REVENUE SERVICE

MINISTRY OF FINANCE OF GEORIA

2024 ANNUAL REPORT

REVENUE SERVICE



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2024

ANNUAL REPORT

REVENUE SERVICE

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LEVAN KAKAVA

DIRECTOR GENERAL OF THE REVENUE SERVICE OF THE MINISTRY OF FINANCE

On behalf of the Revenue Service, I am pleased to present the 2024 Activity Report. This document highlights the efforts and progress our team has made over the past year in developing the country's tax and customs systems. The report also reaffirms our unwavering commitment to professionalism, transparency, and public accountability—principles that underpin the daily operations of the Revenue Service.

The year 2024 was marked by a convergence of significant global challenges and emerging opportunities for tax and customs administrations worldwide. Geopolitical conflicts, shifting regional trade dynamics, and evolving taxpayer behavior required an effective response, while simultaneously presenting avenues for growth and advancement. The rapid development of digital technologies led to substantial transformations in tax and customs administration systems.

Amid these circumstances, the past year represented another significant phase in the development of the Revenue Service. While addressing global challenges, we also expanded strategic opportunities emerging within the region—such as the expansion of transit corridors, the modernization of customs infrastructure, and integration into international technological initiatives. We deepened cooperation with partner countries and organizations. By adopting preventive approaches, enhancing data-driven risk management, and improving customs and tax services, we further reinforced the institutional capacity of the Service.

Various successful reforms have been implemented, aimed at promoting voluntary taxpayer compliance and fostering a fair and equitable tax environment. Taking into consideration the international best practices and experience, we have continued to prioritize the encouragement of voluntary compliance, the development of preventive control mechanisms, and the adoption of innovative approaches and technologies to reduce the compliance burden on taxpayers. As of today, the Revenue Service is increasingly perceived not merely as a tax collection authority, but as a reliable, service-oriented, and transparent institution. Therefore, the above-mentioned strategic approaches have significantly contributed to strengthening public trust and the quality of cooperation.

Despite the progress achieved, continuous advancement remains our core objective. In 2024, particular emphasis was placed on digital transformation. In an era where technology is rapidly reshaping the economy and business environment, it is imperative for tax and customs administrations to adapt effectively. The adoption of innovative technologies and data-driven governance is no longer a matter of choice—it has become a fundamental prerequisite for ensuring the economic sustainability and global competitiveness of our country.

Guided by this vision, in 2024 we developed a new strategy for the period 2025–2030, identifying digital transformation as the central priority—a powerful instrument for enhancing voluntary compliance to an even higher level. The successful implementation of this objective will enable a more efficient and equitable tax and customs administration, ultimately facilitating both domestic and international trade.

I am confident that the objectives set by the Revenue Service will be achieved through the dedication of the professionals who work tirelessly each day to uphold the financial stability of our country. I would like to extend my sincere gratitude to every employee of the Service for their unwavering commitment, to our international partners for their constructive cooperation, and, most importantly, to the taxpayers for their trust and fair contribution to the state-building process.

The 2024 Report serves as a guide to how these results were achieved and outlines our approach to addressing future challenges through a professional, digital, and dependable Service. I believe that, through our joint efforts, the Revenue Service will continue to strengthen state sovereignty, enhance the quality of governance, and lay a stronger foundation for future generations.

Sincerely,
Levan Kakava
Director General of the Revenue
Service of the Ministry of Finance

SUMMARY

In 2024, the Revenue Service continued to implement the strategic objectives outlined for the 2021–2024 period, which are fully aligned with both the Government Program - Towards Building a European State and the priorities of Development Strategy of Georgia - Vision 2030. Amid global challenges and complex geopolitical developments in the region, maintaining economic stability remained one of the primary challenges of the country. In this context, and alignment with international obligations, the Revenue Service focused its efforts on optimizing tax and customs administration and advancing technological development.

To foster a fair and transparent tax environment, significant measures were undertaken in accordance with the priority areas outlined in the Compliance Improvement Plan for 2024–2025. One of the key priorities was the enhancement of large taxpayer administration. As a result of expanding and refining services and tools specifically tailored to this segment, the level of voluntary compliance increased substantially. Consequently, this category of taxpayers accounted for 40% of the tax revenues within the consolidated budget.

The Revenue Service has actively pursued efforts to enhance awareness among current and potential taxpayers, as well as individuals crossing the border, in the areas of taxation and customs. In this regard, a digital platform for continuous/constant communication and information exchange with stakeholders and taxpayers was launched on the website of the Revenue Service in 2024. In response to the rapidly evolving technological landscape, the Revenue Service remains focused on the full digitization of its services, the simplification of remote service access, the promotion of self-service options, and the integration of artificial intelligence into service delivery.

In 2024, cargo turnover through the customs territory of Georgia increased significantly, largely attributed to the activation of the so-called Middle Corridor of international transit. This trend presents new challenges for the Revenue Service's customs infrastructure and administration. In response, the Revenue Service is advancing the digital transformation of customs procedures, strengthening human and infrastructure capacities, and expanding mechanisms for the preliminary exchange of customs information with partner countries. A key component of this effort is the international implementation of the New Computerized Transit System (NCTS), which has been integrated into the international transportation framework. Within the framework of the Association Agreement with the European Union, this initiative will, starting in 2025, allow exporters, the transport sector, international guarantee providers, and other stakeholders in the international supply chain to move goods across 36 countries swiftly and without the need for additional documentation.

Considering the geopolitical situation in the region, the role of the Revenue Service in the enforcement of international sanctions has been notably reinforced. The institution actively engaged in close cooperation with partner jurisdictions to monitor compliance with sanctions and to facilitate the exchange of operational information.

In 2024, particular emphasis was placed on the development of human capital as a means of strengthening institutional capacity and ensuring organizational sustainability. A comprehensive Training Needs Assessment (TNA) was conducted, a professional development program was designed, and employees were provided with opportunities to participate in both local and international educational initiatives. The measures implemented in the area of human resource management contributed to a significant reduction in the employee turnover rate.

In response to hybrid threats, the evolving environment, and the increasing risks that arise as a result, the Revenue Service is continuing to enhance its information security systems in line with applicable regulatory requirements and the ISO 27001 standard. Furthermore, as part of efforts to ensure institutional sustainability, the enterprise risk management model has been improved, the project management system has been expanded—particularly in the area of information technology—and a program evaluation methodology has been developed. These initiatives contribute to the prevention of inefficient resource use and promote the effective allocation of resources to results-oriented programs.

To promote the exchange of international best practices and expertise, the Revenue Service continues to maintain close cooperation with partner tax administrations and international organizations. The Service actively engages in regional and global platforms that facilitate the sharing of knowledge and innovative approaches.

In 2024, the legal framework for the implementation of the Common Reporting Standard (CRS) was significantly enhanced in accordance with the Multilateral Competent Authority Agreement on Automatic Exchange of Financial Account Information. The Revenue Service successfully underwent the OECD Global Forum's assessment of its information security and confidentiality systems, as required by the Standard, leading to the activation of the relevant international agreements.

Within the framework of the EU tax and customs programmes—Customs and Fiscalis—the grants received in 2024 supported a range of activities aligned with the strategic priorities set by the EU. This financial assistance played a vital role in enhancing tax administration and aligning it more closely with international standards.

The Revenue Service has developed its Strategy for 2025–2030, outlining a long-term vision for the development of the tax and customs system of Georgia over the coming years. The strategic goals and objectives were envisaged based on the analysis of the current state of the Revenue Service, global trends, and the experiences of leading tax and customs administrations.

This Report provides information on the activities planned under the Strategy of the Revenue Service for 2021–2024 and implemented in 2024, the expenditures incurred to enhance and develop tax and customs services, and the respective sources of funding.

MISSION, VISION, AND VALUES OF THE REVENUE SERVICE

MISSION

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

VISION

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 by high professional standards.

INTEGRITY

The actions of each employee are based on the principles of honesty, fairness, and accountability.

INNOVATIVENESS

Introducing modern and effective approaches using advanced technologies.

STRATEGIC OBJECTIVES OF THE REVENUE SERVICE FOR 2021-2024

The 2021–2024 Strategy represents a structured framework of goals and objectives established by the Revenue Service of Georgia, aimed at advancing the tax and customs system of the country and fulfilling the mission and vision of the Revenue Service. The Strategy was developed with careful consideration of the prevailing environment, global trends, domestic challenges, and development-oriented priorities.

The strategy outlines three primary strategic objectives:



The effective implementation of these objectives is grounded in a results-oriented approach. To support their achievement, annual action plans are developed and approved, ensuring the consistent execution of the Strategy. In 2024, the majority of activities undertaken within the framework of the Strategy were financed through the own revenues of the Revenue Service, while additional support was provided by the state budget and international donor organizations.

This Report was developed by the Analytical Department of the Revenue Service and presents the key tax revenue indicators for 2024, the outcomes of activities undertaken to achieve the strategic goals and objectives of the Service, details of expenditures incurred to support the improvement and development of tax and customs services, information on significant legislative changes and the social initiatives of the Service, as well as other major events carried out during the year, along with a summary of annual statistical data.

შემოსავლების სამსახურის ორგანიზაციული სტრუქტურა

The organizational structure of the Revenue Service ensures effective management and coordination across all levels. It is modeled on international best practices employed by leading tax administrations and is based on a functional principle, whereby structural units are divided into headquarters and operational departments. Therefore, the organization is centrally managed through the head office, which is responsible for defining strategic directions and formulating institutional policies. The operational departments are functionally specialized units operating within a regional framework and covering the entire territory of the country. Their activities are coordinated by corresponding departments at the headquarters, among which the Analytical and Methodology Departments play a central role. Specifically, the Analytical Department is responsible for strategic planning and reporting, reform and project management, risk management, data warehouse development, data analysis, and information support. The Methodology Department, on the other hand, is tasked with methodological development and the standardization of processes. Other departments at the headquarters primarily carry out support functions.

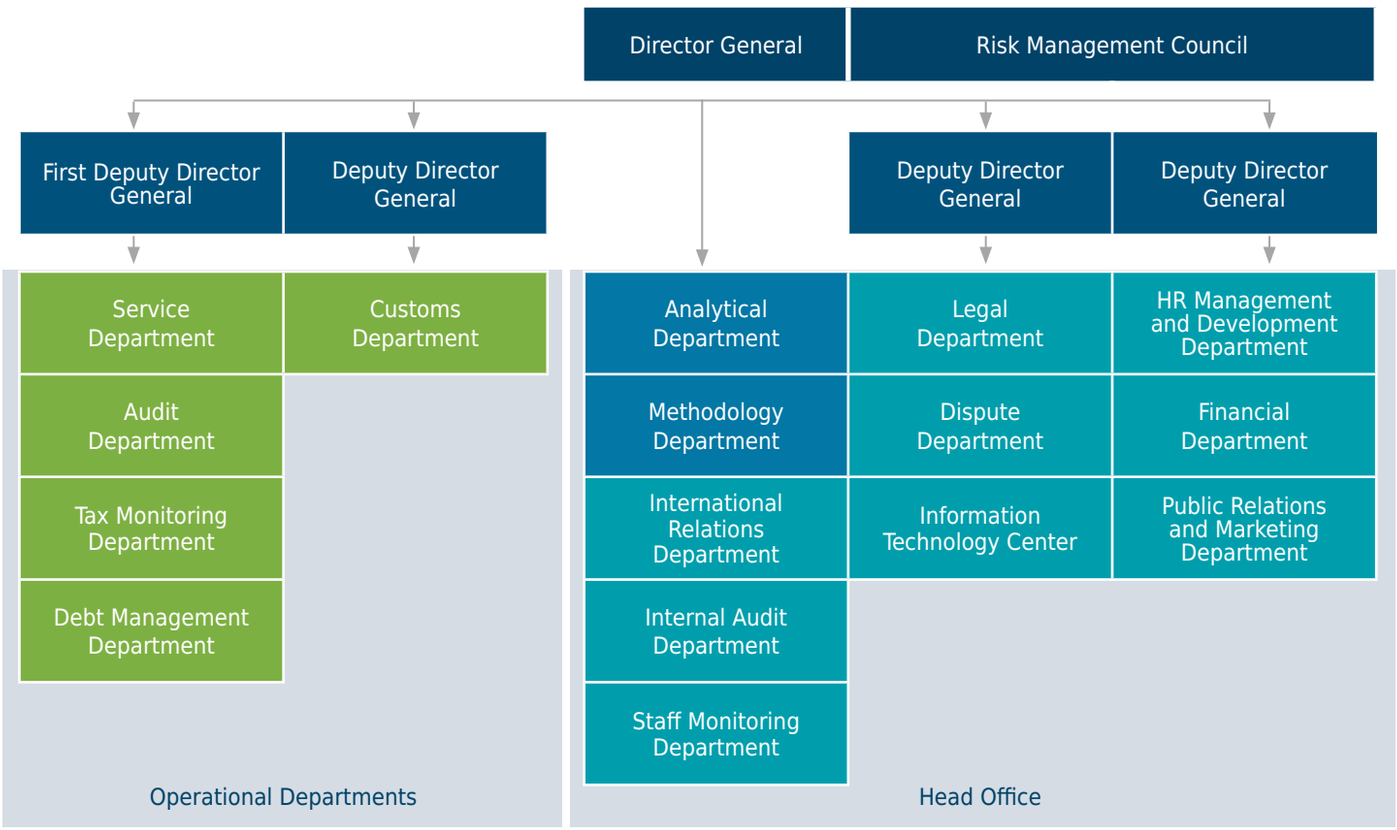
An integral component of strategic governance is the Risk Management Council, which operates as an advisory body to the Director General of the Revenue Service. The Council defines priority areas in line with the strategic goals and objectives of the Service and provides recommendations on the formulation of tax and customs policies, the development of action plans, and the management of ongoing or planned projects. Furthermore, the Council makes decisions on key issues that influence the policies and broader operational processes of the organization.

