 October 2021, the import requirements for technical regulations envisaged by the Resolution N605 of the Government of Georgia on “non-food product of animal origin (including animal wastes) and secondary product not intended for human consumption and health, and the rules for recognizing a business operator related to these activities” have entered into force.



SIGNIFICANT ACTIVITIES IMPLEMENTED IN THE FIELD OF INTERNATIONAL COOPERATION

- ▶ Through the support of EU TAIEX program, 23 employees of the Revenue Service participated in the working meeting on “improving the environment of administration of rules of origin”.
- ▶ By the decision of the Customs Subcommittee between Georgia and the European Union, the amendments were made to the First Protocol to the Association Agreement between Georgia and the European Union, in accordance to which preliminary use of the new edition of the Pan-Euro-Mediterranean (PEM) convention on preferential rules of origin should be enacted between Georgia and the EU member states. The new edition has softened the requirements regarding the following:
 - Percentage of the total cost of the product of non-originating materials;
 - Mandatory formalities for the transportation of products, in case of passage through the territory of third countries;
 - Request for exemption from customs duties on imported materials used in the manufacture of products;
 - Product cost administration requirements;
 - Customs administration formalities;
 - Necessary specific conditions for granting the status of origin.

This makes it even more flexible and reduces the cost of producing the final product due to relatively stricter requirements for the manufacturer.

- ▶ Within the framework of the work of the National Committee for the Promotion of International Trade and through the support of the United Nations Economic and Social Commission for Asia and the Pacific, the research was conducted on the issues related to the "paperless" environmental preparedness in international trade; both legal and technical directions were evaluated and a draft plan of further steps was prepared. The National Committee for the Promotion of International Trade in cooperation with the United Nations Economic Commission for Europe developed a project for the analysis of business processes for the export of medicines from Georgia, with the relevant recommendations.
- ▶ At BRITACOM annual conference, the First Deputy Head of the Revenue Service, was elected as a Deputy Chairman of the Council of BRITACOM for a term of two years. The Chairman of the Council is the head of the tax administration of Kazakhstan, and the Deputies are the heads of the tax administrations of Sierra Leone, Uruguay and the United Arab Emirates.



- ▶ Within BRITACOM, 107 employees of the Revenue Service were also trained online on the following topics: “International Dispute Resolution” and “Digitalization of Tax Administration”. The trainings continue continuously and in the second quarter of 2022 trainings on "Risk Management" and "Management of Large Taxpayers Segment" are planned.
- ▶ Within the frames of cooperation with IOTA, employee of the Department of International Relations was elected as the internal auditor of the organization for a term of two years; and Georgia, along with 4 other countries, was elected as a member of the Technical Assistance Advisory Group. Under cooperation with IOTA, Georgia, together with 5 members of the tax administration became a member of the monitoring group in the field of communications.
- ▶ The project initiated with the ADB in 2020 is completed, which was aimed at facilitation of the implementation of the Advance Pricing Agreement program for internationally controlled operations. Under the project, the invited expert reviewed the legislation governing the advance agreement on internationally controlled operations and developed relevant recommendations, according to which the Order of the Minister of Finance was amended and Advance Pricing Agreement program was launched in Georgia.
- ▶ Within the frames of the Tax Inspectors Without Borders (TIWB) program, in 2021, the foundation was laid for the implementation of two projects. The first project aims to provide practical assistance to the staff of the Internationally Controlled Transactions Issues Evaluation (Transfer Pricing) Division in the field of oil and gas distribution, as well as in reviewing and resolving cases in other priority communities of transfer pricing. The second project involves providing practical assistance to staff in the same division to implement the APA in practice. For the purposes of this project and taking into consideration the specific criteria, the tax administration of the Republic of Italy was selected from among the 6 countries willing to find expert assistance in the project.
- ▶ Under cooperation with the World Bank and by the foreign experts, the trainings were conducted for the employees of the Audit Department and Customs and Tax Methodology Department of the Revenue Service. The trainings were divided into several stages according to the topics. In total, about one hundred employees of the Revenue Service were trained.



The Revenue Service has been actively involved in OECD FTA international projects. In particular, the involvement in the advisory working group to prepare a report on supporting the digitalization of developing country tax administrations should be highlighted. The aim of the working group was to provide the OECD FTA Secretariat with recommendations and specific examples. As a result, the report on Supporting the Digitalisation of Developing Country Tax Administrations¹ was developed, which reflects the information on recent successful reforms implemented by the Revenue Service, in particular:

- ▶ Employee registry program;
- ▶ Automatic VAT refund system;
- ▶ Upgrading the Revenue Service website.

Furthermore, it should be emphasized, that under the auspices of the OECD FTA, information on digitalization of the Revenue Service was published², which contains information, on major reform changes implemented by the Revenue Service from 2001 to 2021, development / introduction of digital and electronic services.

Herewith, in 2021, Revenue Service was engaged in the OECD FTA ongoing project on Joint International Tax Shelter Information Centre (JITSIC), which relates to the issuance and validity of tax residency certificates. The aim of the project is to prepare a collection of best practices and create a database of tax information internationally, which shall be available to all member tax administrations.

Within the frames of the OECD FTA, the Revenue Service participated in the 14th Plenary Session of the Forum on Tax Administration, which brought together over 280 delegates from the tax administrations of more than 50 member countries. The participants discussed the issues related to tax administration, including the implementation of the project on The Two Pillar Solution, challenges caused by COVID-19 global pandemic and experience in this regard. Topics regarding support for digital transformation and development of new capabilities were considered as well. Representative of the Revenue Service shared with the participants risks and challenges facing the agency, among them, significant emphasis was placed on digital technology priorities and employee retention strategies.

1 <https://www.oecd.org/tax/forum-on-tax-administration/publications-and-products/supporting-the-digitalisation-of-developing-country-tax-administrations.htm>

2 <https://www.oecd.org/tax/forum-on-tax-administration/publications-and-products/presentations-and-documentation-summary.pdf>



- ▶ The working meeting was held between the representatives of the Customs Department of the Revenue Service and the State Customs Committee of the Republic of Azerbaijan. At the meeting and under the existing agreement on crossing points between Georgia and the Republic of Azerbaijan, the parties discussed the new construction project - the Silk Road/İpek Yolu of the joint customs crossing points. The working meeting was held on the territory of Azerbaijan, at the border of “Red Bridge” customs checkpoint - Sınıq Körpü.
- ▶ A working meeting was held between the heads of the Revenue Service and the State Revenue Committee of the Republic of Armenia. At the meeting, the parties discussed the challenges caused by the COVID-19 pandemic and prospects for further deepening of cooperation in the post-pandemic period. The parties also discussed the project of the renewed “Ninotsminda” customs crossing points. Working meeting was held on the territory of Armenia, at “Bagratsheni” customs crossing points.
- ▶ Under the joint project of UNODC, WCO and EXBS - “Container Control Programme”, the Head of the Customs Department of the Revenue Service conducted 2 working meetings with the UNODC Programme Coordinator in Black Sea Region. At the meetings, the parties discussed the progress of the programme, the results achieved in this regard and further plans.



It should be highlighted that the joint, coordinated and active work of all agencies involved in the programme (Investigation Service of the Ministry of Finance, MIA Patrol Police and Central Criminal Police Departments) is an important prerequisite for the successful implementation of the programme. Within the framework of the same program, a total of 3 practical trainings

were conducted for the interagency unit operating in Georgia. The goal of the programme is to exchange important information related to joint operations in the process of detecting and preventing organized crime, such as identification of high-risk shipments to eliminate drug trafficking and other illegal activities, promotion of legitimate trade and further strengthening of international cooperation in this regard.

- ▶ Within the framework of the 3rd meeting of the Joint Customs Committee of Georgia and the Republic of Turkey, the parties discussed trade-economic relations between the two countries in the context of a global pandemic as well as priority issues of cooperation. During the meeting, the "Agreement on the Simplified Customs Corridor" was signed.



A trilateral meeting was held between the customs administrations of Georgia, Azerbaijan and Turkey. The parties discussed various issues of cooperation between the countries in the field of customs, which includes both law enforcement and simplified control procedures for customs crossing points; furthermore, covers the topics related to e-TIR systems, etc. During the meeting, a protocol was signed between the Government of Georgia, the Government of the Republic of Azerbaijan and the Government of the Republic of Turkey on the Establishment of Tripartite Committee on Customs Issues.

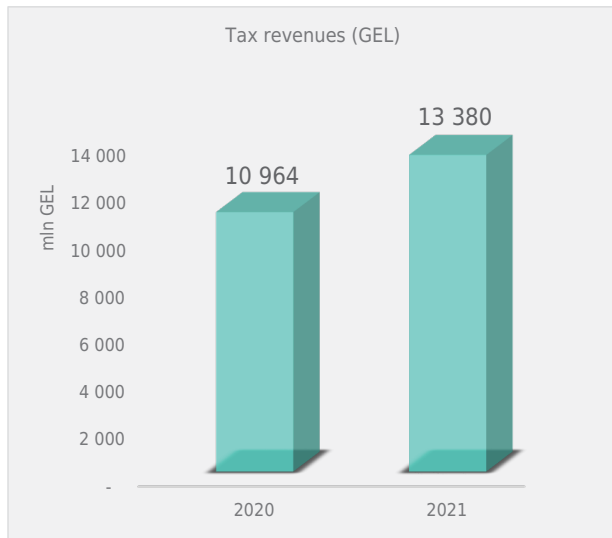


- ▶ Employees of the Customs Department of the Revenue Service participated in the interagency training on operations and planning of the Public Safety Management Center, which was held by the support of the US Embassy and the Defense Threat Reduction Agency (DTRA). After the training, the participants were awarded with the certificates. The training was attended by the representatives from the Ministry of Internal Affairs of Georgia, Ministry of Defense of Georgia, Ministry of Justice of Georgia, State Security Service of Georgia and Center for Disease Control. Employees of the Customs Department of the Revenue Service participated in the training on the cybercrime investigation related to weapons of mass destruction, which was organized by DTRA.

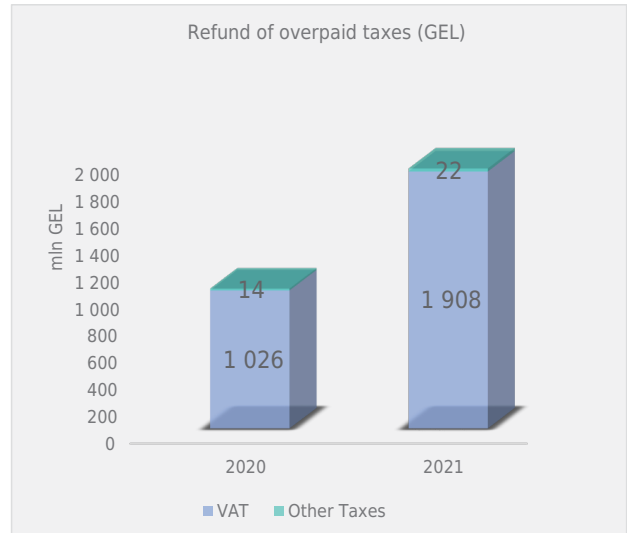
STATISTICAL DATA



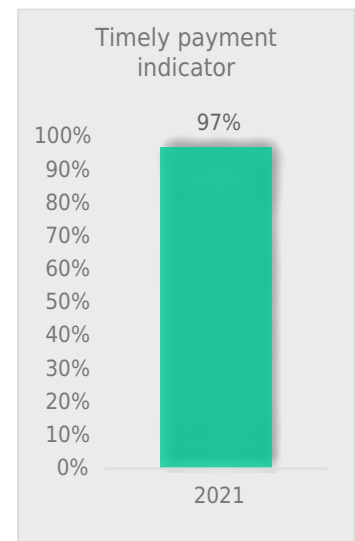
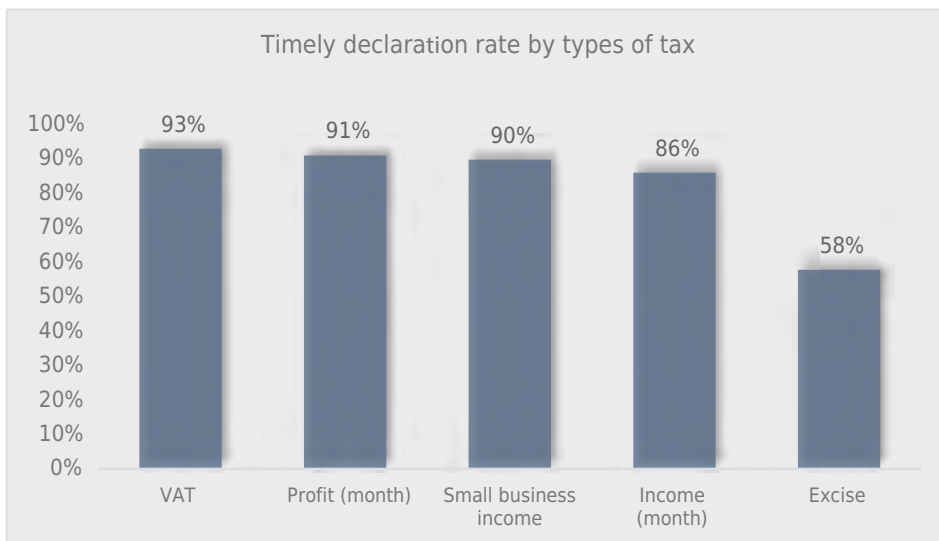
Tax revenues taxes