Carrying out various processes, as well as in discussing and resolving key issues, including the following:

- Information Security Council
- Dispute Resolution Council
- Advance Decisions Council
- Other relevant formats that specialize in specific operational areas.

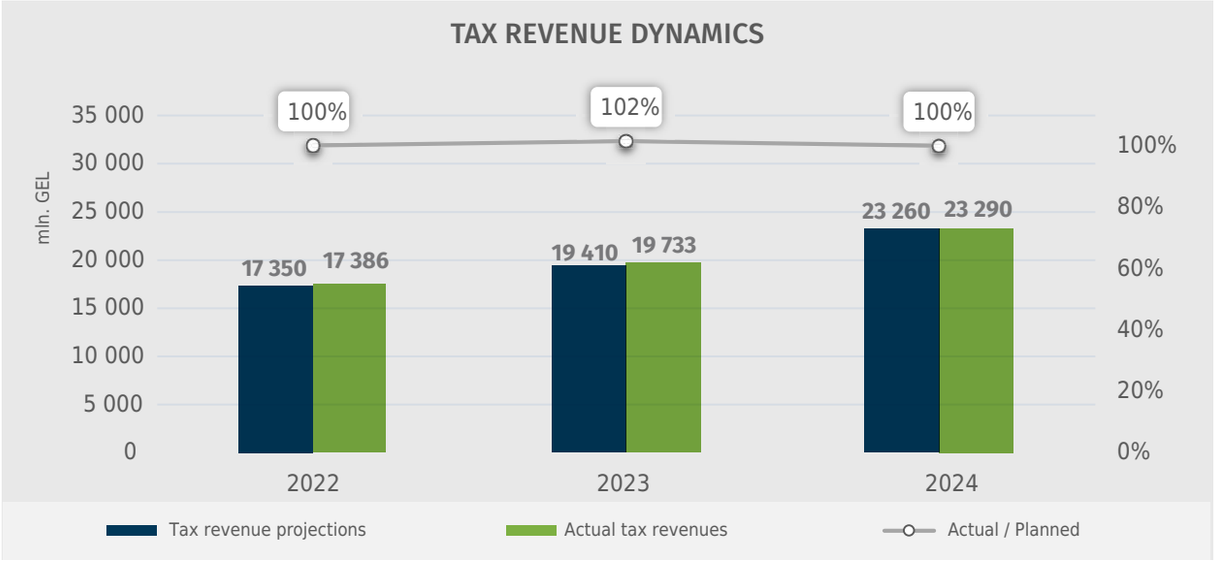
This structure establishes a flexible, transparent, and accountable management model that enables the institution to respond promptly and effectively to both internal and external challenges.

Chart: Organizational structure of the Revenue Service as of 31 December 2024

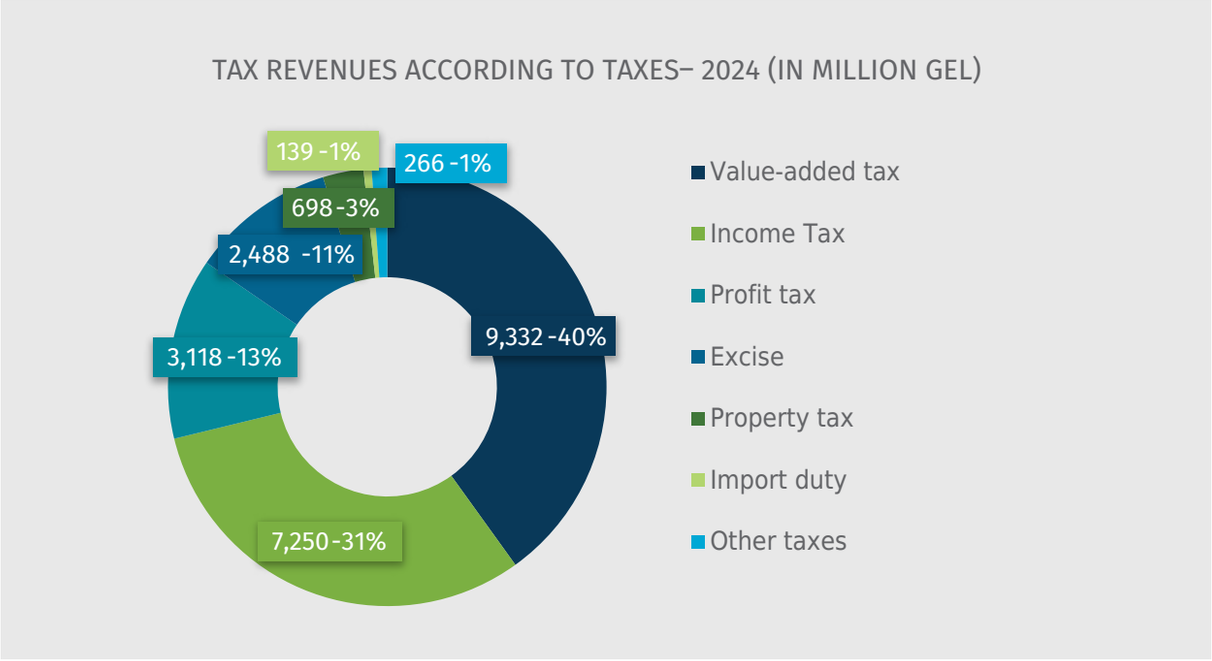


KEY FIGURES OF TAX REVENUE

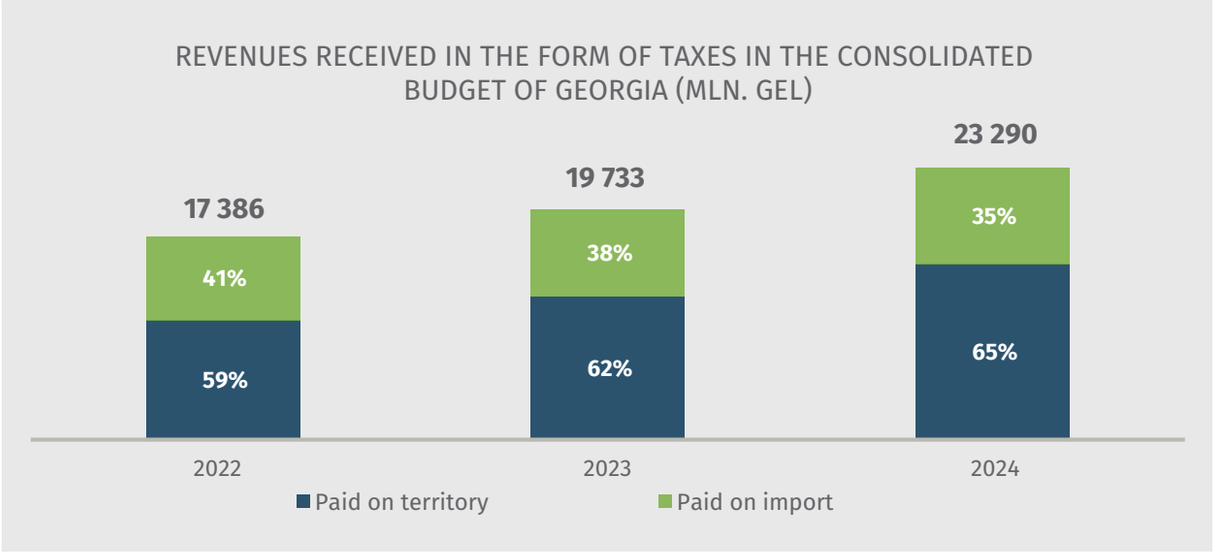
In 2024, tax revenues collected in the consolidated budget of Georgia amounted to 23 290 004 841 GEL, significantly exceeding the initial forecast for the year.



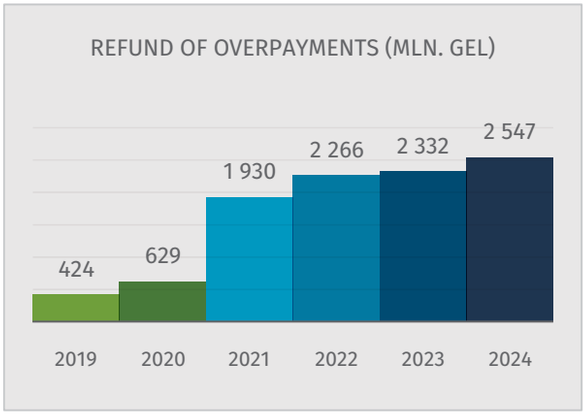
Indirect taxes—namely value-added tax, excise duty, and import duties—account for 51% of total tax revenues. The largest share of direct taxes is derived from income tax, comprising 31% of total revenues. Local taxes, primarily property tax, contribute only 3% to overall tax revenue.

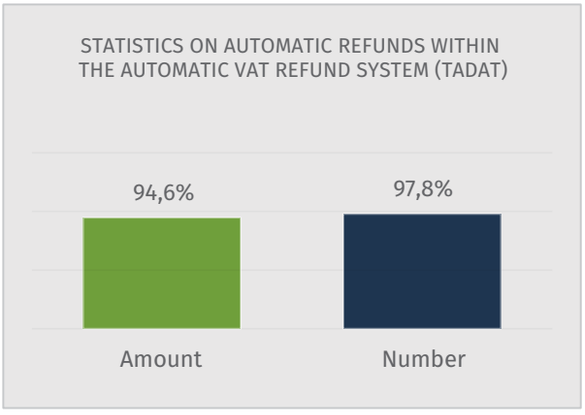


In 2024, within the structure of tax revenues mobilized in the consolidated budget of Georgia, the share of taxes related to domestically supplied goods and rendered services continued its upward trend and significantly exceeded the revenues collected from imported goods (value-added tax, excise duty, and import duty).



In parallel with the growth in tax revenues mobilized in the state budget, the volume of overpaid tax refunds has also increased—largely due to the successful development of the automatic VAT refund program. Since the introduction of the automatic VAT refund system, until the end of 2024, more than 9.4 billion GEL has been reimbursed to businesses, of which 2 475 747 947 GEL was refunded to taxpayers in 2024.[1]

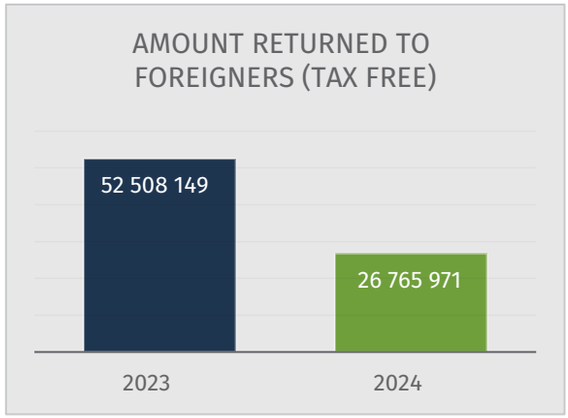


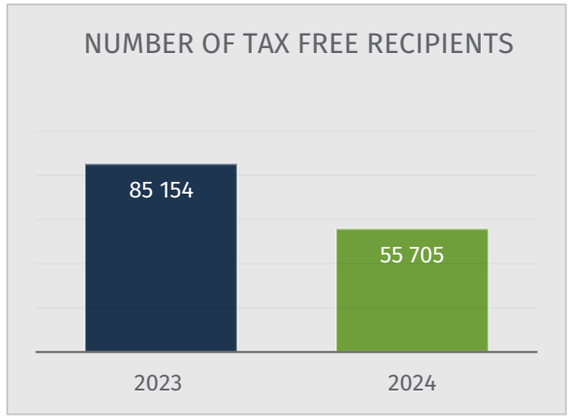


In 2024, 49 900 taxpayers benefited from the refund of overpaid taxes, with more than 97% of the refunded amounts issued through the automatic VAT refund program.

1 In accordance with the Tax Administration Diagnostic Assessment Tool (TADAT) developed by the International Monetary Fund, the best standard of time spent on VAT refund (or use) ("A" score) corresponds to the cases where the refund of the overpaid amount arising from the VAT return or its use to cover the existing debt is carried out in at least 90% of the requests submitted within 30 calendar days after the declaration. In addition, legal grounds for refusing to refund overpaid VAT are also considered. The Revenue Service evaluates the performance indicators of the VAT refund system in full compliance with the TADAT methodology.

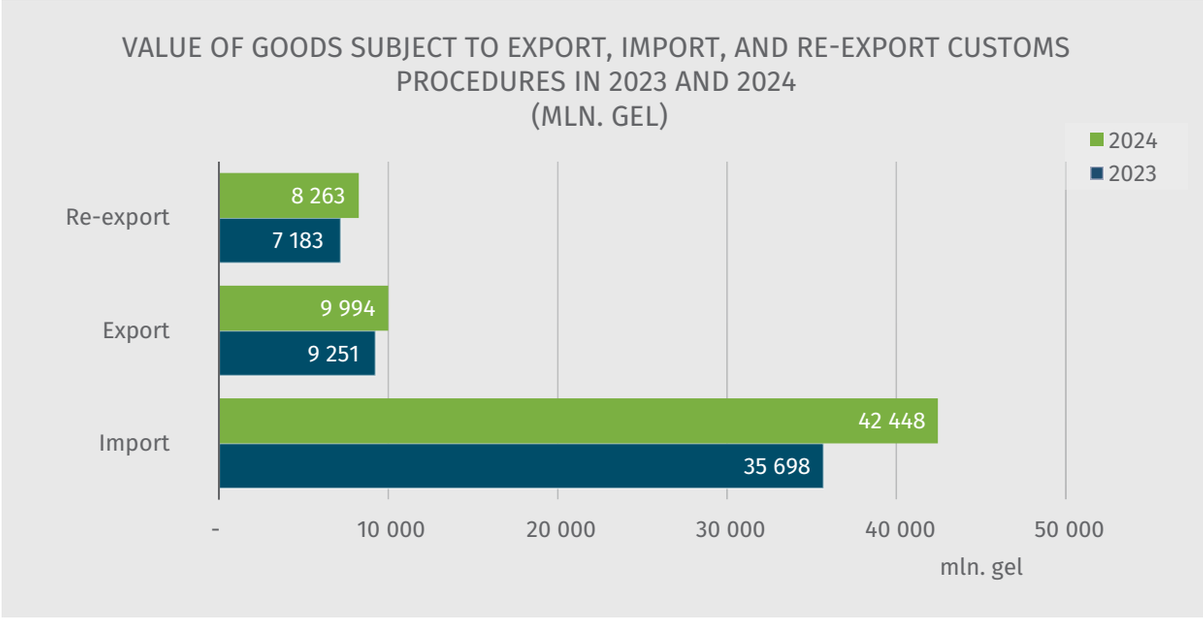
Within 2024, 55 705 foreign nationals utilized the VAT refund service (Tax Free) for goods purchased in Georgia, i.e., a 35% decrease compared to the previous year. The total amount of VAT refunded under the service amounted to 26 765 971 GEL, representing a 49% decline compared to the same period of the previous year.





In 2024, Georgia's foreign trade continued its upward trajectory in imports, exports, and re-exports. Compared to the corresponding period of the previous year, the number of freight vehicles crossing the Georgian customs border increased by 2%, reaching a total of 1 792 616 units. This growth reflects the strengthening of the role of Georgia in global logistics and the expansion of its transit function.

The volume of postal items also experienced a significant increase in 2024. The number of items reached 15.4 million, representing a 36% rise compared to the same period of the previous year. This growth is attributed to the rapid development of e-commerce, which, in turn, presents new challenges for customs administration and underscores the growing need for the further expansion of highly automated, risk-based management systems.



IMPROVING COMPLIANCE RELATED TO FULFILMENT OF TAX AND CUSTOMS OBLIGATIONS

One of the primary missions of modern tax and customs administrations is to enhance compliance levels. Emphasis is placed on fostering voluntary compliance through the adoption of incentive-based approaches and the implementation of supportive mechanisms. This objective is pursued through the application of modern compliance strategies and preventive control measures.

The Revenue Service has designated the improvement of compliance with tax and customs obligations as a strategic priority for the period 2021–2024. In pursuit of this objective, a range of preventive and control measures were implemented in 2024. The impact of these initiatives was evident in improved tax collection rates and an increase in the level of voluntary payments.

This subsection provides a brief overview of the key activities undertaken in pursuit of the strategic objective, along with their corresponding outcomes.

DEVELOPING SERVICES TAILORED TO THE NEEDS OF STAKEHOLDERS

The majority of taxpayers act in good faith and seek to voluntarily fulfill their tax and customs obligations. Supporting this behavior and enhancing overall compliance requires the simplification of administrative procedures and the timely, accurate dissemination of information to taxpayers. The more straightforward and accessible the processes for tax payment and service utilization, the easier it becomes for stakeholders to meet their obligations.

In this context, particular attention is given to ensuring that the services provided by the Revenue Service are aligned with the needs of taxpayers in terms of both quality and relevance. Delivering high-quality services requires not only legal and technical precision, but also the incorporation of modern technological solutions and innovative approaches in the design and administration of these services.

With regard to service development, the Revenue Service operates under the principle of “Digital by Default,” which entails prioritizing the delivery of all new services through digital channels. This approach aims, on the one hand, to achieve full digitization of services, and on the other, to facilitate their simple, remote, and self-service use by taxpayers. The implementation of innovative platforms and online services contributes to the reduction of administrative costs, while also simplifying and enhancing the transparency of compliance processes for users.

DEVELOPMENT OF TAX SERVICES

Within the framework of the Tax Services Development Program, significant enhancements were made to remote services in 2024, aimed at improving taxpayer access to the services, streamlining administrative processes, and enhancing service quality.

- **Remote Identification (Face Recognition):**

As of January 2024, the remote identification system for individuals, “Face Recognition,” has been fully operational and available 24/7. In 2024, a total of 30 581 individuals utilized this service. The system is integrated into the video call platform (videocall.rs.ge), under the “Georgian Citizen Individual” section.

- **Simplification of Password Recovery for Postal Carriers:**

The password recovery process for the authorized user page has been refined. As a result of this improvement, postal carriers are no longer required to use the paid services of the service center; instead, password recovery can now be completed online using the mobile number registered in the system.

- **Simplification of Management of the Register for Dealers under the Special VAT Taxation Scheme:**

The authorized user page enables removing dealers operating under the special VAT taxation scheme[2] from the register through an electronic application. This initiative enhances the flexibility of register management and reduces the administrative burden on the structural units responsible for providing the service.

- **Remote Notifications:**

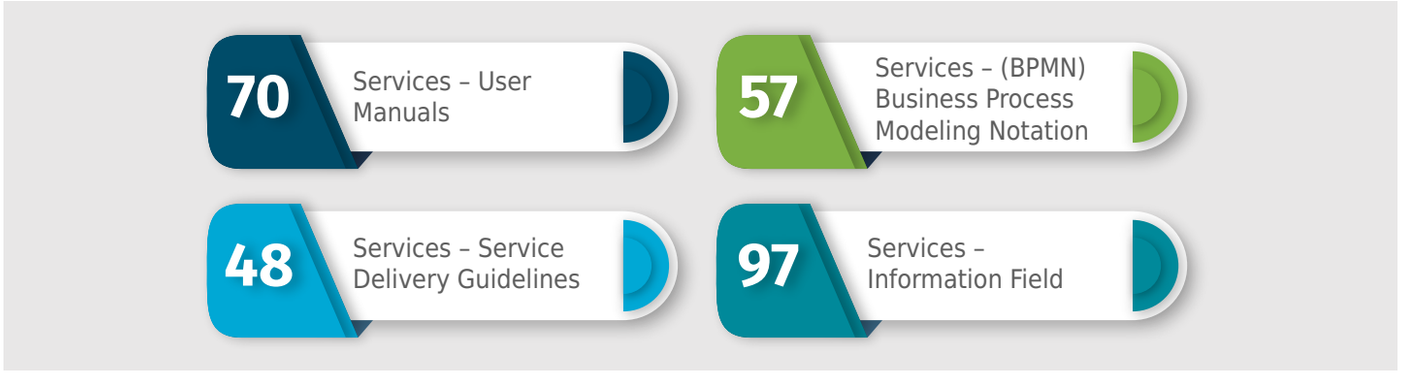
Responses to registered applications, as well as updates on application statuses, are delivered to interested parties remotely via email and SMS. This approach enhances both the transparency and user-friendliness of the process.

- **Simplification of Access to the Tax-Free System:**

Users authorized to issue special VAT refund receipts under the Tax-Free system can now recover their authorization password electronically via the authorized user page, by submitting an online application available on the website taxfree.rs.ge. The introduction of this new functionality has further streamlined access to the service.

- **Development of Service Guidelines:**

User manuals and service delivery guidelines were developed for 272 services, supporting effective quality monitoring, process analysis, and further improvement.



- **Video Instructions:**

To facilitate the use of the services, video instructions have been developed and are available on the website rs.ge/Video Instructions. These instructional videos include the following:

- Filing of income tax return arising from supply of property/assets by an individual and tax liability – the video instruction provides an overview of the tax obligations and applicable rates associated with the sale of property or assets by an individual, including non-resident individuals. It features specific examples and offers a step-by-step guide on how to complete and submit a tax return.
- Submission of monthly income tax returns for small businesses – the video instruction is designed for individual entrepreneurs holding small business status. It outlines the procedure for completing and submitting the tax return for December 2024 and for subsequent reporting periods.
- Tax Audit Process – a video instruction has been developed for all interested parties. The video provides a detailed overview of the entire tax audit procedure — from initiation to the formal documentation of results. It covers all key aspects that influence the conduct of the audit and its outcomes.

2 Taxable Dealer – A VAT payer who, in accordance with Article 161[2] of the Tax Code of Georgia and Article 664 of the Order N996 of the Minister of Finance of Georgia on Tax Administration, dated 31 December 2010, benefits from a special VAT taxation scheme when supplying second-hand goods, works of art, collectibles, or antiques.

DEVELOPMENT OF CUSTOMS SERVICES

Within the framework of the Customs Services Development Program, significant progress was made in 2024 in enhancing remote and customer-oriented services. The initiatives implemented were aimed at simplifying customs procedures, improving the quality of service delivery, and increasing administrative efficiency.

Development of remote services:

- **Electronic application for AEO status:**

A new service—"Application for Authorized Economic Operator (AEO) Status"[3] (AEO) has been introduced, enabling interested parties to apply for and obtain AEO status electronically.

- **Service of access to the NCTS system:**

A new electronic service for obtaining access to the New Computerised Transit System (NCTS) has been introduced, streamlining procedures and reducing time-related costs for users. Prior to these changes, access could only have been obtained through the submission of a paper-based application.

- **Update of commodity codes:**

To better align with user needs, the National Commodity Nomenclature of Foreign Economic Activities – Commodity Codes has been comprehensively updated, and now encompasses 56 areas of tariff and non-tariff regulation, with the addition of new codes and corresponding descriptions. Furthermore, the service is now available in English, with all relevant texts, regulations, and rules translated accordingly.

- **Enhancement of link system:**

The link system has been improved to facilitate redirection to relevant regulatory information as needed. From within the Commodity Code module, users can now be directed to the appropriate application in order to submit the request for the service, permit, or certificate, thus enhancing the service integration.