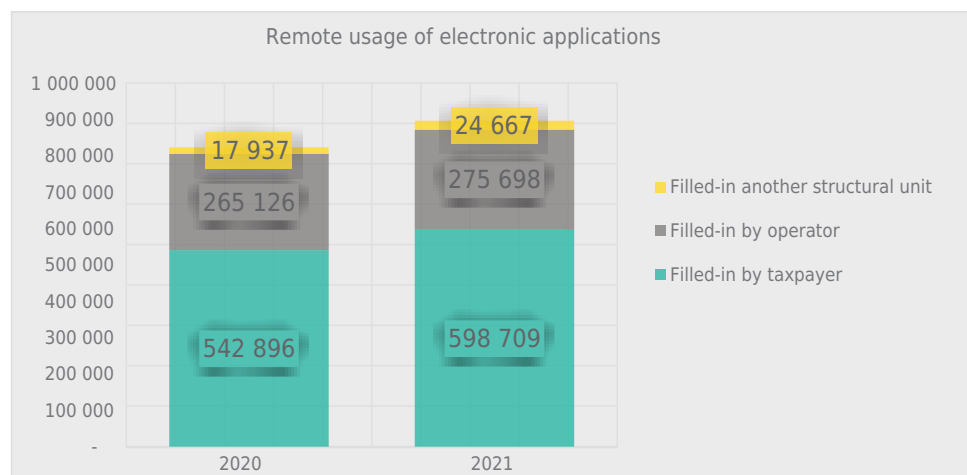
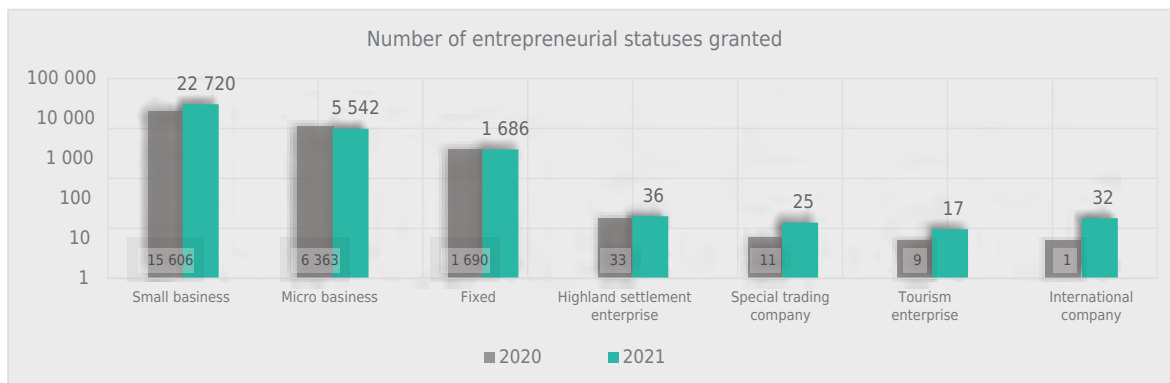
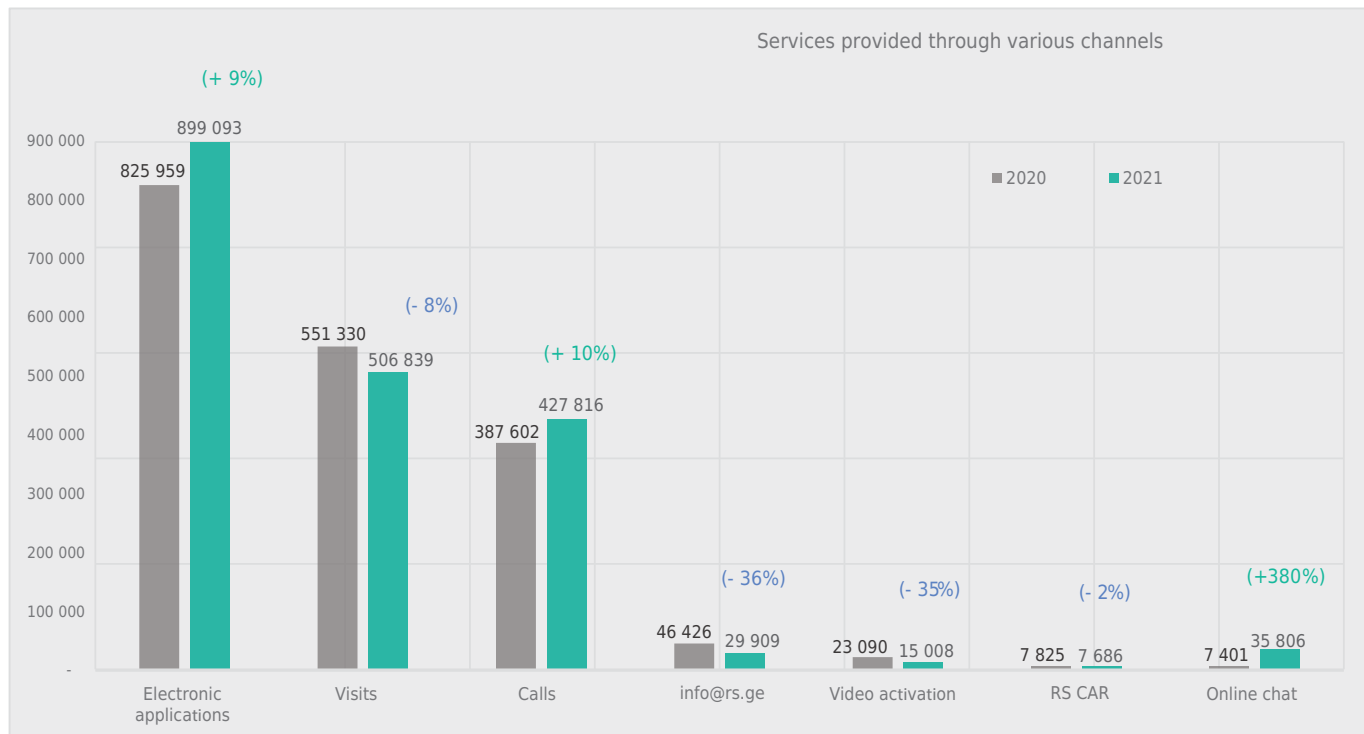
Refund of overpaid



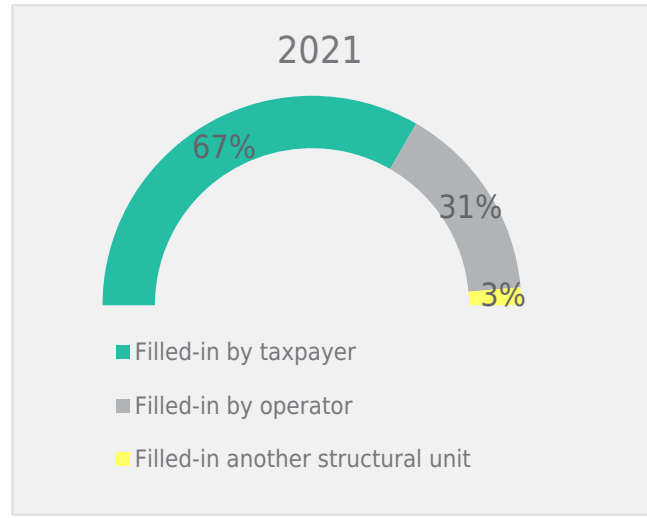
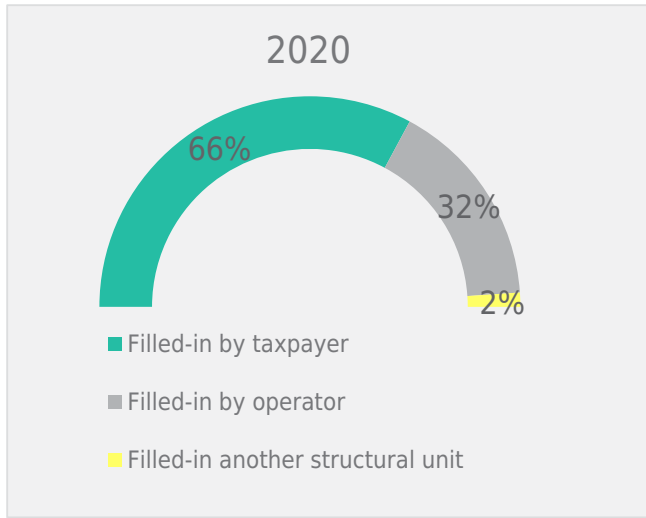
Voluntary law compliance level



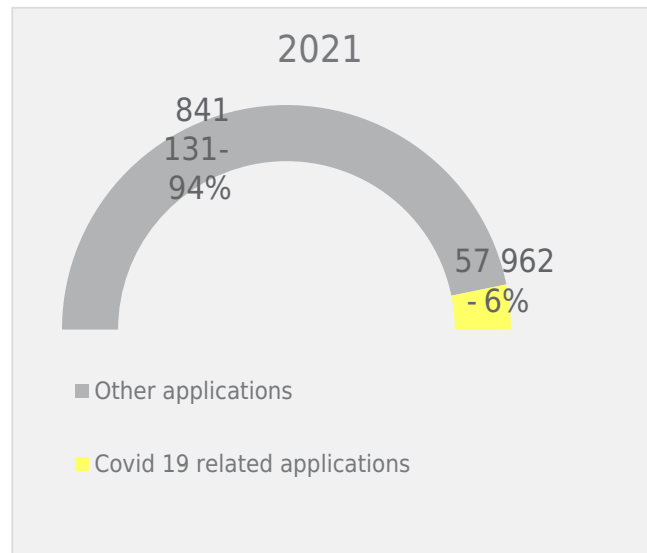
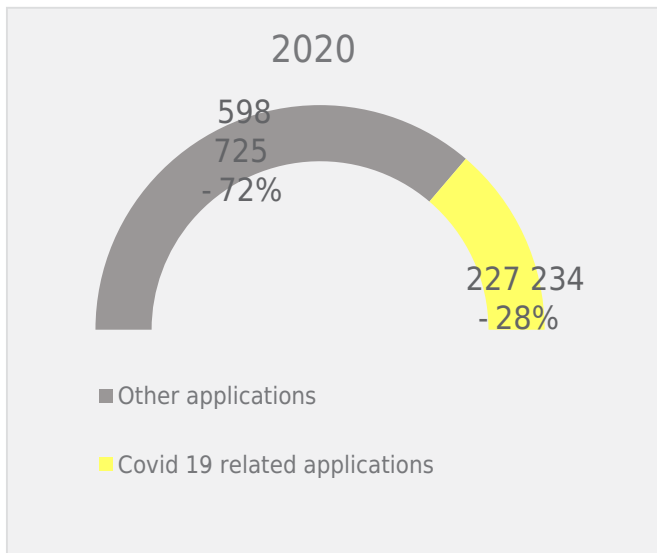
SERVICE INDICATORS

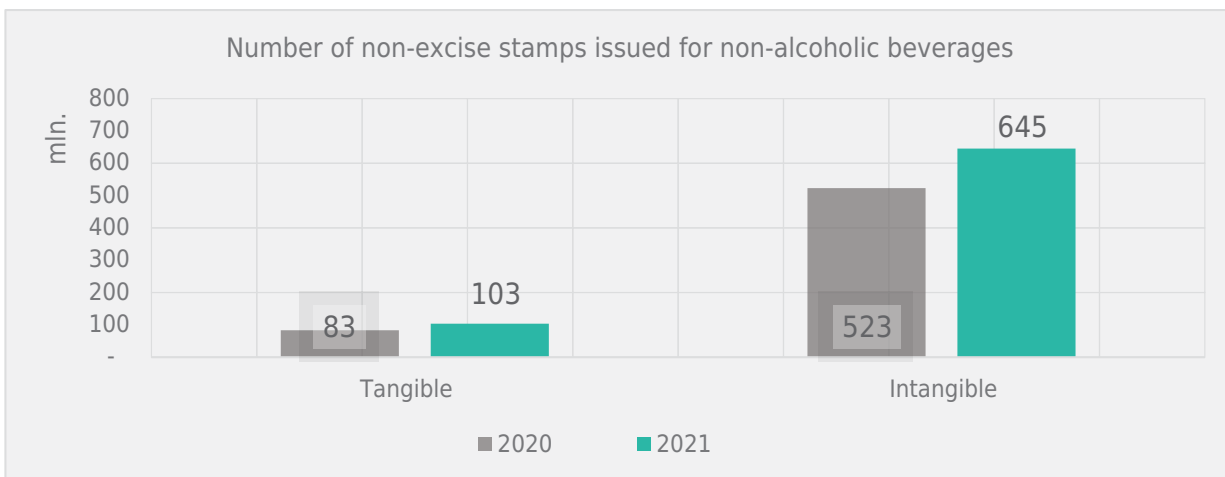
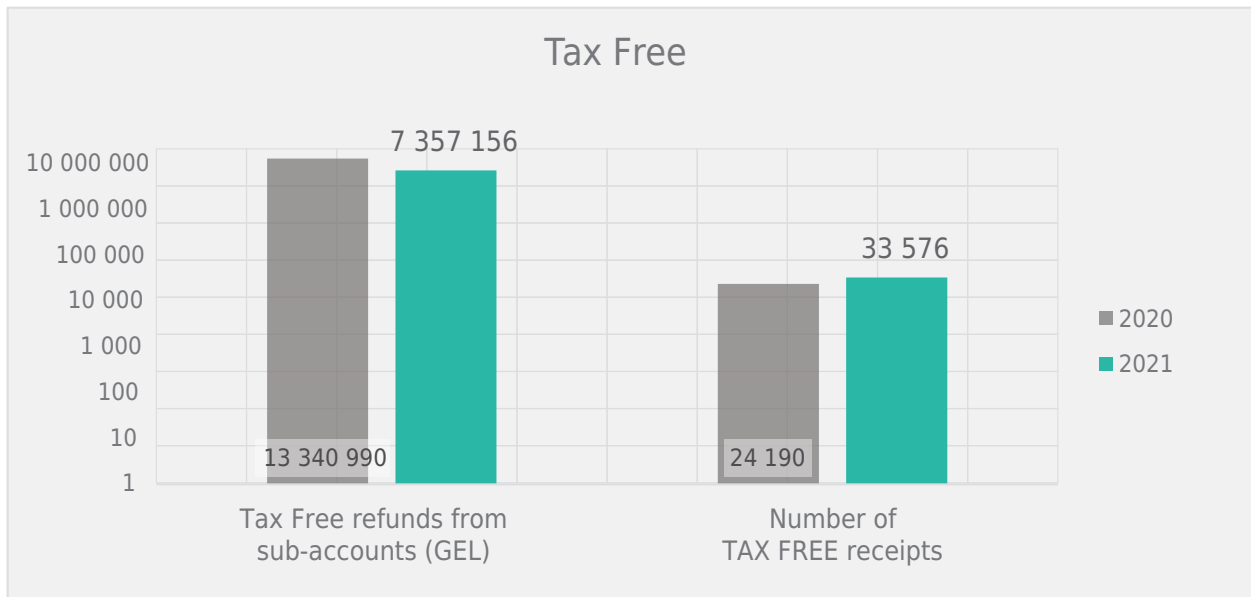


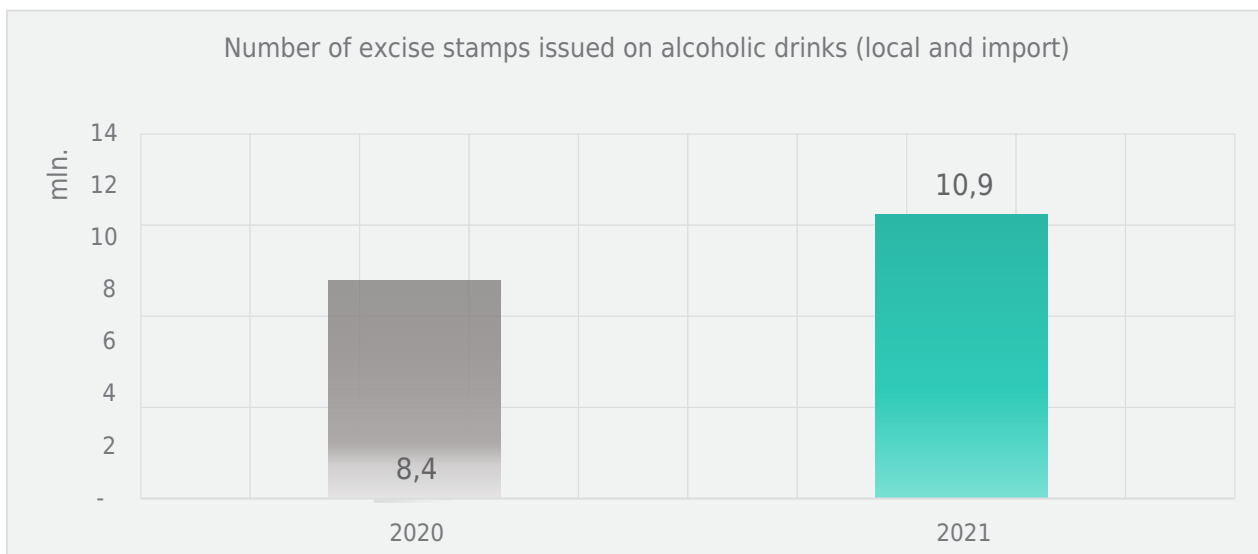
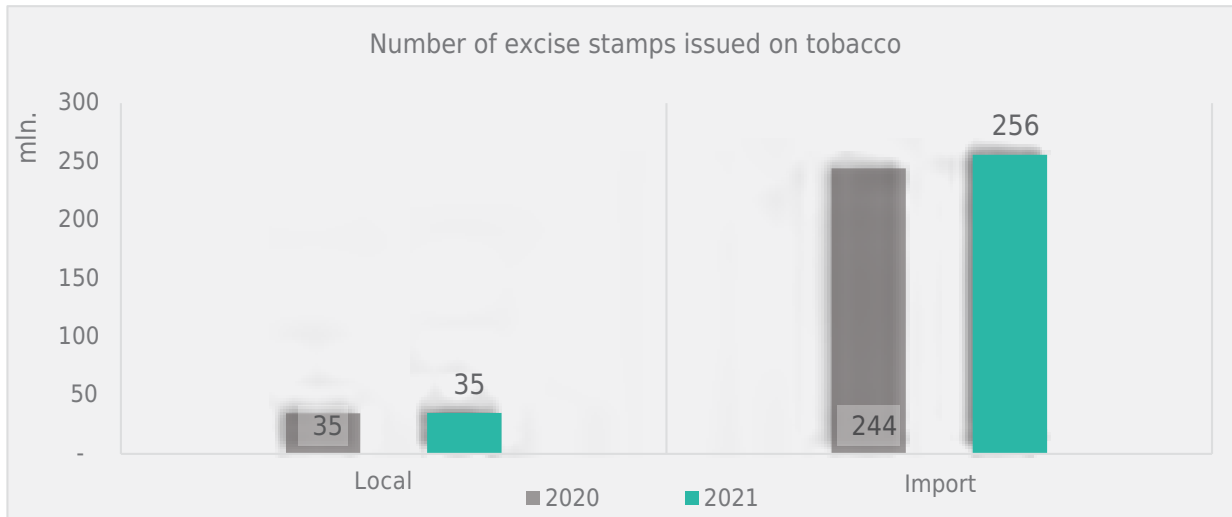
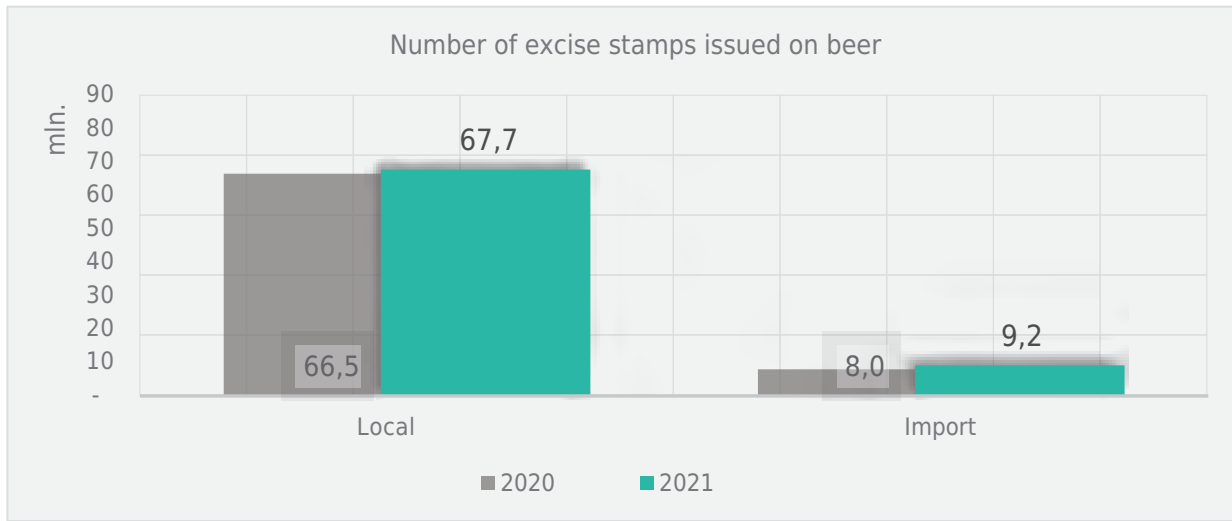
Share of remote usage of electronic applications



Share of Covid-19 related applications in electronic applications



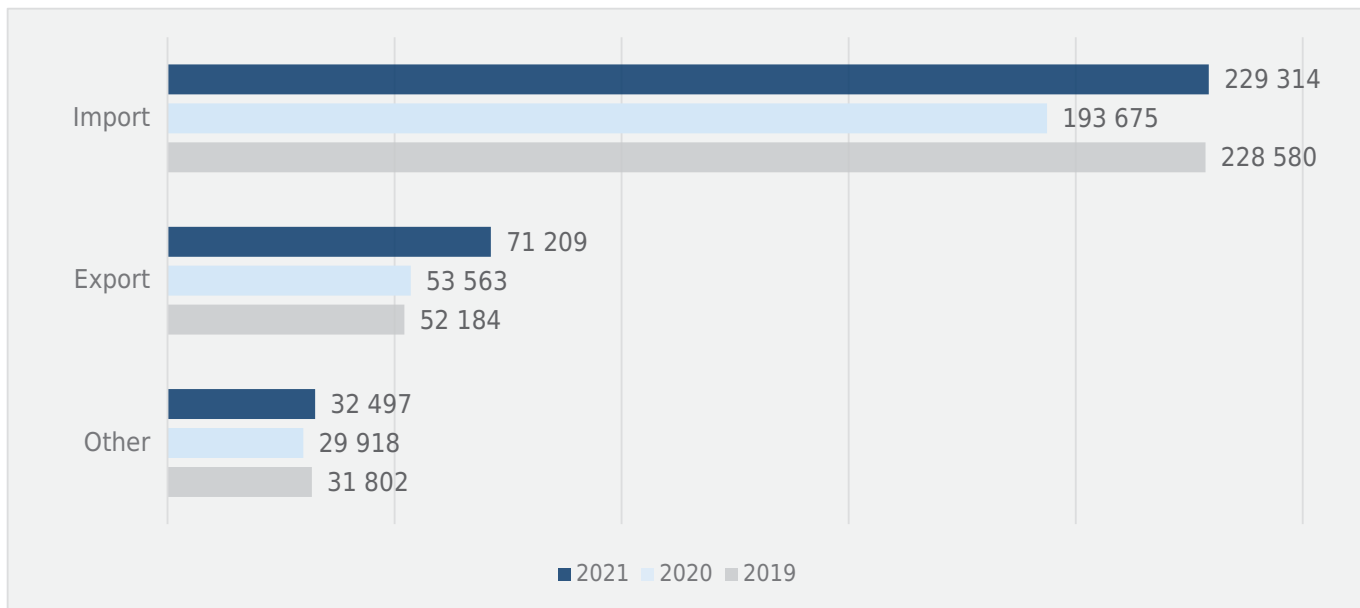




CUSTOMS INDICATORS

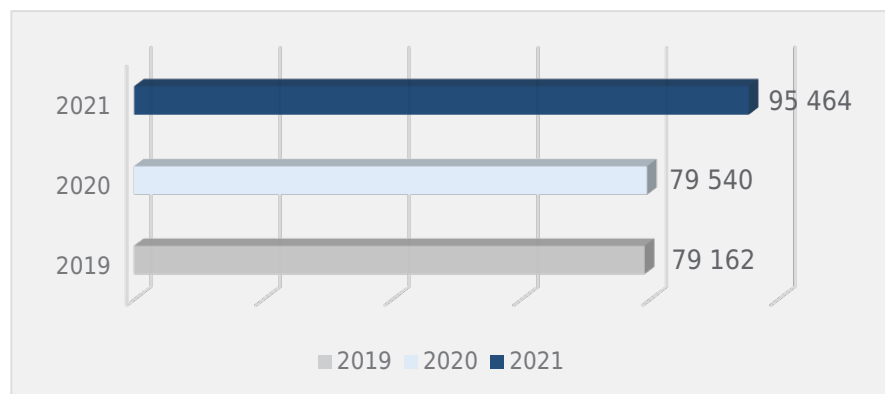
Customs declarations of cleared goods

In 2021, 333 020 customs declarations of goods were cleared, including - 229 314 in free circulation procedure, and - 71 209 in the export procedure. It should be noted, that compared to the previous year, in total, the number of customs declarations of goods increased by 20%; including, in free circulation procedure - by 18% and in export procedure - 33%