- **Differentiation of taxes in customs declarations:**

In customs declarations that include both fixed asset commodity codes and other types of commodity codes, the amounts due and their respective deadlines are now itemized separately in the payment notification. This enhancement reduces the risk of errors by taxpayers and enables them to more easily monitor the tax amount applicable to fixed assets, along with the corresponding 45-day payment deadline.

- **Communication with taxpayers regarding cargo entering risk corridors:**

As part of customs control procedures, a new regulation has been introduced requiring the delivery of mandatory notifications via the authorized user page when cargo enters the «red» or «yellow» corridors designated for customs declaration processing. These mandatory notifications related to customs declarations will mitigate the risk and likelihood of taxpayers disposing of goods imported under declarations that have entered the above-mentioned risk corridors.

- **Link between declaration and application:**

A new functionality has been introduced in the "Applications" module of the taxpayer administration information system, enabling the linkage between customs declarations and applications. This feature allows both Revenue Service employees and taxpayers, upon a positive decision on an application, to view the relevant customs declarations and associated documents directly within their authorized user page.

- **Implementation of response templates:**

To promote consistency in user communication and optimize both time and human resources, standardized response templates have been introduced for 50 electronic services.

3 Authorised Economic Operator - is a person established in Georgia who is involved in the international supply chain, meets the criteria set forth in Article 26 of the Customs Code, and engages in activities related to customs formalities. Depending on the type of authorisation granted, an AEO may benefit from simplified customs procedures and/or specific advantages related to security and safety.

- **Enhancement of application interface:**

To facilitate easier use of services, the input fields, tooltips (hover functions), and informational blocks in the following applications have been updated:

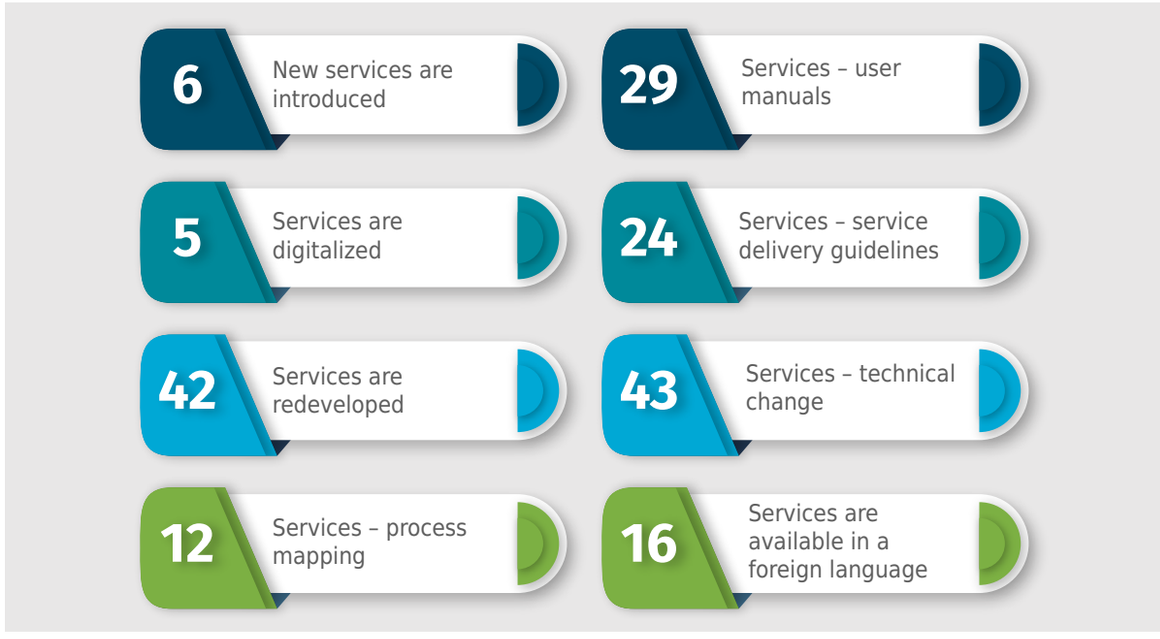
- ☑ "Determination of the need for a permit/certificate (customs)"
- ☑ "Non-prior declaration – export from processing"
- ☑ "Declaration - temporary storage"
- ☑ "Issuance of a Phytosanitary Certificate"
- ☑ "Issuance of a Veterinary Certificate (Other)"

- **Update of web information on advance declaration**

Information regarding the functionality of electronic services for advance declaration has been updated under the customs procedures tabs of the Revenue Service website.

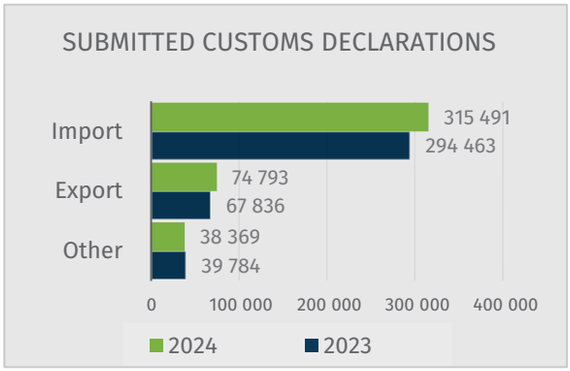
- **Development of Service Guidelines:**

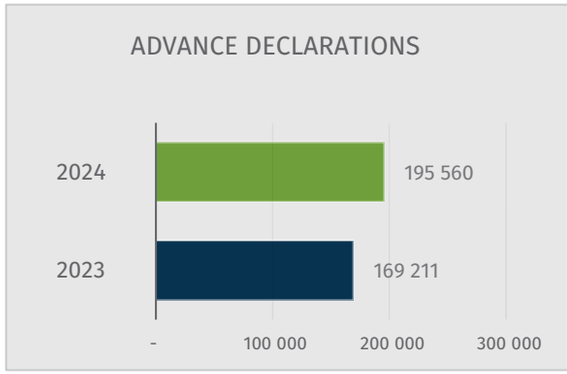
User manual and service delivery guidelines were developed for 177 customs services, and separate manuals for 5 services were posted on the platform https://elicence.rs.ge



One of the most essential services provided by the Revenue Service to taxpayers is the submission of customs declarations. Therefore, enhancing this service and aligning it with the needs of stakeholders is of particular importance.

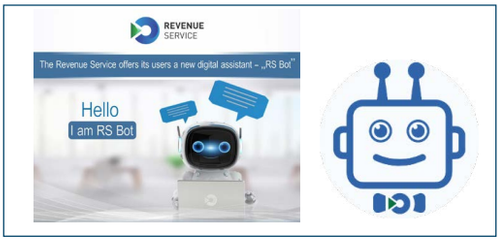
In 2024, a total of 428 653 customs declarations for goods were submitted, including 315 491 under the release for free circulation (import) procedure and 74 793 under the export procedure. The overall number of customs declarations increased by 6.6% compared to the previous year.





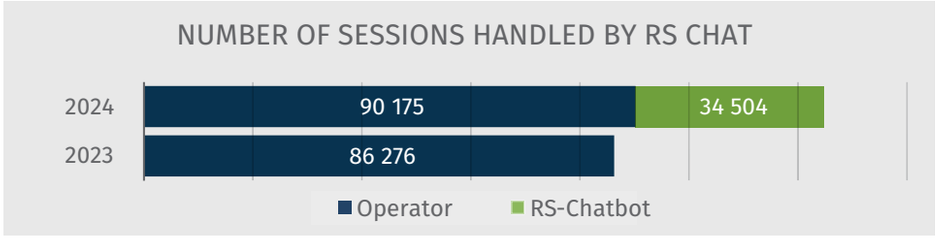
Within the framework of the development of remote service channels, the electronic clearance economic zone “e-CEZ” operates within Revenue Service, which enables users to complete cargo clearance procedures electronically by uploading the required documentation through the authorized user page. In 2024, 34.4% of all customs declarations were submitted via “e-CEZ”, representing a 2.5% percentage point increase compared to the previous year. Furthermore, advance customs declarations account for an average of 80% of all declarations submitted through the “e-CEZ” platform.
It is noteworthy that the total number of pre-filed customs declarations increased by 16% compared to the previous year.

DEVELOPMENT OF CONSULTING SERVICES



In terms of the development of consulting services, it should be highlighted that a digital assistant — «RS Chatbot” — was launched on the Revenue Service website in May 2024. Chatbot provides users with 24/7 assistance on pre-defined tax and customs-related topics in both Georgian and English. The RS Chatbot offers information to users on applicable legislation and procedures and sends relevant links for further reference.

During the eight months of 2024, the RS Chatbot handled 34 504 sessions, accounting for 39% of all user inquiries responded to during the period. As of September, the informational email address of the Revenue Service — info@rs.ge — has been integrated into the RS Chat interface. As a result, most incoming emails are now redirected to the RS Chatbot, with responses provided directly through this channel.



To identify priority topics, the Information and Consulting Center is implementing a call marking program (https://info.rs.ge/Login.aspx), which is currently operating in test mode. In parallel, representatives from the Service Department are actively engaged in identifying and addressing any deficiencies detected within the system.

To reduce incoming inquiries, the development of survey/calculators is planned for key topics in the following areas:

- **Tax obligations for real estate leases/rents,**
- **Rules for taxation of interest,**
- **Obligations arising from the gift and sale of property of an individual.**

For issues that cannot be addressed through the automated functionality of survey/calculators, standardized templates will be developed to facilitate the provision of information to users.

UPDATING THE AUTHORIZED PAGE FOR ELECTRONIC SERVICES

The Revenue Service is continuing its project to update the structure and design of the authorized user page. Taking into consideration the wide range of services available through the page, the updates are being implemented in phases, based on feedback from both internal and external users, as well as individual analyses. This phased approach ensures a smooth adaptation of users to the new interface.

In 2024, a new prototype of the authorized user home page was developed, based on an updated concept

and design. Special emphasis was placed on ensuring accessibility for people with disabilities. The project is currently operating in test mode.

Regarding the implemented changes, the Revenue Service updated the relevant electronic forms and module management manuals as well as organized informational events to enhance user awareness.

DEVELOPMENT OF A FEEDBACK SYSTEM

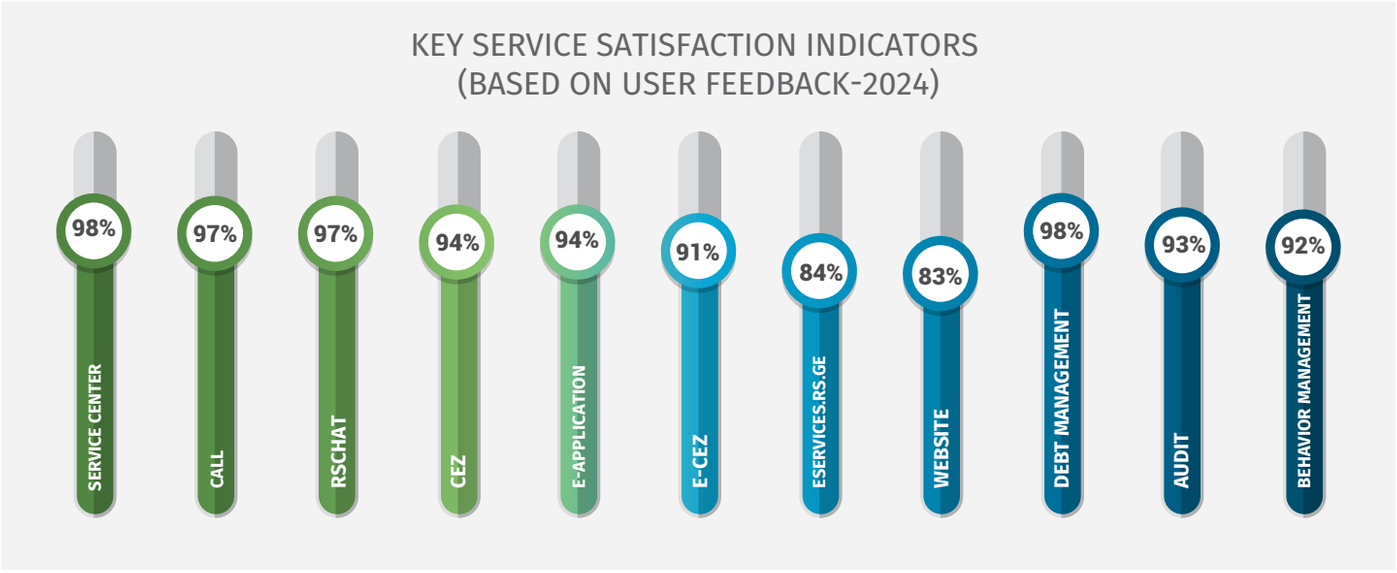
Ensuring user involvement in the service development process and enhancing the quality of services provided by the Revenue Service are key priorities. In this context, the feedback system established within the Revenue Service plays a critical role and is being progressively developed to assess both service delivery channels and the operational processes of core programs.

Data obtained through feedback mechanisms enables the assessment of customer satisfaction with various services. Based on the analysis of this data, services are re-evaluated and business process models are refined, ensuring more targeted and efficient service delivery.

In 2024, users were provided with the opportunity to evaluate the following areas through the feedback module:

- **Electronic Clearance Economic Zone (e-CEZ),**
- **Electronic application system,**
- **Official website of the Revenue Service,**
- **Authorized user page (eservices.rs.ge),**
- **Tax debt management,**
- **Behavior rating module.**

These measures contribute to the continuous improvement of customer-centric services and the advancement of transparent, data-driven management practices.



RELATIONS BETWEEN THE REVENUE SERVICE AND FOREIGN NATIONALS

To improve tax registration procedures for individuals without Georgian citizenship and those with dual citizenship, as well as to facilitate the payment of taxes to the State Budget of Georgia, an agreement was concluded in 2024 between the Revenue Service and commercial banks, with the involvement of the National Bank of Georgia. The agreement provides for the integration of the taxpayer identification code verification service into the internal systems of commercial banks. Under this arrangement, the inclusion of the identification code and the verification of taxpayer data have become mandatory for payments made to the unified treasury code.

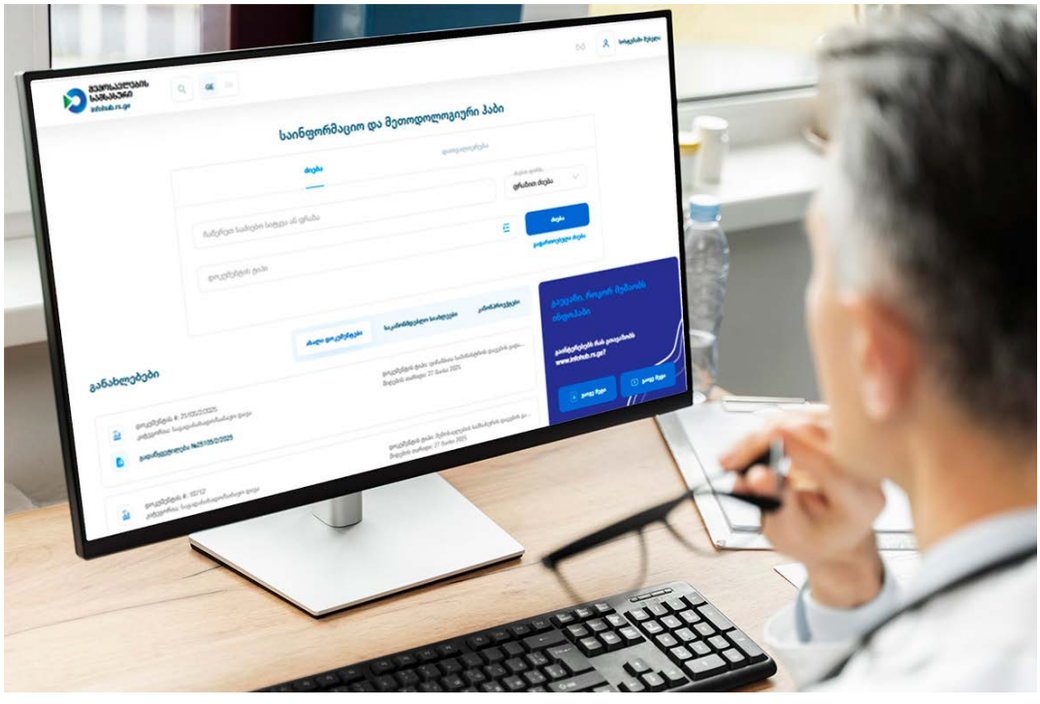
The implementation of this mechanism is expected to significantly enhance the accuracy of payment identification and reduce the incidence of incorrectly or ambiguously transferred funds to the state budget. At the current stage, cooperation with commercial banks is ongoing to ensure the necessary technical support for the project.

INFORMATION AND METHODOLOGICAL HUB - INFOHUB.RS.GE

The level of compliance with tax and customs obligations is significantly influenced by the accessibility of information regarding relevant legislative changes. In this context, the effective operation of the electronic information portal of the Revenue Service — infohub.rs.ge — plays a particularly important role.

Infohub.rs.ge is a unified electronic information platform that provides users with continuously updated legal and methodological resources in the fields of taxation and customs. These include current legislation, relevant normative acts, international agreements, and methodological guidelines.

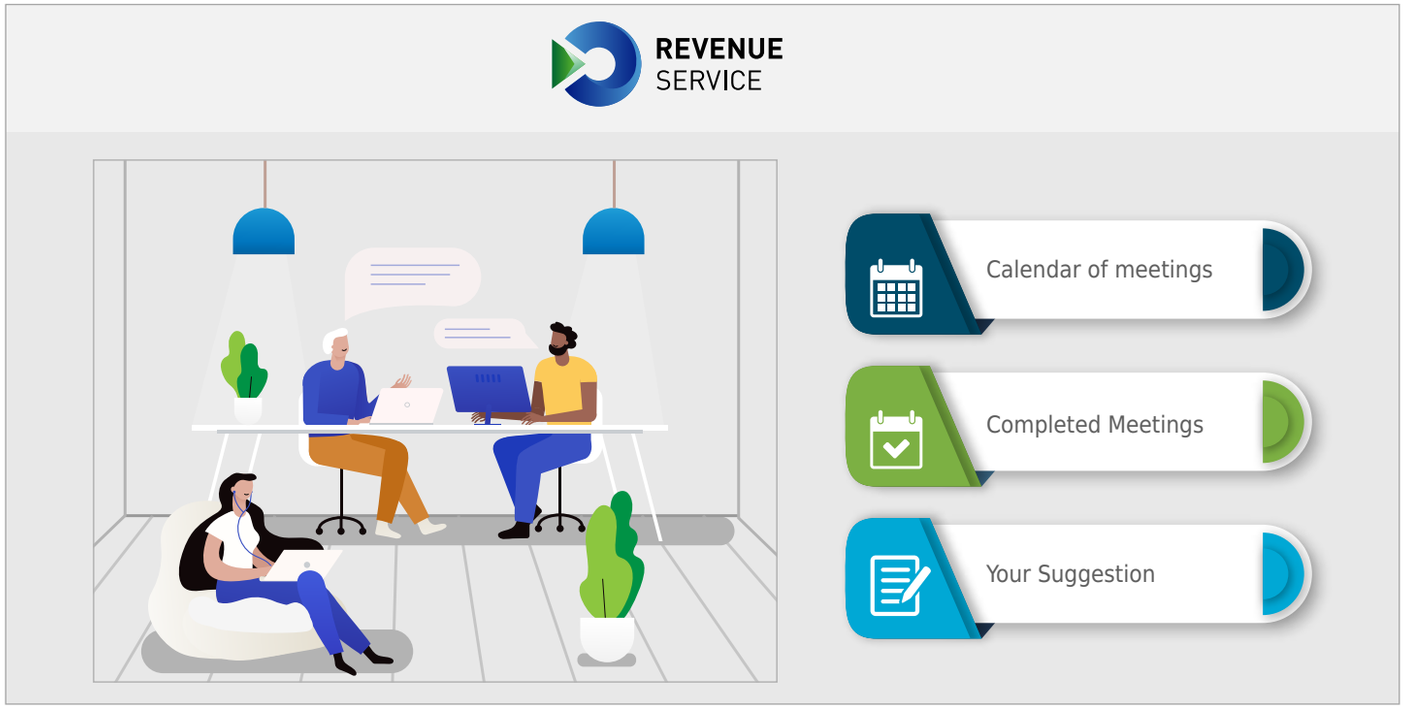
According to 2024 data, usage indicators for the portal demonstrated a significant increase. Compared to the previous year, the number of visits to infohub.rs.ge rose by 25%, reaching 1 134 149, while the number of unique users increased by 94%, totaling 110 556.



ENHANCING AWARENESS AMONG CURRENT AND PROSPECTIVE TAXPAYERS

To ensure the timely and comprehensive dissemination of information to current and prospective taxpayers, as well as individuals crossing the border, the Revenue Service is committed to establishing a systematic approach to raising awareness in the areas of taxation and customs. To this end, regular meetings with target groups and thematic informational events are conducted as part of dedicated projects.

Since December 2024, a dedicated platform – **„Meeting Space"** – has been operating in real time on the Revenue Service website. The platform is designed to facilitate continuous, two-way communication with taxpayers and other stakeholders. It enables the timely dissemination of information regarding planned legislative or procedural changes, while also allowing users to submit issues of concern and receive prompt responses. Through this interactive engagement, taxpayers actively contribute to the improvement of tax and customs legislation.



As part of the thematic information program for target groups, a comprehensive instruction was developed in 2024. This document outlines the procedures for disseminating information based on delivery channels and content categories, establishes the criteria for selecting target groups, classifies message types, and defines the structural components of the message delivery module within the Tax Administration System (TAS), as well as the corresponding interface on eservices.rs.ge.

ENHANCING TAX RISK MANAGEMENT IN THE AREA OF TAX COMPLIANCE

In 2024, the Revenue Service undertook significant measures to enhance compliance and strengthen the tax risk management system. To promote voluntary compliance and in line with international best practices, a series of targeted actions were implemented based on the priority areas outlined in the "Compliance Improvement Plan for 2024–2025".

This plan envisages the relevant legal framework, risk response mechanisms, and risk mitigation measures for each aspect of risk management. Particular emphasis was placed on identifying compliance risks among large taxpayer categories and implementing appropriate preventive measures.

The actions to be undertaken focused primarily on prevention—specifically, on averting violations and providing taxpayers with targeted, timely, and effective communication at an early stage.

COMPLIANCE PROGRAMS

As part of efforts to enhance tax compliance levels, in addition to traditional tax control measures — such as tax audits and ongoing monitoring — the following tax compliance programs have been implemented and are continuously being updated and refined by the Revenue Service:

01

PROGRAM FOR THE DETECTION OF UNREGISTERED TAXPAYERS

Objective: To ensure the timely and accurate recording of registration data for individuals engaged in economic activities within the database.

02

CONTROL PROGRAM FOR THE ACCURACY OF TAX RETURNS

Objective: To assess, in real time, the risk level associated with tax returns submitted by taxpayers, to inform them accordingly, and to enhance the level of voluntary compliance.

03

PROJECTION OF EXPECTED DECLARATIONS AND ESTIMATED ASSESSMENT

Objective: To identify the tax declarations by taxes required from taxpayers, and to ensure their timely submission.

04

EMPLOYEE REGISTRY ACCURACY PROGRAM

Objective: To monitor the accuracy of information submitted by employers regarding employed individuals.

05

DATA QUALITY CONTROL PROGRAM

Objective: To ensure the accuracy and completeness of taxpayer data within the database of the Revenue Service.

06

TAX DOCUMENT MANAGEMENT PROGRAM

Objective: Real-time assessment of issued and untaxed documents and reduction of the number of untaxed documents in dynamics.