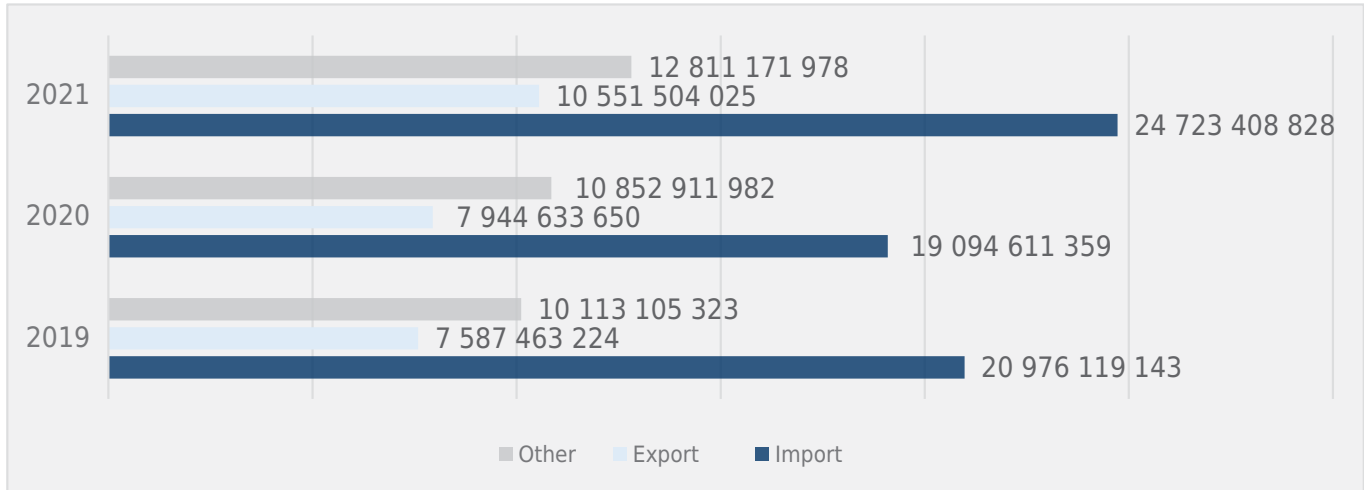
Advance declarations

42% of the declarations were advance declarations for the procedure of release in free circulation; the figure was 41% in 2020 and 35% in 2019



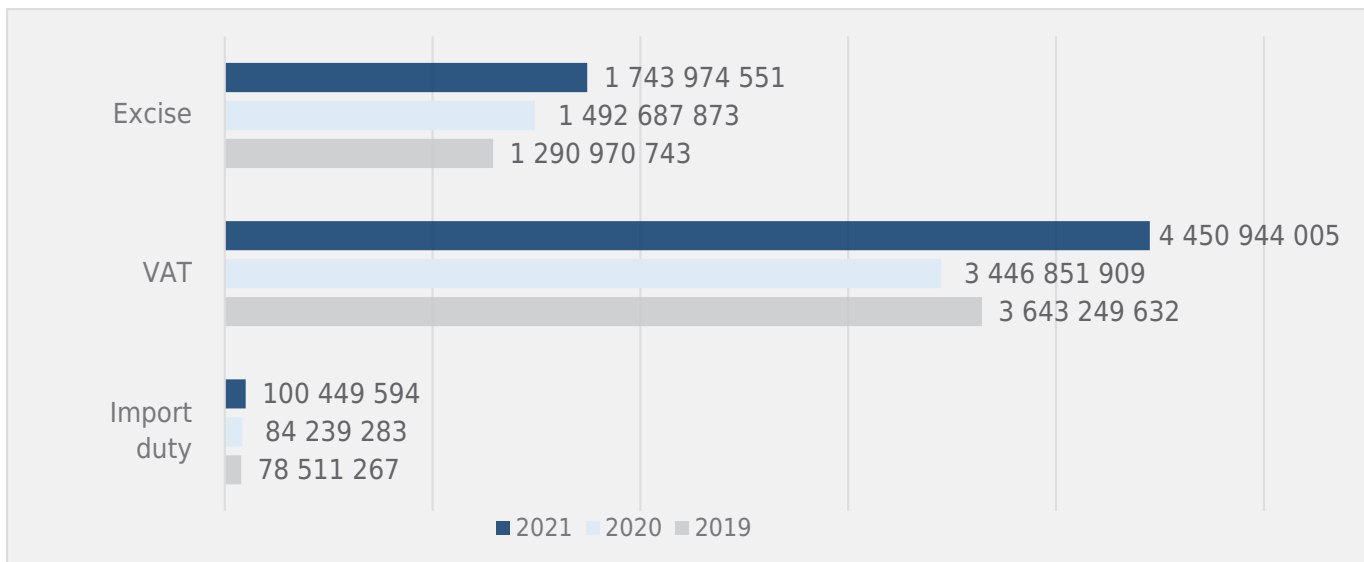
Value of goods cleared by customs declarations of goods

As of 2021, goods worth GEL 48,086,084,831 had been registered; in 2020 - GEL 37,892,156,991; and in 2019 - GEL 38,676,687,689



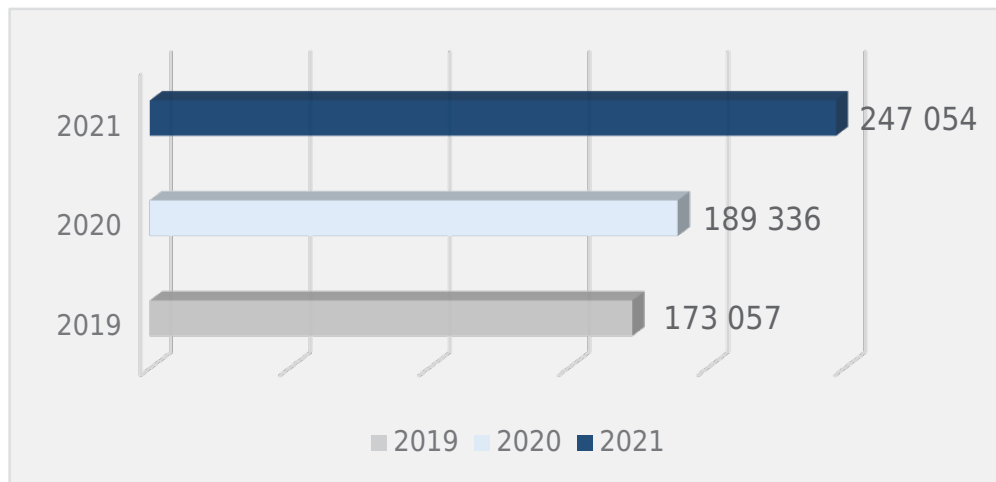
Imposed import duty

The amount of import duty imposed in 2021 was GEL 6,295,368,150



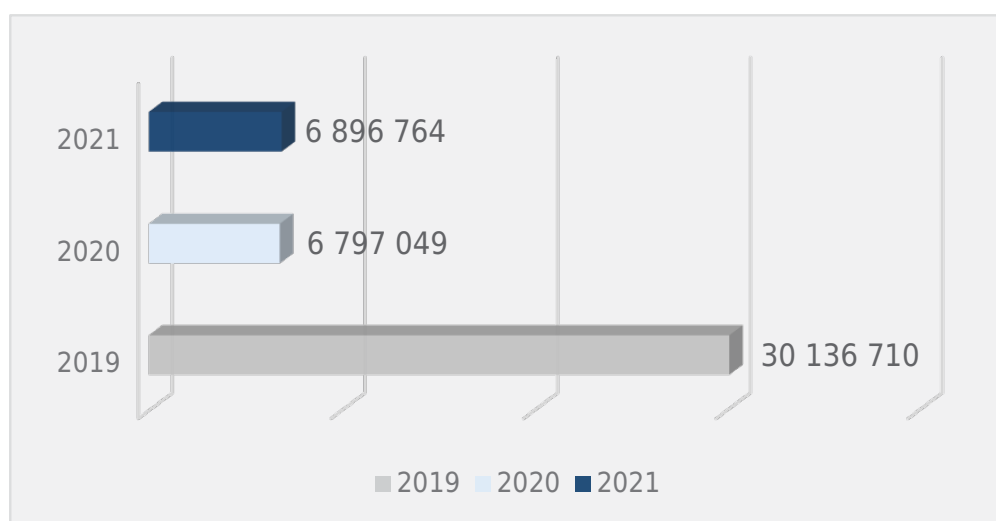
Customs declaration – Form 4 (including postal items)

The number of customs declarations – form 4 in 2021 increased by 30% compared to the previous year



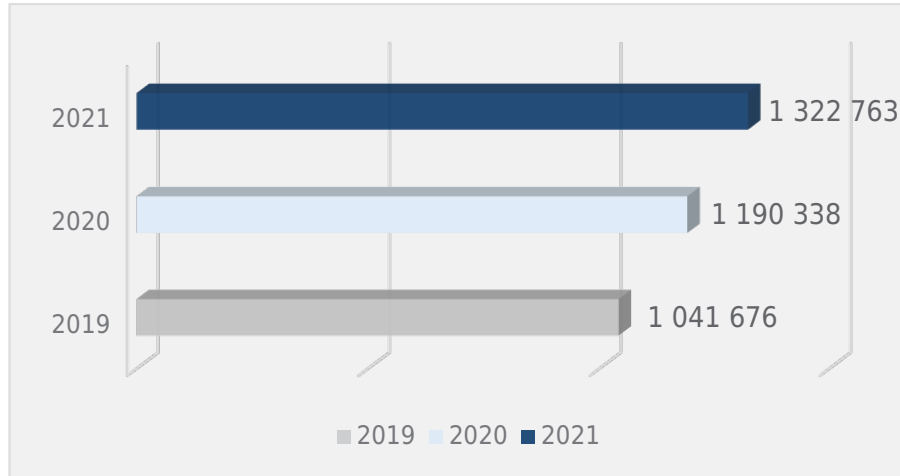
Passengers and vehicles moving across the customs border

Taking into consideration the global pandemic factor, in the years of 2020 and 2021, the number of passengers and vehicles moving at the customs border of Georgia has decreased



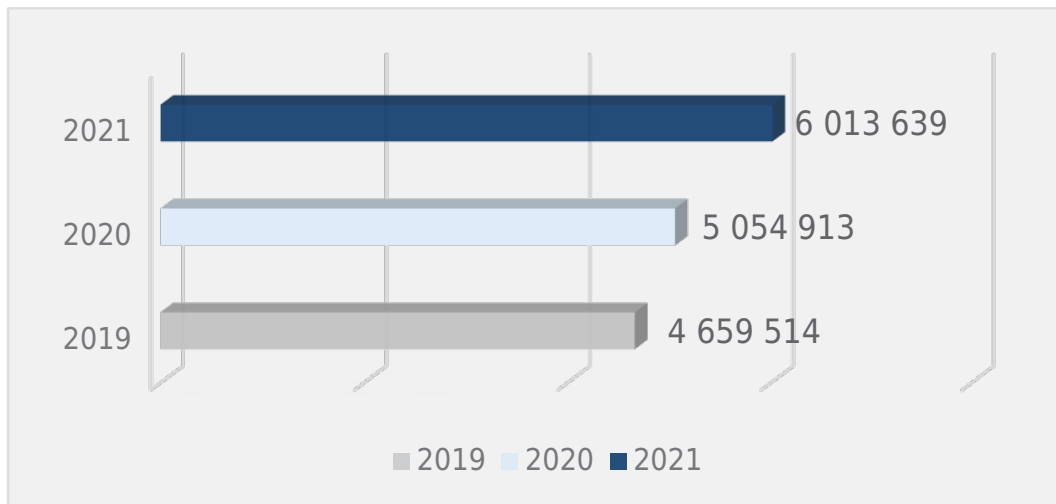
Freight vehicles moving across the customs border

In 2021, the number of freight vehicles moving at the customs border of Georgia increased by 11% compared to the previous year



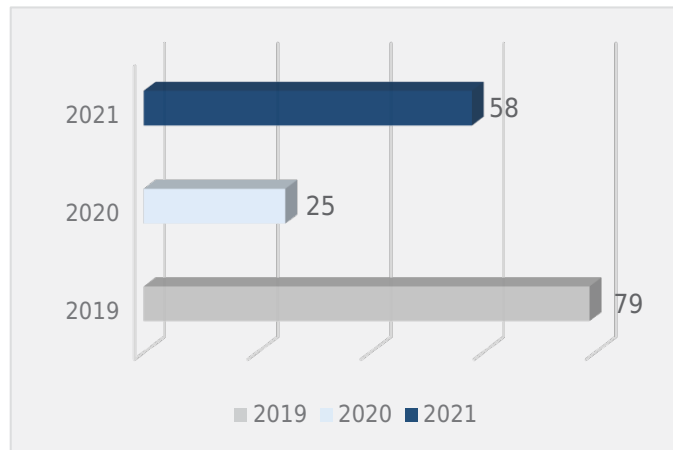
Postal items

In 2020, the number of postal items increased by 19% compared to the previous year



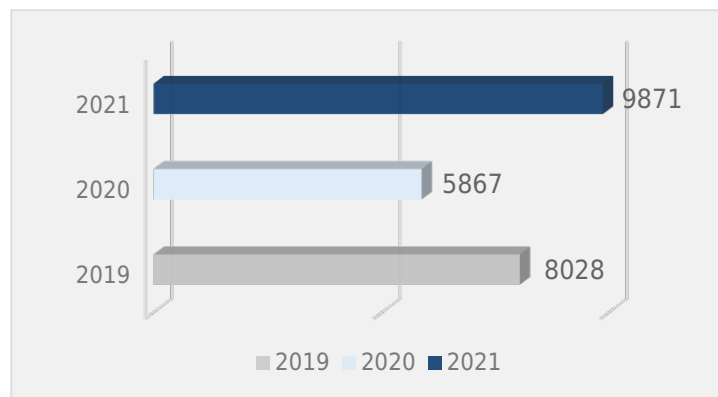
Advance rulings

In 2021, 52 advance rulings were issued to determine the commodity code for goods and 6 – to determine the country of origin of goods



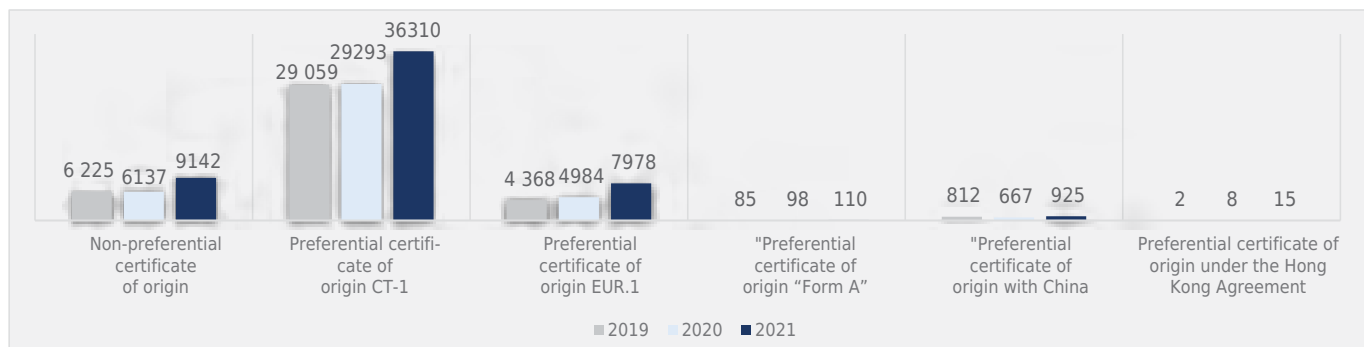
Commodity examinations

In 2021, 9871 commodity examinations were concluded

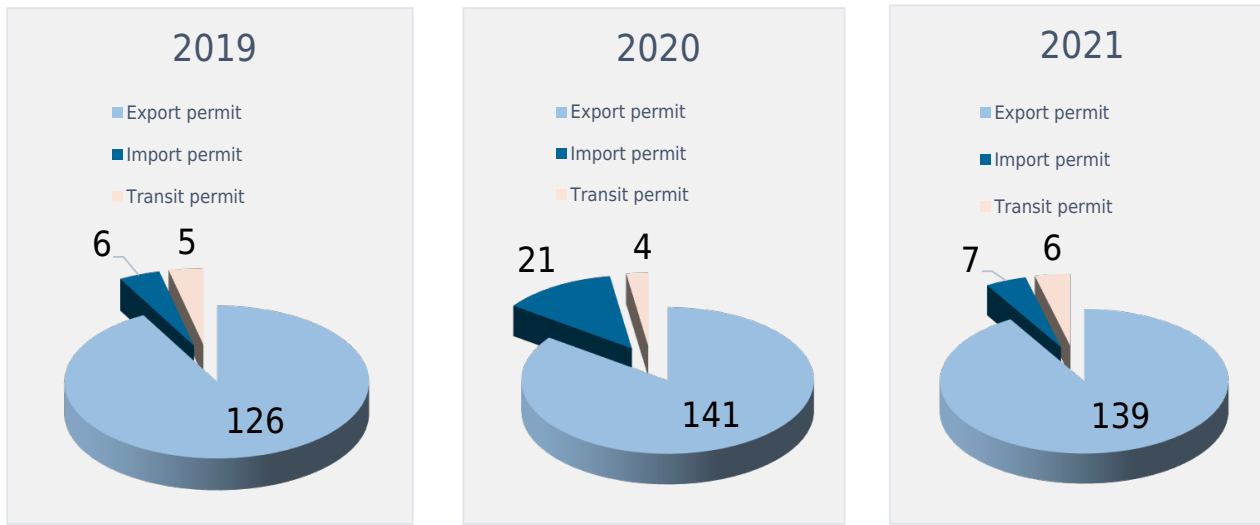


Certificates of origin

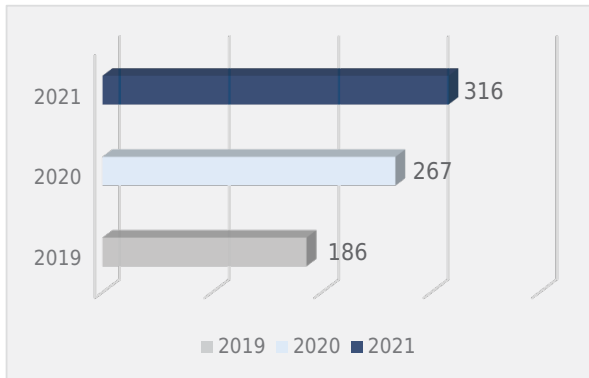
In 2021, 54 480 certificates of origin were issued



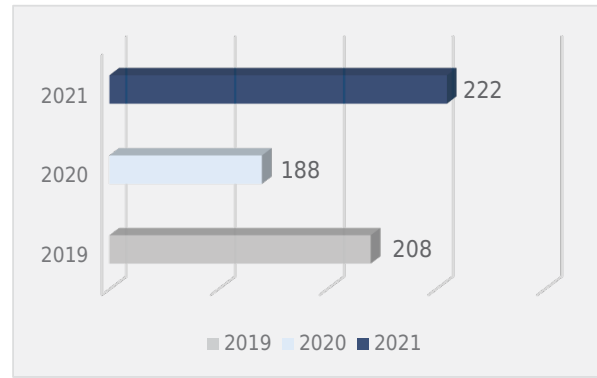
Permits on dual good



Permit on non-iodized salt import

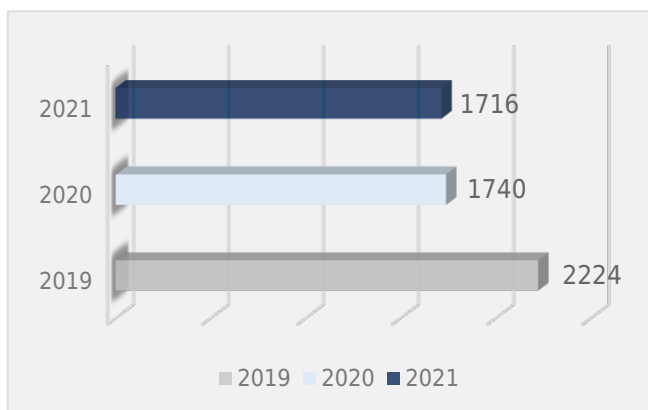


Number of registered intellectual property objects

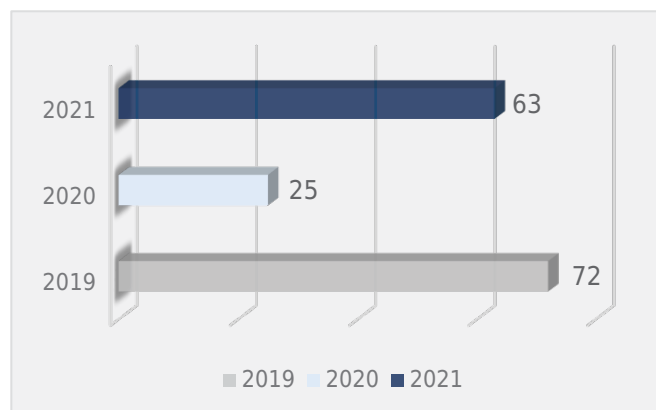


Veterinary border quarantine control

Number of samples taken for laboratory examination

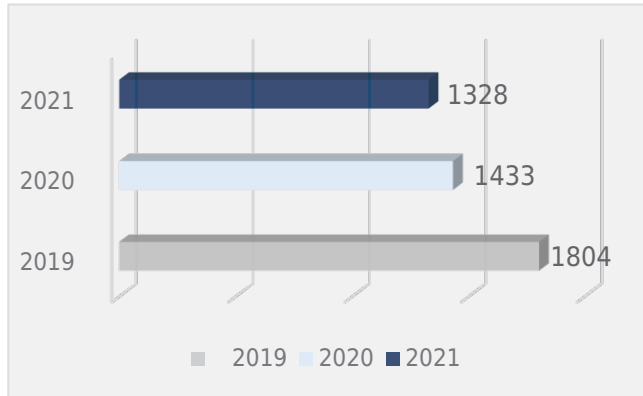


Number of commodity batches where violation was detected

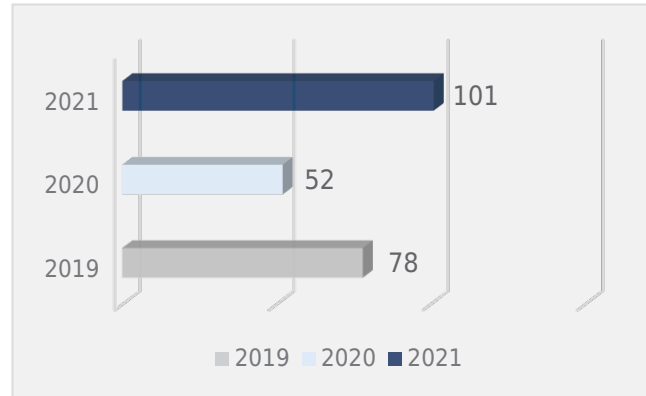


Phytosanitary border quarantine control

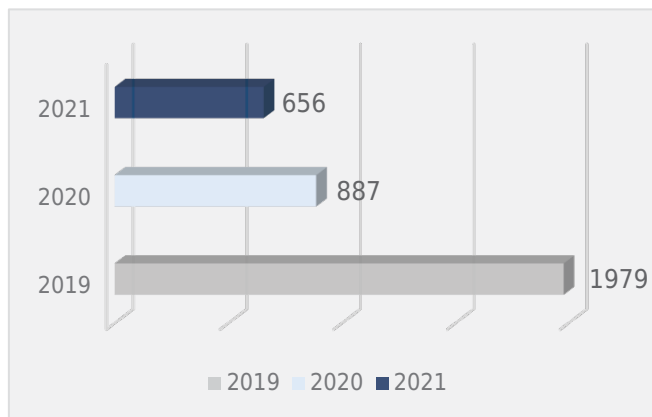
Number of samples taken for laboratory examination



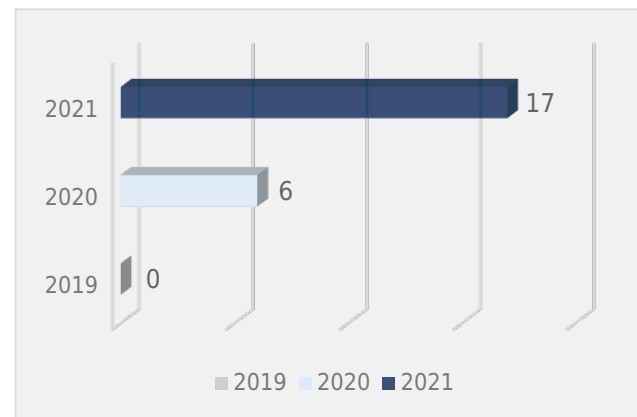
Number of commodity batches where violation was detected