07

TAX DEBT MANAGEMENT PROGRAM

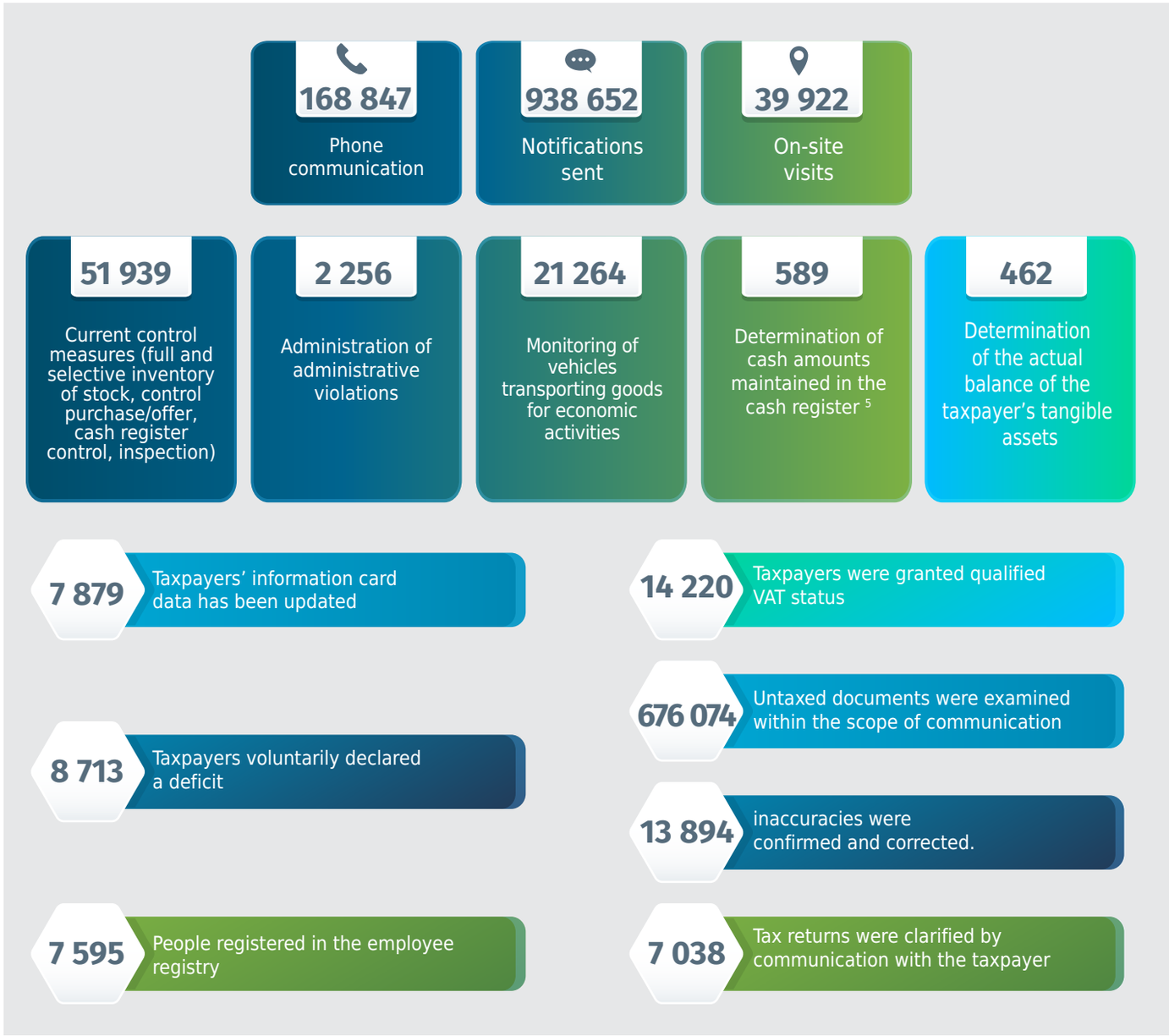
Objective: To prevent the accumulation of tax liabilities and ensure their effective collection.

08

INVENTORY MANAGEMENT PROGRAM

Objective: To conduct real-time assessment and monitoring of taxpayers' inventory levels, provide early notifications regarding stock levels and potential loss risks, and reduce the incidence of undeclared losses within the trade sector.

In 2024, within the framework of the legal compliance programs administered by the Revenue Service, the following were implemented:

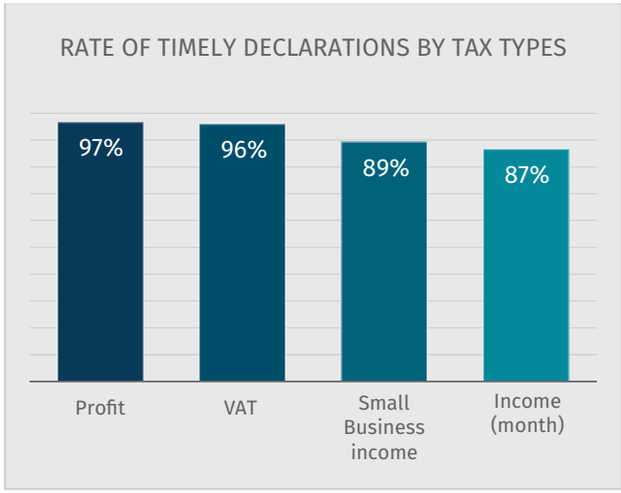


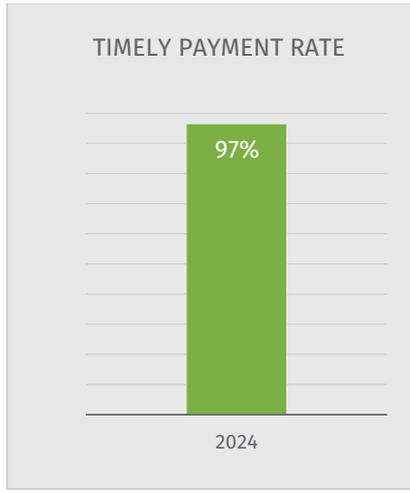
The above-mentioned tax compliance programs, utilizing risk-based approaches, assess the likelihood of potential tax violations and unlawful conduct by taxpayers and implement preventive measures aimed at mitigating such risks. These programs facilitate timely and proactive communication with taxpayers, enabling them to effectively fulfill their core tax obligations — including registration, timely submission of returns, accuracy of reported information, and prompt payment of tax liabilities.

The effective operation of compliance programs in 2024 made a significant contribution to improving the level of taxpayer compliance, which, in turn, had a positive impact on the growth of tax revenues.

4 Types of administrative violations which are considered by tax authorities in accordance with the Article 219 of the Administrative Offences Code of Georgia and the Article 81 of the Order N994 of the Minister of Finance of Georgia, dated 31 December 2010.

5 Procedure defined in accordance with the Article 22 and the Article 236 of the Order N994 of the Minister of Finance of Georgia, dated 31 December 2010, on the approval of the rule for the implementation of current control measures, write-off of tangible assets, repayment of recognized tax liabilities, enforcement measures for tax debt collection, and the handling of violation cases.





To ensure the effective implementation of the aforementioned processes, substantial work was undertaken in 2024, including the following:

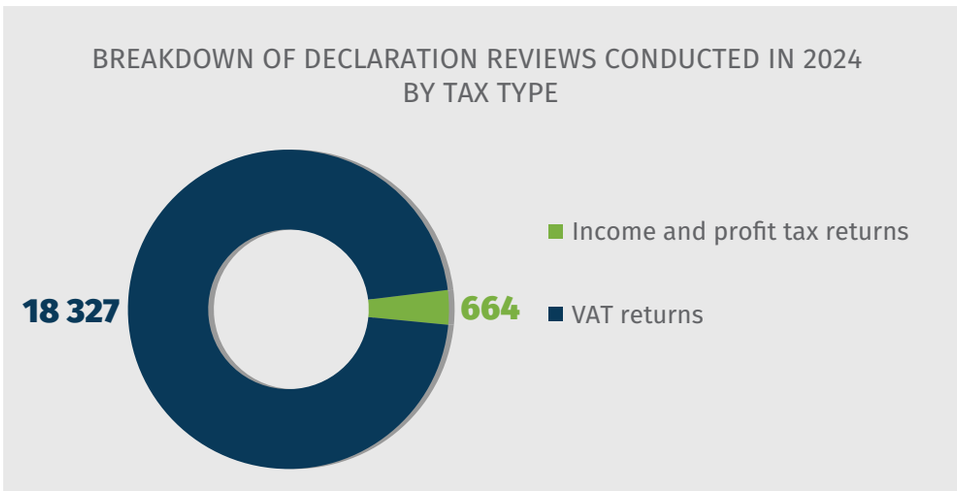
- New analytical modules and automated reporting tools were integrated into the Revenue Service Data Warehouse, along with the incorporation of additional data from external sources.
- The module for assessing tax risks associated with large taxpayers was integrated into the Data Warehouse environment.
- Automated programs for verifying the accuracy of declarations have been further developed and refined.
- A framework document promoting compliance through cooperative engagement has been developed for each category of large taxpayers, and the development of related cooperative approaches/services is currently in progress.

PROGRAM FOR MONITORING THE ACCURACY OF RETURNS IN RELATION TO CORE TAXES

To enhance tax compliance in 2024, the Revenue Service prioritized the development of preventive control mechanisms. To ensure the accuracy of returns, a fully automated value-added tax (VAT) return accuracy control program has been implemented. This program assesses tax risk levels immediately upon submission of VAT returns, facilitates communication with taxpayer, and initiates appropriate preventive measures.

A program for verifying the accuracy of monthly returns on profit tax and taxes withheld at source is currently under development. The objective of the project is to establish a fully automated system.

In 2024, a total of 18 991 monthly returns on profit tax, taxes withheld at source, and VAT submitted by taxpayers were reviewed.



79 808 751 GEL

Amount of tax voluntarily adjusted by taxpayers following declaration review

EXPANSION OF THE ESTIMATED ASSESSMENT MECHANISM

The estimated assessment represents a mechanism whereby the Revenue Service records and reflects a tax liability in the taxpayer's personal accounting card for a specific tax period, in cases where the taxpayer has failed to submit the relevant return within the legally prescribed deadline.

In 2024, this mechanism was applied to taxpayers registered as VAT payers (excluding individuals) who failed to submit a VAT return, monthly profit tax return, or return on taxes withheld at source.

The implementation of the estimated assessment mechanism has led to an increase in the rate of declaration submissions by taxpayers, demonstrating its effectiveness in enhancing tax compliance.



ADMINISTRATION OF LARGE TAXPAYERS

Since 2021, the Revenue Service has been implementing a tax administration reform targeting large taxpayers. Within the framework of the above-mentioned reform, the Large Taxpayers Office was established with the objective of introducing a risk-based and systematic oversight mechanism. This mechanism is based on key trends in various sectors of economic activity, tailored to the specific tax risks associated with large taxpayers, and designed to enable effective real-time risk management.

The operations of the Office are guided by the principle of fostering tax compliance through mutual cooperation, which emphasizes a partnership-based approach with taxpayers. The services provided by the Office, along with the associated service formats and tools, are continuously expanded and enhanced in a systematic manner.

In 2024, the administration of certain services, processes, and activities related to large taxpayers was transferred from other operational departments of the Revenue Service to the Large Taxpayers Office. Furthermore, an appropriate methodology was developed for service and sector analysis functions, and procedures were established to identify and engage with entities affiliated with large taxpayers.

Significant progress has been made toward the introduction of additional services. Notably, efforts are ongoing to evaluate the feasibility of implementing the **Annual Compliance Arrangement (ACA)** and to facilitate its practical adoption.

Regarding international controlled transactions, the Office has implemented the **Advance Pricing Agreement (APA)** mechanism, which envisages the determination of prices for controlled transactions in future reporting periods, thereby significantly reducing the risk of tax uncertainty.

To enhance the operational capabilities of the Office, a new case management system has been developed and

is scheduled for implementation in the near future. This system will improve the efficiency of administrative processes.

It should be highlighted that the designation of "large taxpayer" is assigned to taxpayers biennially. According to the classification effective until 2024, 202 taxpayers held this status and were serviced by the Large Taxpayers Office. Following the new categorization implemented in 2024, the number of taxpayers within this category increased to 263.

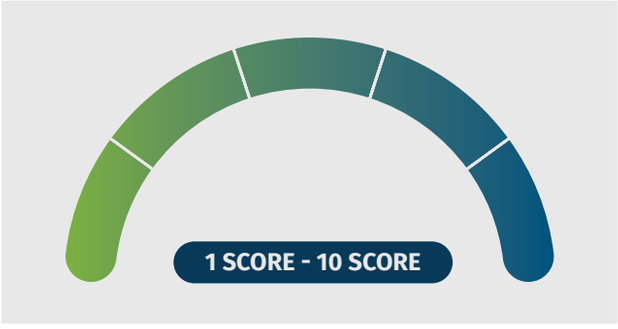
The total amount of taxes paid to the budget by large taxpayers reached 9.362 billion GEL, representing 40% of the total tax revenues. Given the strategic significance of this segment, continuous monitoring of tax compliance levels and transparent administration pertaining to these taxpayers is of particular importance.

IMPLEMENTATION OF BEHAVIORAL APPROACHES TO IMPROVE REVENUE MOBILIZATION

Within the framework of the ongoing cooperation between the World Bank and the Revenue Service, the planned experiment and subsequent analysis of its results, conducted as part of the program for validating information presented in tax returns, have been completed. Based on the analysis of the experiment's outcomes and discussions held during expert missions, it was decided to extend support in new areas.