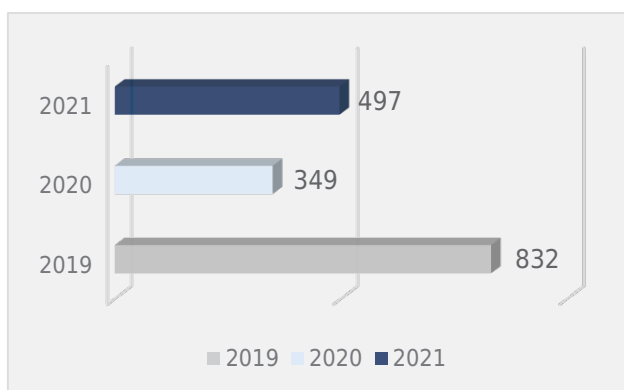
Number of samples of live genetically modified organisms sent to laboratory examination



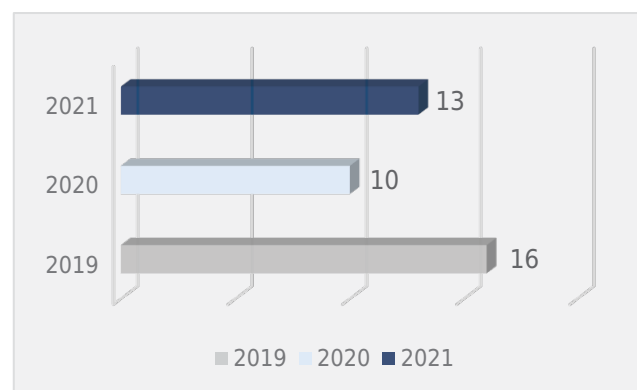
Number of GMO-confirmed cases



Number of samples sent to the laboratory to study the content of genetically modified components in food / animal feed

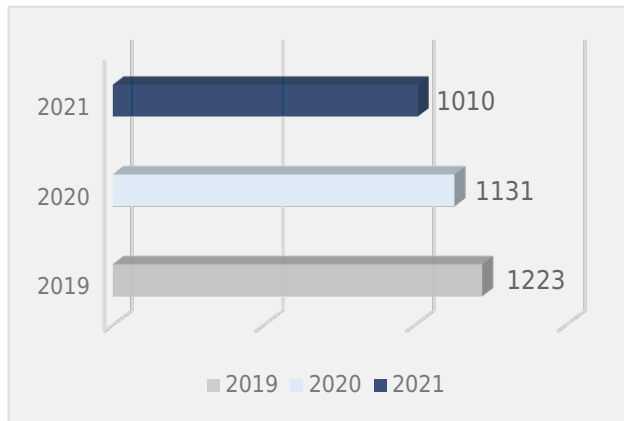


Number of GMO-confirmed cases in food / animal feed

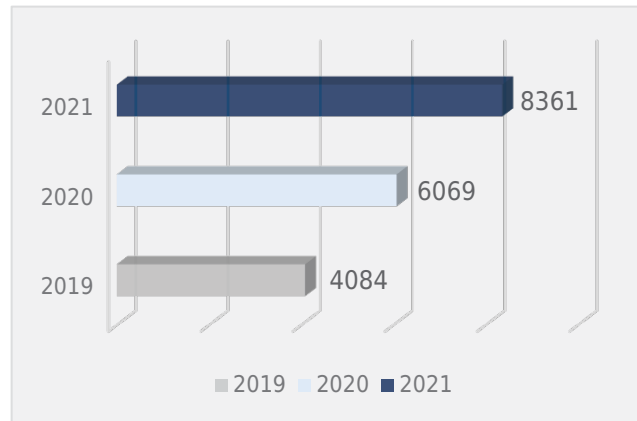


Sanitary, phytosanitary and veterinary permits and certificates

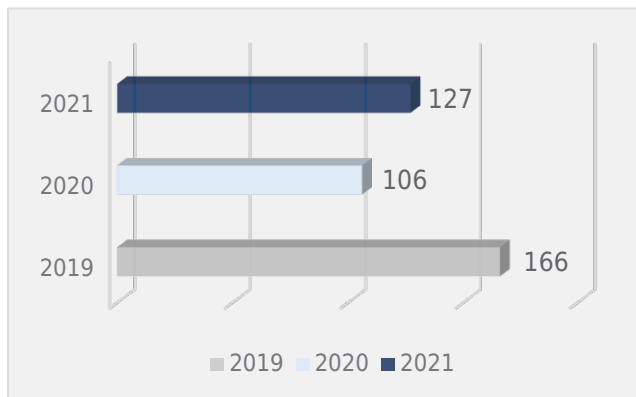
Permit for import of products subject to phytosanitary control



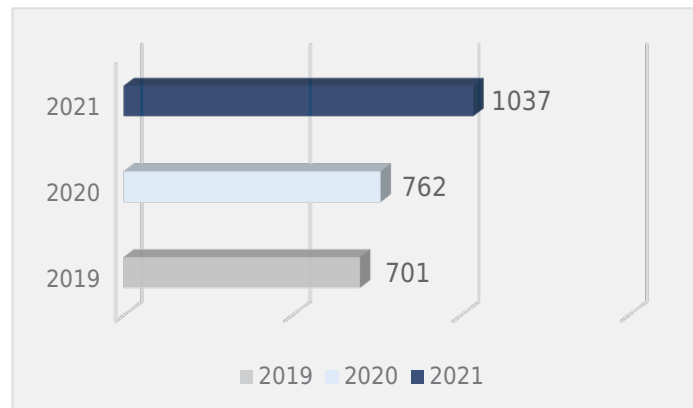
Phytosanitary certificate of export / re-export



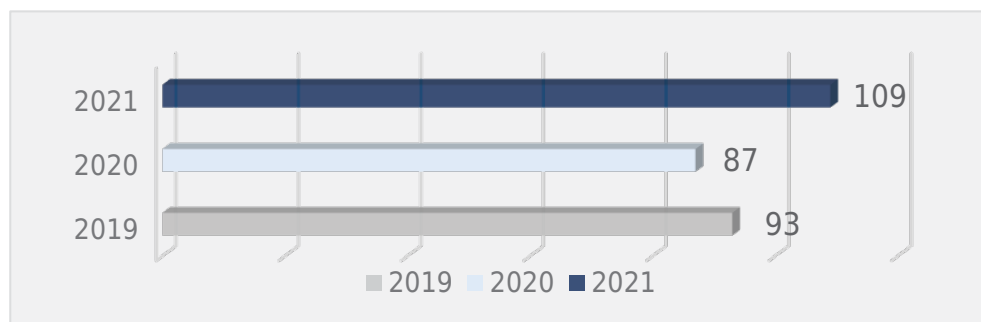
Phytosanitary certificate of export / re-export



Veterinary certificate



Certificate of sanitary control / exemption from sanitary control of the ship

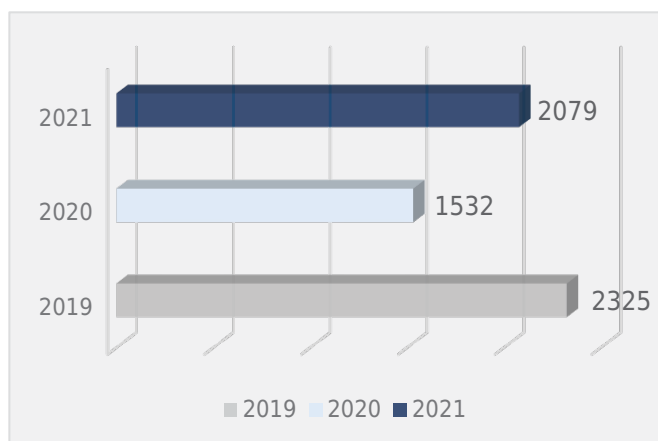


CONTROL OF FOOD / ANIMAL FEED OF NON-ANIMAL ORIGIN		2021
1	NUMBER OF ACTS FOR CONTROL OF FOOD / ANIMAL FEED OF NON-ANIMAL ORIGIN	3705
2	NUMBER OF SAMPLES TAKEN FOR LABORATORY EXAMINATION	412
3	VIOLATION DETECTED DURING LABORATORY EXAMINATION	1
4	NUMBER OF RETURNED COMMODITY BATCHES	4
5	NUMBER OF COMMODITY BATCHES SUBJECT TO PROCESSING	0
6	NUMBER OF DESTROYED COMMODITY BATCHES	2

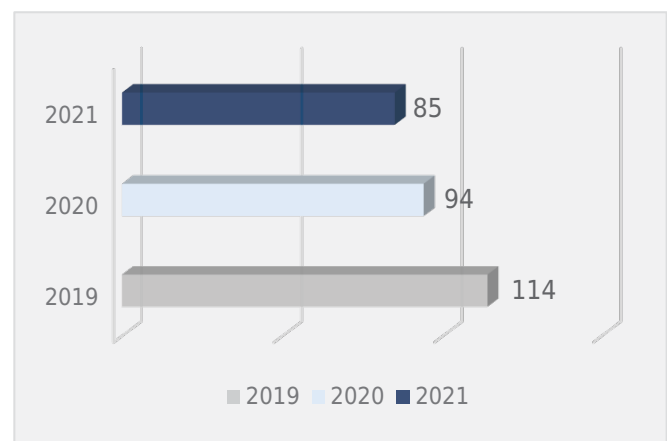
179 samples were subjected to laboratory examination of heavy metals in food of nonanimal origin, and **78** samples were subjected to laboratory examination of the content of trans fats in food made from vegetable fats.

Post clearance control

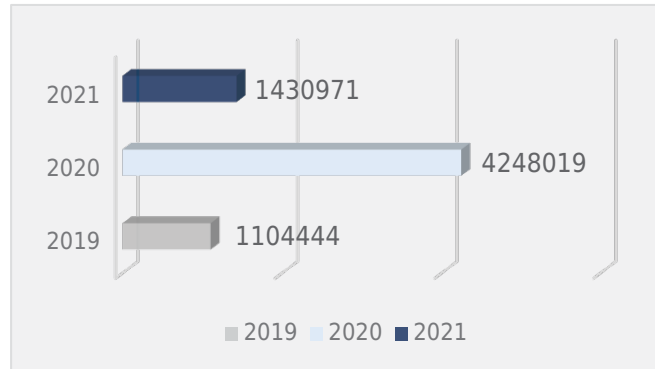
Number of checked declarations defined in the Blue Corridor



Number of cameral / field audits defined by the order



Amount to be charged by acts / interim acts

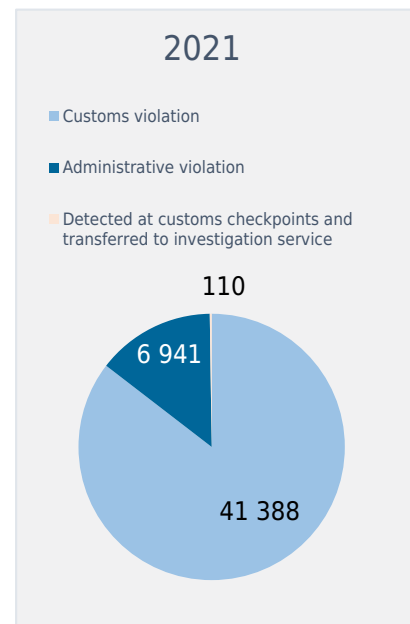
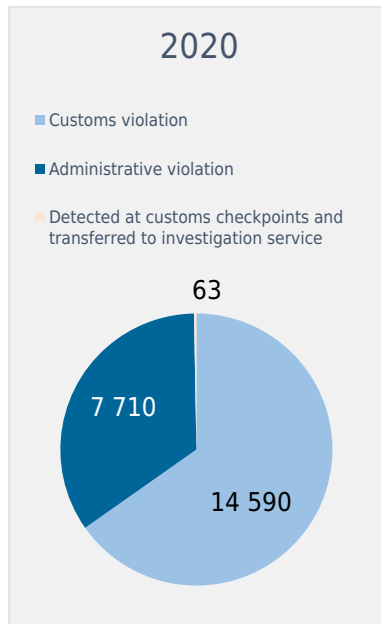
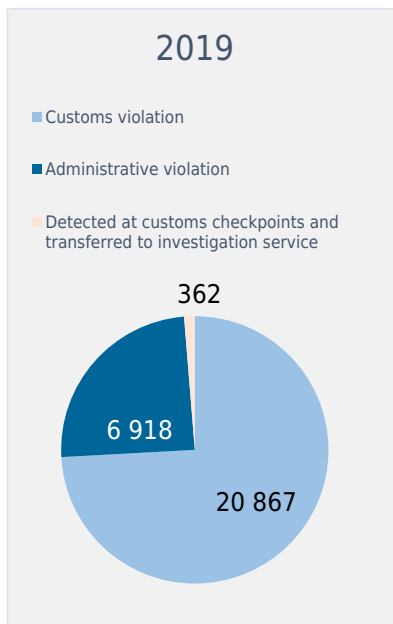


Detected customs violations

In 2021, 48 439 cases of customs violations were detected; the amount accrued as a sanction for 41 388 customs violations amounted to GEL 85 152 900; and the amount charged as a sanction for 6941 administrative violations amounted to GEL 2 118 216.

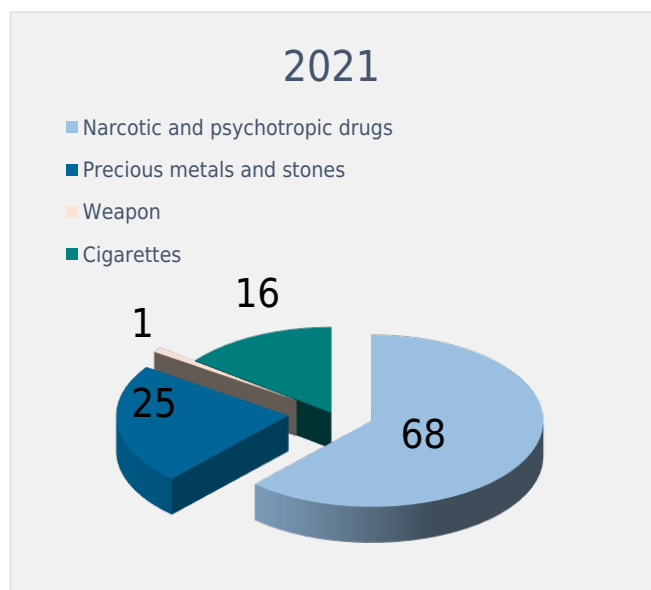
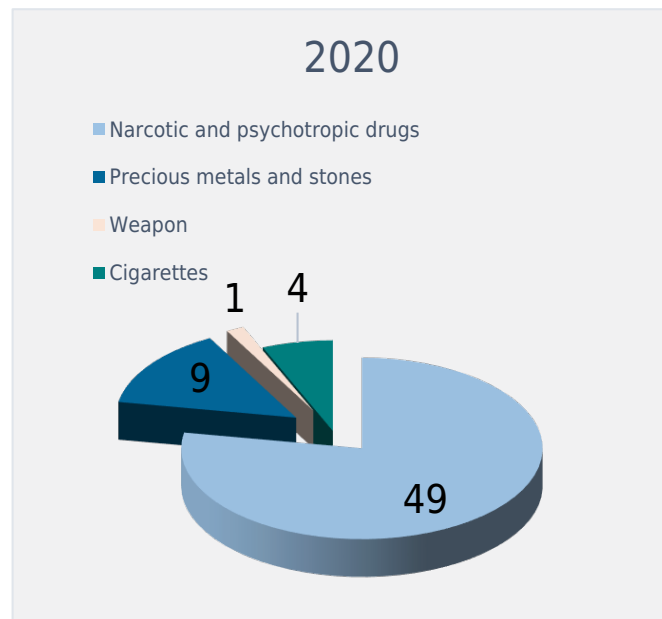
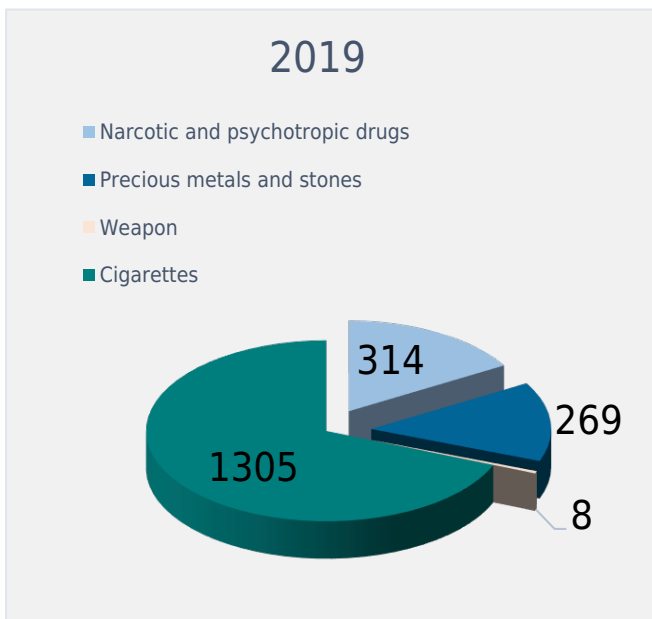
VIOLATIONS

The number of detected violations is increased by 116% compared to the previous year. Herewith, the number of customs violations is increased by 184%.

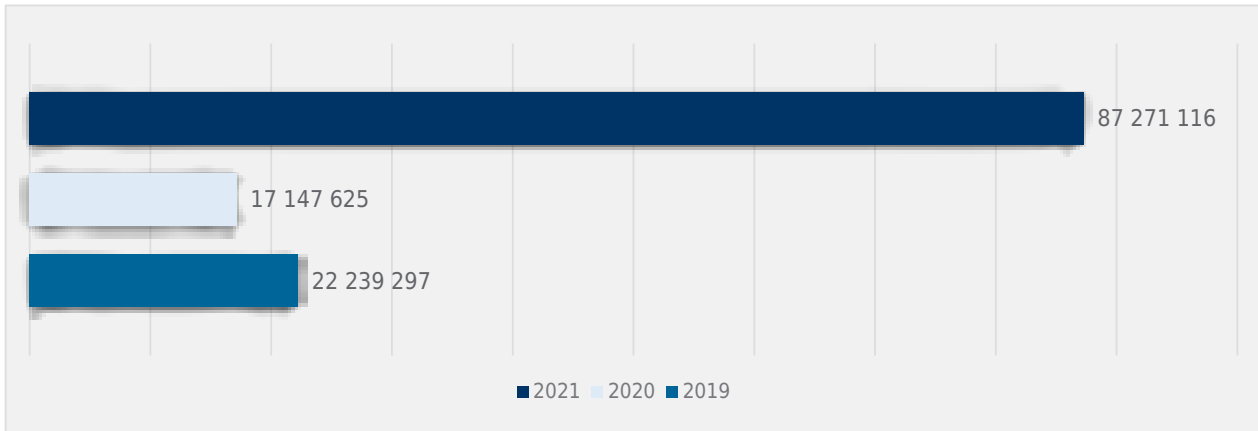


Number of violations related to illegal movement of narcotic and psychotropic drugs, weapons, precious metals and cigarettes across the state border.

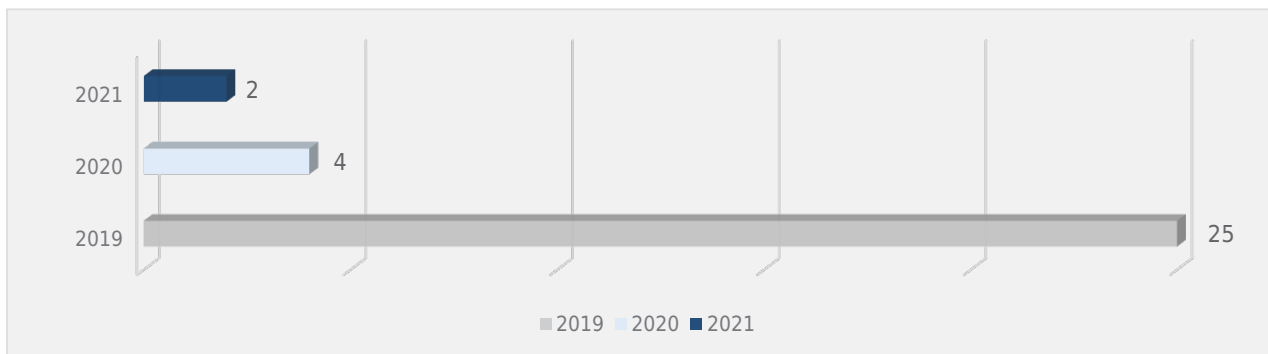
Note: Taking into consideration the global pandemic factor, in 2020 and 2021, the number of detected customs border violations has decreased significantly.



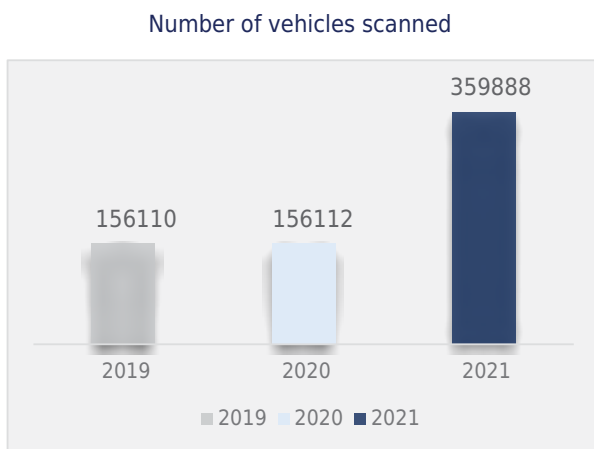
Amount accrued as a sanction on customs and administrative offenses



Number of violations detected as a result of canine inspection



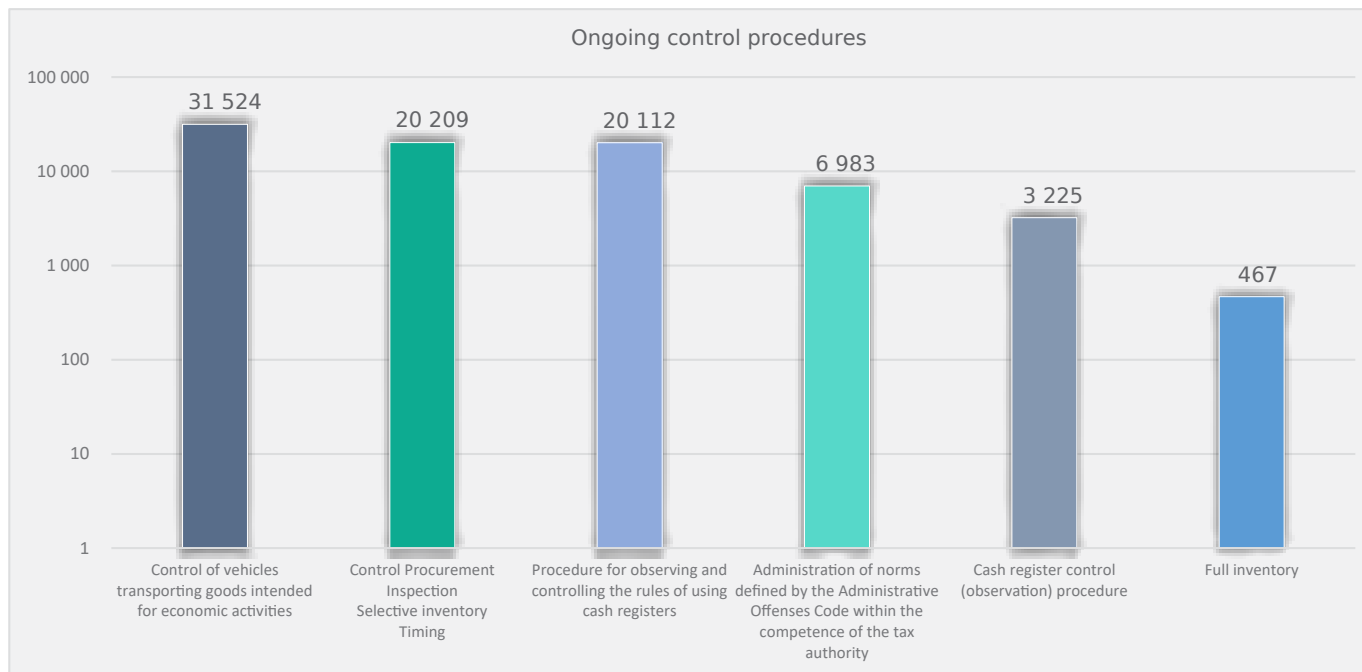
Scanned vehicles and the number of violations detected



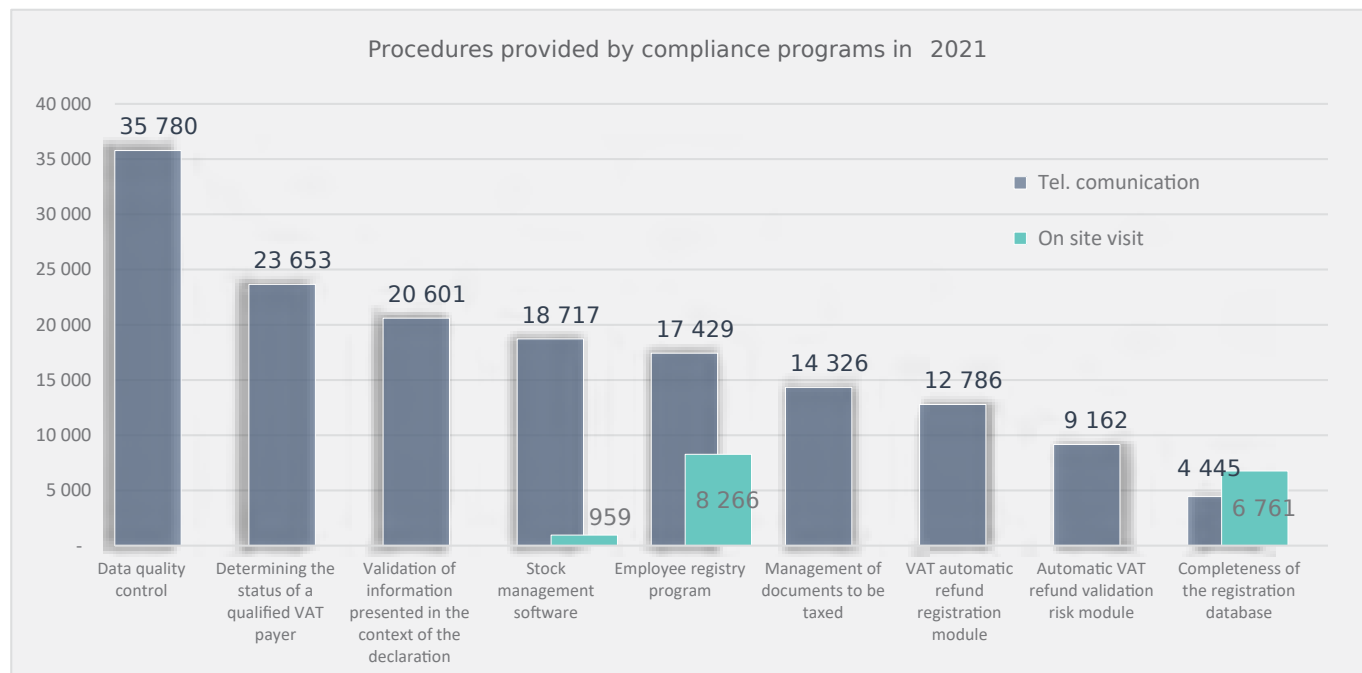
IN 2021, AS A RESULT OF VEHICLE SCANNING, 271 CASES OF VIOLATIONS WERE REVEALED. THE AMOUNT ACCRUED IN FAVOR OF THE BUDGET – GEL 167 412.