The project timeline and activities were reviewed and revised during a meeting between the World Bank and the Revenue Service. Accordingly, the project is scheduled to continue from 2025 onward.

TAXPAYER BEHAVIOR RATING



The tax behavior rating is determined by the taxpayer's compliance with tax obligations, as evaluated by the tax authority based on the taxpayer's actual and uncontested conduct.

At the initial stage of rating determination, the tax authority utilizes four primary indicators, based on which the taxpayer is assigned a corresponding behavioral rating reflecting compliance with the relevant criteria. This rating represents the tax authority's assessment of the taxpayer's specific actions.

The behavior rating system was implemented in March 2024 for the segment of medium-sized, non-state-owned VAT payers. Taxpayers receive a rating on a monthly basis, which is integrated into the Revenue Service portal on the taxpayer's authorized page. This system provides taxpayers with the opportunity to review detailed information regarding the indicators of their tax obligation compliance and their current status.

Furthermore, the behavior rating tab includes an integrated feedback module, enabling payers to express their opinions regarding the rating. Feedback received is analyzed, and appropriate adjustments are made to the rating evaluation model accordingly. A gradual expansion of the target population for the rating is scheduled in subsequent stages.

DEVELOPMENT OF THE DATA WAREHOUSE OF THE REVENUE SERVICE

In 2024, the following significant activities were undertaken to advance the development of the Data Warehouse:

- Development of **tax risk modules:** integration of new risk modules and enhancement of existing ones based on taxpayer data.
- **Expansion of the Business Intelligence (BI) reporting and visualization environment:** new report formats and analytical modules were introduced to enhance data analysis, reporting, and visualization capabilities.
- **Data integration:** over 40 new categories of information have been incorporated into the Data Warehouse.

Furthermore, data security is being systematically enhanced to ensure the completeness, accuracy, integrity, and reliability of information. Efforts are also being made to improve data quality indicators. These measures establish a robust foundation for the effective management of the analytical environment and the advancement of forecasting capabilities, which are essential for strengthening tax administration and enhancing the capacity for targeted risk response.

DEVELOPMENT OF THE AUTOMATED ANALYTICAL REPORTING AND VISUALIZATION (BI) ENVIRONMENT

The Revenue Service systematically implements modern, standardized approaches to reporting. A key tool in this process is the automated analytical reporting and visualization environment (Business Intelligence – BI), which enables the processing, analysis, graphical representation, and development of interactive dashboards based on large volumes of data from various sources. The utilization of the BI environment enhances data reliability, minimizes mechanical errors, and ensures the optimal use of human and time resources.

The Business Intelligence environment comprises a set of processes and tools through which data extraction, organization, and analysis are fully automated. The development of the Business Intelligence (BI) platform represents one of the Revenue Service's strategic priorities. In 2024, approximately 50 analytical modules and reports were developed and automated, while more than 30 existing modules were refined and enhanced. Notable activities undertaken in this regard include the following:

- Enhancement of reports related to the budget payment balance sheet and taxpayer turnover.
- Establishment of a dedicated environment for the monitoring and reporting of large taxpayers.
- Development of a risk analysis module for the assessment of returns on profit and taxes withheld at source.
- Establishment of analytical risk assessment mechanisms within the automated VAT refund process.
- Implementation of automated task management systems to support the compliance programs of the Tax Monitoring Department.
- Analytical reporting on the outcomes of tax assessments conducted by the Audit Department.
- Enhancement of the analytical and reporting environment for monitoring the progress of budget forecast performance in the tax revenue sector.
- Automated calculation of tax risk indicators and criteria, along with the prioritization of corresponding tasks for operational departments.
- Development of interactive dashboards for the continuous monitoring of implementation of the plans of the operational departments.
- Development of an automated system for accounting and reporting key performance indicators (KPIs) related to tax and customs services provided by the Revenue Service, including implemented measures and other administrative processes.
- Facilitating easy and efficient access to necessary data for data analysts.

The above-mentioned process significantly contributes to the establishment of data-driven management within tax administration.

DEVELOPMENT OF A CUSTOMS INFORMATION AND RISK MANAGEMENT SYSTEM

The Elastic & Kibana analytical platform, integrated into the customs risk management system, facilitates multi-parameter analysis of large volumes of data—categorized by year, transport corridors, customs checkpoints, and customs operations. This platform is characterized by its user-friendly visualization capabilities, enabling rapid retrieval and analysis of essential information.

The implementation of the above-mentioned platform was undertaken as part of the modernization process of the customs risk management system, with support from the Export Control and Related Border Security Program (EXBS) of the U.S. Department of State and technical assistance from the company NU Borders. The Information Technology Center of the Revenue Service facilitated the integration of existing data into the system, and the platform is currently operational in a live working environment.

To ensure effective utilization of the platform, analysts of the Customs Department participated in a dedicated training program utilizing a test database. Additionally, specialized training sessions were conducted to further enhance their skills; upon successful completion, which participants were awarded corresponding certificates.

ENHANCEMENT OF MECHANISMS FOR THE DETECTION, PREVENTION, AND AVOIDANCE OF CUSTOMS LEGISLATION VIOLATIONS

To enhance compliance with customs legislation and improve the effectiveness of control mechanisms, the Revenue Service is undertaking significant measures to automate customs procedures. These initiatives are designed to reinforce the detection, prevention, and avoidance of violations.

Key activities carried out within 2024 are as follows:

- The development of a software module ensuring the traceability of pharmaceutical products has been completed. Corresponding legislative amendments have been made to Ordinance No. 189 of the Government of Georgia on Measures to Ensure the Traceability of Pharmaceutical Products, and the system has been implemented in a live operational environment.
- The unified electronic licensing and permitting system fully integrates the software module for import, export, re-export, and transit permits of ozone-depleting substances, which operates in real time.
- The development of a software module for CT-1 certificates pertaining to alcoholic beverages of grape origin has been completed. This system is capable of automatically importing data from the LEPL National Wine Agency's conformity certificate program. The module has been launched in test mode. Simultaneously, efforts are underway to develop an updated software module for other categories of goods.

ENFORCEMENT OF INTERNATIONAL SANCTIONS

The Revenue Service is actively putting efforts aimed at preventing the use of Georgian territory to evade international sanctions. These efforts are undertaken through the operational exchange of information and close coordination with partner countries.

In 2024, following the publication of each new international sanctions package by official sources, risk management profiles were promptly updated to ensure the timely identification of potentially high-risk cases, comprehensive analysis, and, where necessary, the prevention of such shipments. Within the framework of established mechanisms, stable and effective cooperation was maintained with partner agencies of the European Union, the United States, and the United Kingdom.

The thematic meetings held in July 2024, organized through coordination between the Revenue Service and the Foreign, Commonwealth and Development Office of the United Kingdom, were of significant importance. The primary objective of these meetings was to exchange information regarding the sanctions imposed by the United Kingdom, their monitoring mechanisms, and associated challenges. The events were attended by representatives of the Revenue Service, as well as experts from the Foreign, Commonwealth and Development Office of the United Kingdom, the Sanctions Directorate, and the Office of Financial Sanctions Implementation of HM Treasury. An additional meeting was also held specifically for representatives of the private sector.



On 8 October 2024, representatives of the Revenue Service participated in an online presentation organized by the Directorate-General for Financial Stability, Financial Services and Capital Markets (DG FISMA) of the European Commission during which the 14th package of sanctions and additional restrictive measures imposed on Belarus were considered.

Furthermore, on 24–26 September 2024, a meeting was held in Helsinki, the capital of Finland, hosted by the Finnish Customs Administration. Within the framework of this event, participants exchanged national experiences related to the enforcement of sanctions. As part of the program, a visit was organized to the Vuosaari Harbour, where participants were introduced to practical mechanisms for sanctions enforcement, as well as existing risks and challenges.

It is noteworthy that in 2024, a total of 2 170 decisions were issued concerning either the return of sanctioned goods to their country of origin or the refusal of customs clearance for such goods at border checkpoints. Additionally, over 1 450 decisions were made in response to oral or written requests submitted by importers and exporters. In parallel, active cooperation with economic operators has continued, aimed at raising their awareness of sanctions-related regulations and enhancing their compliance with international requirements.

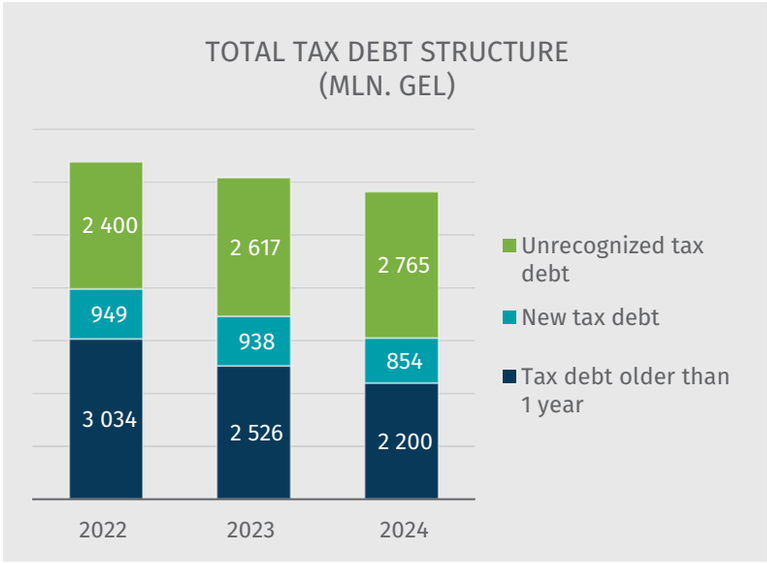
IMPROVEMENT OF TAX DEBT MANAGEMENT SYSTEM

The 2024 reform of the tax debt management system introduced measures designed to automate processes related to tax agreements and commodity expertise.

The introduction of the tax agreement software module enabled the registration of agreement applications, automated processing of taxpayer information, the electronic signing of agreement acts, the generation of orders related to the execution or breach of agreements, and the systematic monitoring of agreement terms and implementation. Additionally, it allowed for the accurate reflection of amounts stipulated in the agreements on the taxpayer›s personal account. As a result, beginning in 2024, tax agreement processes have been fully automated.

The implementation of the commodity expertise software module will facilitate the receipt of expertise-related tasks from the electronic task management system, their detailed processing, and the provision of electronic responses. The module will support task integration from various departments, including Debt Management, Audit, Tax Monitoring, and Finance Departments. The development of this software is currently being carried out by the Information Technology Center of the Revenue Service.

As a result of the measures implemented under the above-mentioned reform, both the volume and trajectory of tax arrears showed significant improvement in 2024, demonstrating the effectiveness of the reform.



Total tax debt decreased by **4.3 %;**

Recognized tax debt decreased by **11.8 %;**

Recognized tax debt older than 1 year decreased by **12.9 %.**

LEGISLATIVE AND PROCEDURAL DEVELOPMENTS

Within 2024, at the initiative of the Revenue Service, the relevant council developed the following:

17 Methodological guideline

1 Public decision on the application of the norm of the tax legislation of Georgia

10 Situational manual on issue related to taxation

75 Advance tax ruling on determining the commodity code for goods

86 Advance decision regarding the reporting rules and/or the tax/customs obligations to be fulfilled, the operations implemented or to be carried out, envisaged by the Tax Code of Georgia

58 Decision on determining the country of origin of goods

To prevent misinterpretation of legislation and to promote a simplified tax administration environment, the Revenue Service has been actively engaged in the drafting of normative acts aimed at improving tax and customs legislation. Notable among the significant amendments prepared and adopted in this context in 2024 are the following:

- **The Procedural Guideline on the Issuance of an Interim Act of Tax Audit**[6] regulates the procedure for issuing an interim act during the tax audit process when justified by appropriate grounds. It also defines the specific circumstances under which such an act may be issued, including but not limited to: undisputed matters, issues supported by direct evidence, the imminent expiration of the statute of limitations, and other case-specific considerations.
- To optimize uniform accounting and taxation processes, **normative thresholds for marginal natural losses**[7] were approved for various products. These include storage losses of soybeans (0.5%) and sunflower meal (0.5%); losses of methyl tert-butyl ether (0.39%) and vacuum gasoil (0.56%) during storage; as well as marginal natural loss standards for fuel oil and lubricating oils.