TAX MONITORING INDICATORS

Ongoing control procedures

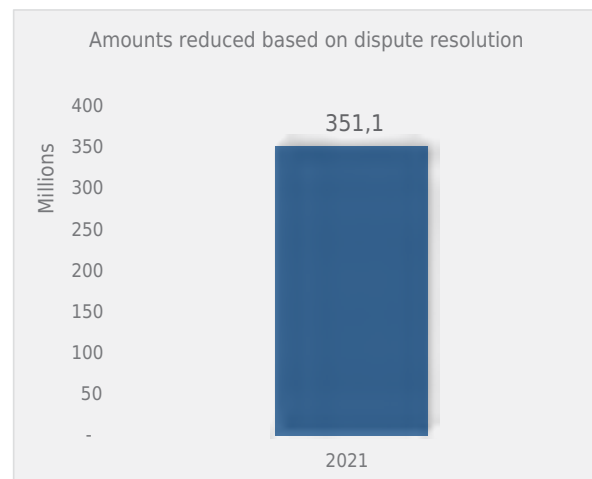
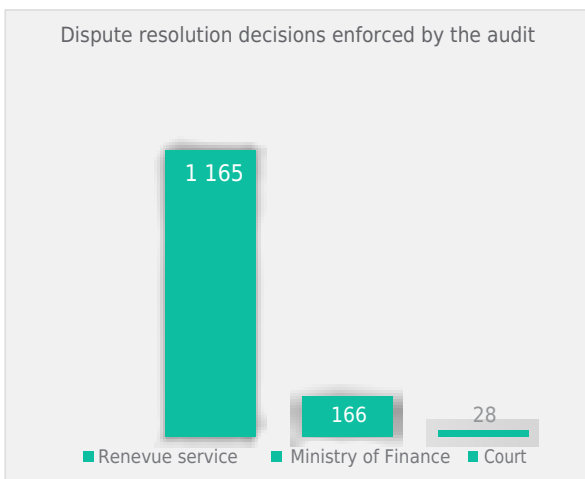
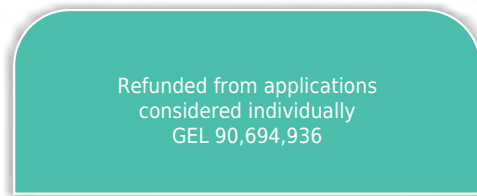
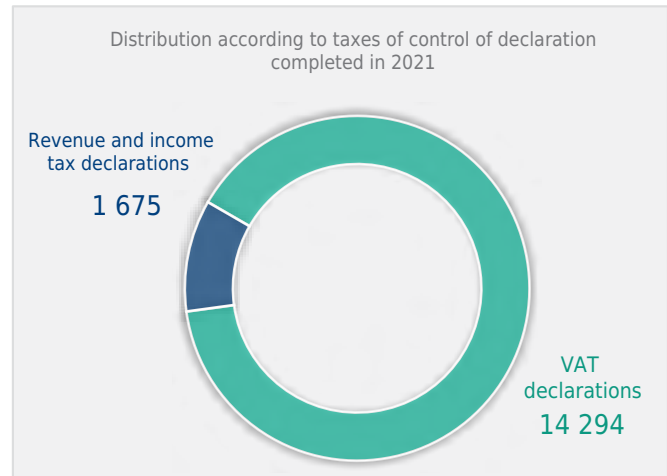
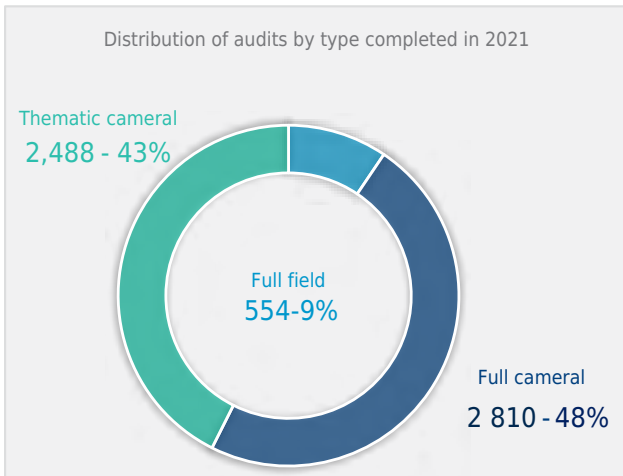
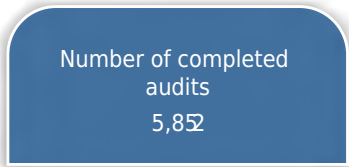


Procedures provided by compliance programs³



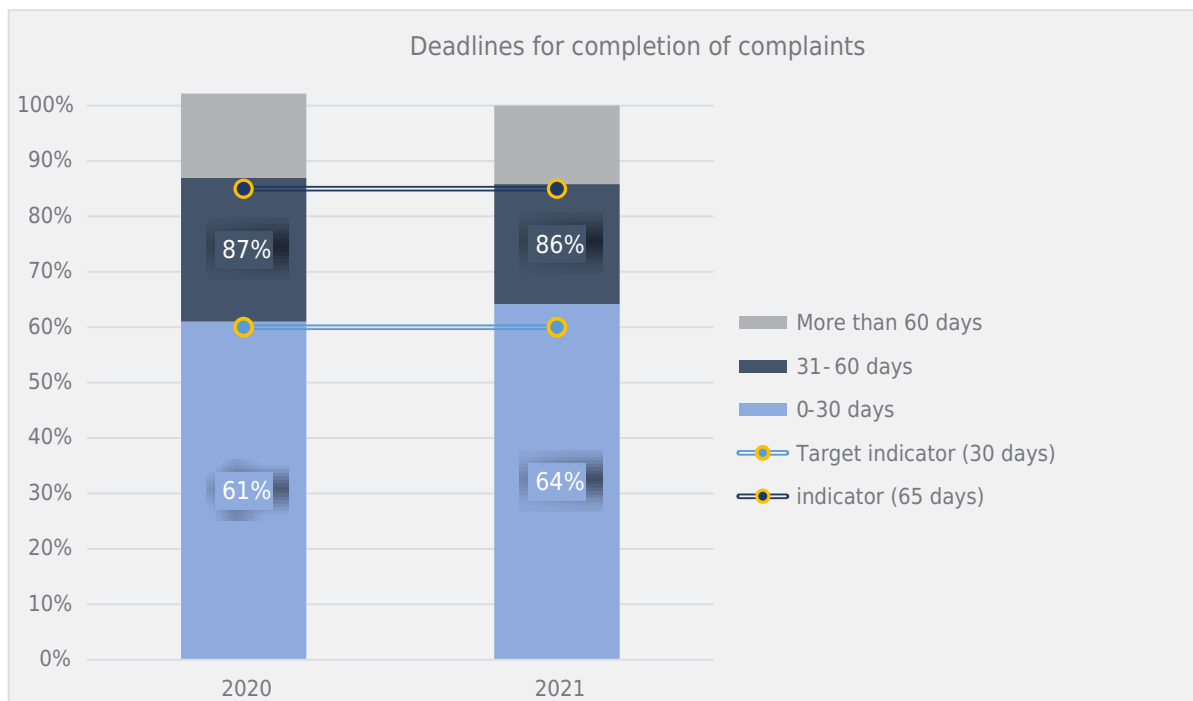
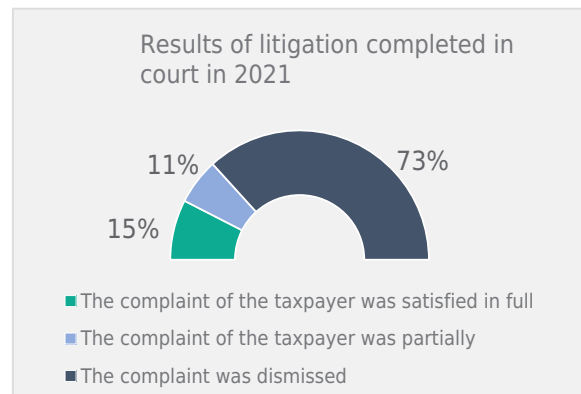
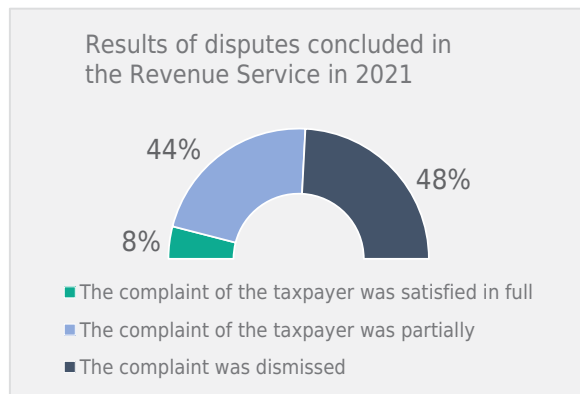
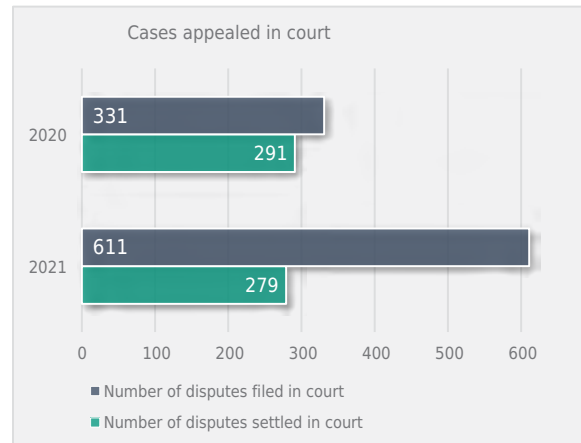
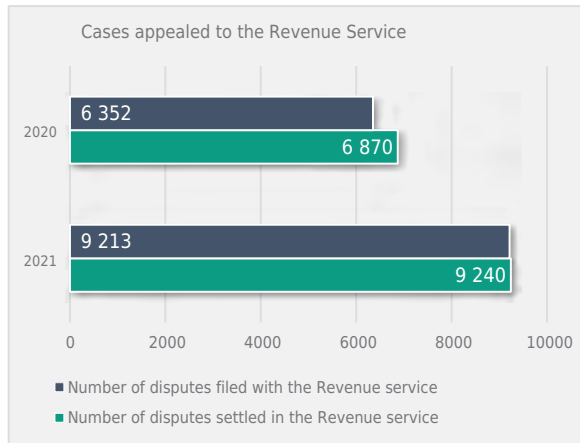
³ In addition to 20,602 telephone communications, 583,245 messages were sent as part of the declaration validation program.

AUDIT INDICATORS



From GEL 367.18 million accrued by the tax audit acts settled by the decisions of the disputes executed by the Audit Department, GEL 351.1 million was reduced.

DISPUTE INDICATORS





MINISTRY OF FINANCE
OF GEORGIA



REVENUE
SERVICE

INTERACTION IS SIMPLE

REVENUE SERVICE

 N16 Gorgasali street, 0114

 032 2 299 299

 info@rs.ge

 www.rs.ge