6 Order No9732 of the Director General of the Revenue Service dated 25 April 2024.
7 Orders (No6483, No6474, No6482) of the Director General of the Revenue Service dated 26 March 2024.

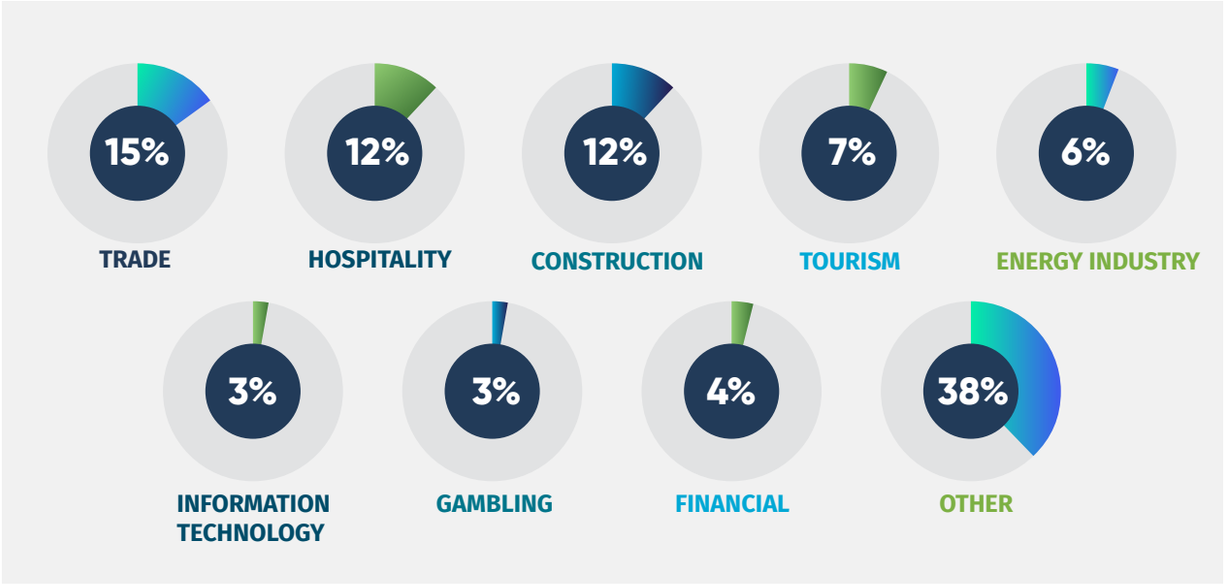
- To ensure a consistent methodological approach, an internal instruction was approved establishing the rules governing the participation of tax and customs authorities in disputes arising from decisions based on tax and customs legislation.[8] Specifically, the instruction outlines the procedures for the involvement of these authorities — either as plaintiffs or defendants — in ongoing tax and customs disputes within the Ministry of Finance system (including the Dispute Resolution Council of the Revenue Service and the Dispute Resolution Council of the Ministry of Finance) as well as within the general court system of Georgia.
- **Amendments made to the Instructions on the Evaluation of International Controlled Transactions [9] are as follows:**
  - ☑ **The criteria for fully or partially classifying a loan as a capital contribution, as well as the grounds for reclassification, were established with consideration of the agreements concluded between the parties to the international controlled transaction and/or the actual circumstances surrounding the transaction.**
  - ☑ The 2017 edition of the OECD **Transfer Pricing Guidelines** was replaced by the latest applicable version in effect at the time of the tax audit, with no specific year cited.
- An amendment was introduced to the existing methodological guidelines **"On Accounts Receivable"** and **"On Accounts Payable"** for the **"Purpose of Determining Tax Obligations in Specific Cases". [10]**
- On 26 January 2024, Order No. 21 of the Minister of Finance of Georgia entered into force, establishing the **"National Commodity Nomenclature of Foreign Economic Activities (FEACN)".** This measure aligns with the 2022 edition of the International Convention on the Harmonized Commodity Description and Coding System and aims to implement a new system for the identification and classification of goods.
- Effective 1 January 2025, Order No. 188 of the Minister of Finance of Georgia, titled "on the Reporting Rules of Multinational Enterprise Groups", entered into force, which establishes the procedures for tax reporting by multinational enterprise groups.
- Within 2024, amendments were made to Order No. 996 of the Minister of Finance of Georgia, dated 31 December 2010, titled "on Tax Administration". Specifically, the following changes were introduced:
  - ☑ **New regulations have been introduced concerning the deduction of VAT assessed under the reverse charge mechanism [11].** In accordance with these regulations, upon registration as a VAT payer, a taxpayer is permitted to deduct the VAT amount charged under the reverse charge rule and reported in the VAT calculation prior to registration. However, deduction is not permitted for any calculation in which 3 years have elapsed since the end of the calendar year in which the taxable transaction occurred.
- In accordance with paragraph 145 of Article 309 of the Tax Code of Georgia, the procedure for the **write-off of unpaid fees, fines, and penalties related to groundwater extraction for bottled water** was approved.[12]
- Amendments were made to the instruction titled "On the Monthly Income Tax return of an Individual with Small Business Status, and the Procedure for Its Completion and Submission" (Annex No. 5), approved by Order N999 of the Minister of Finance of Georgia, dated 31 December 2010, **"On the Use of Special Taxation Regimes".** Under the revised instruction, taxpayers are now able to utilize the "automatic filling" service, which allows for the partial completion of the tax return based on data already available to the Revenue Service.

Since 2010, the Revenue Service has been issuing advance rulings concerning reporting requirements and/or tax and customs obligations to be fulfilled, as stipulated by the Tax Code of Georgia and the Customs Code of Georgia, based on transactions carried out or intended to be carried out.

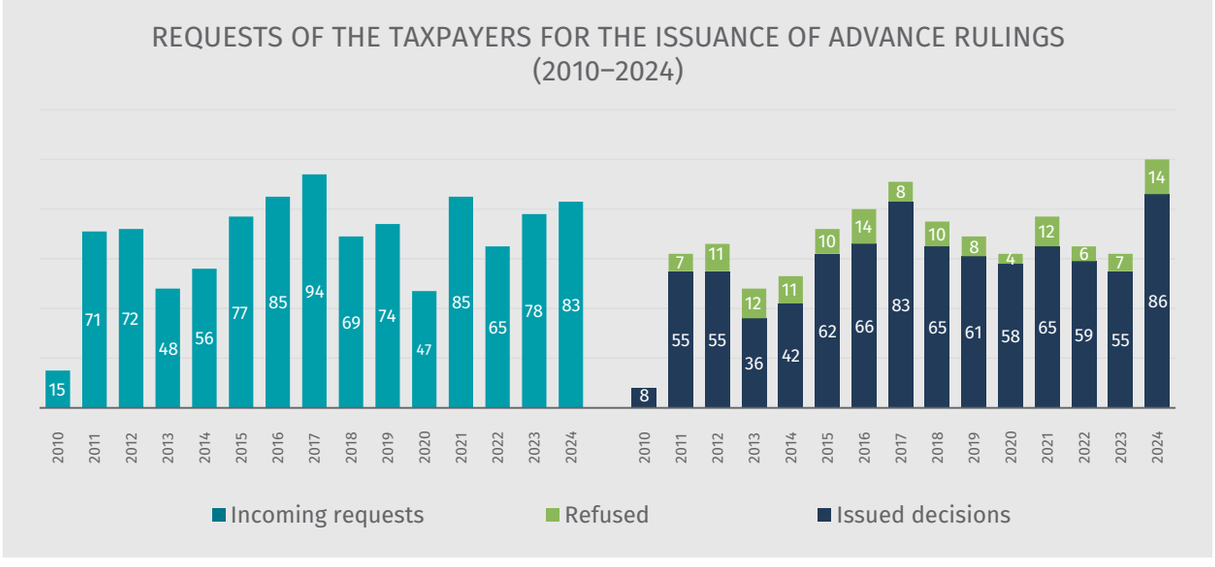
In 2024, a total of 83 stakeholders submitted requests to the Revenue Service for the issuance of advance tax rulings. Based on the existence of valid grounds for refusal, 14 requests were denied. Over the course of

8 Order No19064 dated 20 August 2024.
9 Order No331 of the Minister of Finance dated 2 October 2024.
10 Order N23106 of the Director General of the Revenue Service dated 29 October 2024.
11 Amendment to the Order No996 of the Minister of Finance of Georgia, dated 5 February 2024, titled "on Tax Administration".
12 Ordinance N194 of the Government of Georgia dated 14 June 2024.

the year, 86 advance rulings were issued across the following sectors:



Over the past 15 years, the Revenue Service has issued a total of 856 advance rulings. Notably, there has been a consistent upward trend in the number of requests for such decisions.



DEVELOPMENT AND SUSTAINABILITY OF THE INSTITUTIONAL CAPACITY OF THE ORGANIZATION

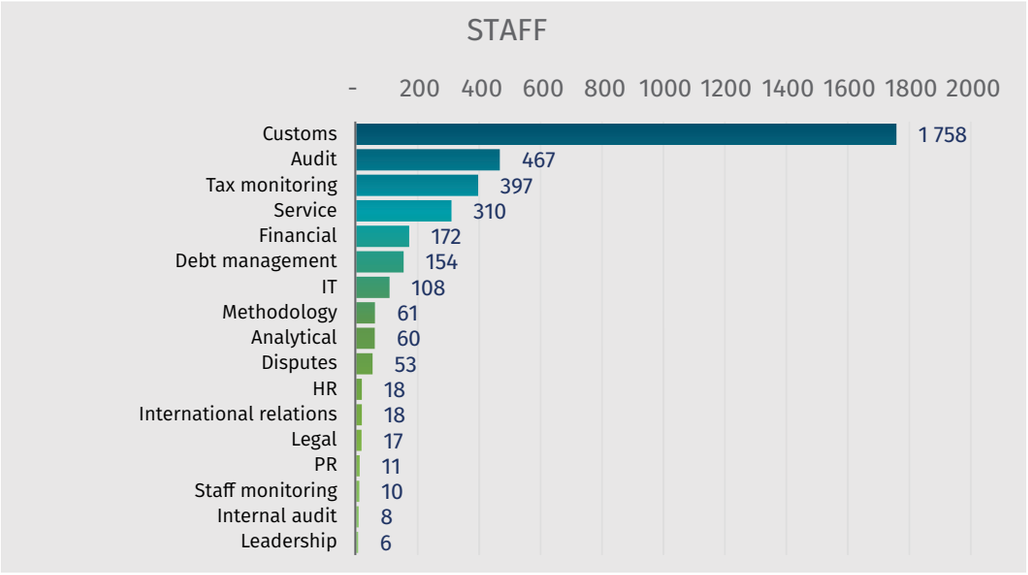
The attainment of the strategic objectives of the Revenue Service is closely linked to the strengthening of organizational capacity and the promotion of institutional sustainability. Achieving this goal relies on the development of human capital, the reinforcement of organizational culture, and the availability of adequate infrastructure. A workforce that is qualified, innovation-driven, and motivated forms the foundation for the effective operation of the Service and the successful implementation of its strategic priorities.
This chapter outlines the key activities undertaken in 2024 to enhance organizational capacity and promote institutional sustainability.

IMPLEMENTATION OF MODERN APPROACHES IN HUMAN RESOURCE MANAGEMENT

The Revenue Service acknowledges the strategic importance of human resources in achieving organizational success. Guided by modern, comprehensive approaches to organizational change management, the agency consistently fosters a work environment oriented toward professional development, long-term partnership, and cooperation.

In 2024, a total of 3 876 staff positions were allocated to ensure the effective operation of the Revenue Service, with more than 90% of these positions filled on average throughout the year. Of the total positions, 15% were assigned to the head office, while 85% were distributed across operational departments. The Customs Department accounted for the highest number of staff positions and, consequently, the largest number of employees.

Furthermore, 347 individuals[13] were employed by the Service to carry out temporary functions, and 205 individuals completed internships, 54 of whom participated in the Government Internship



Personnel planning is a key component of effective human resource management, aimed at ensuring that the organization is staffed with the appropriate number of personnel possessing the necessary qualifications. Within 2024, a total of 248 vacancies were announced through the Civil Service Bureau platform. Following the completion of the selection procedures, 206 candidates were appointed to the advertised positions (a total of 1 802 applications received). Of the appointments made, 180 positions were filled through internal recruitment, including 35 at the middle and senior management levels. Therefore, the overall **hiring success rate**[14] was 83%.

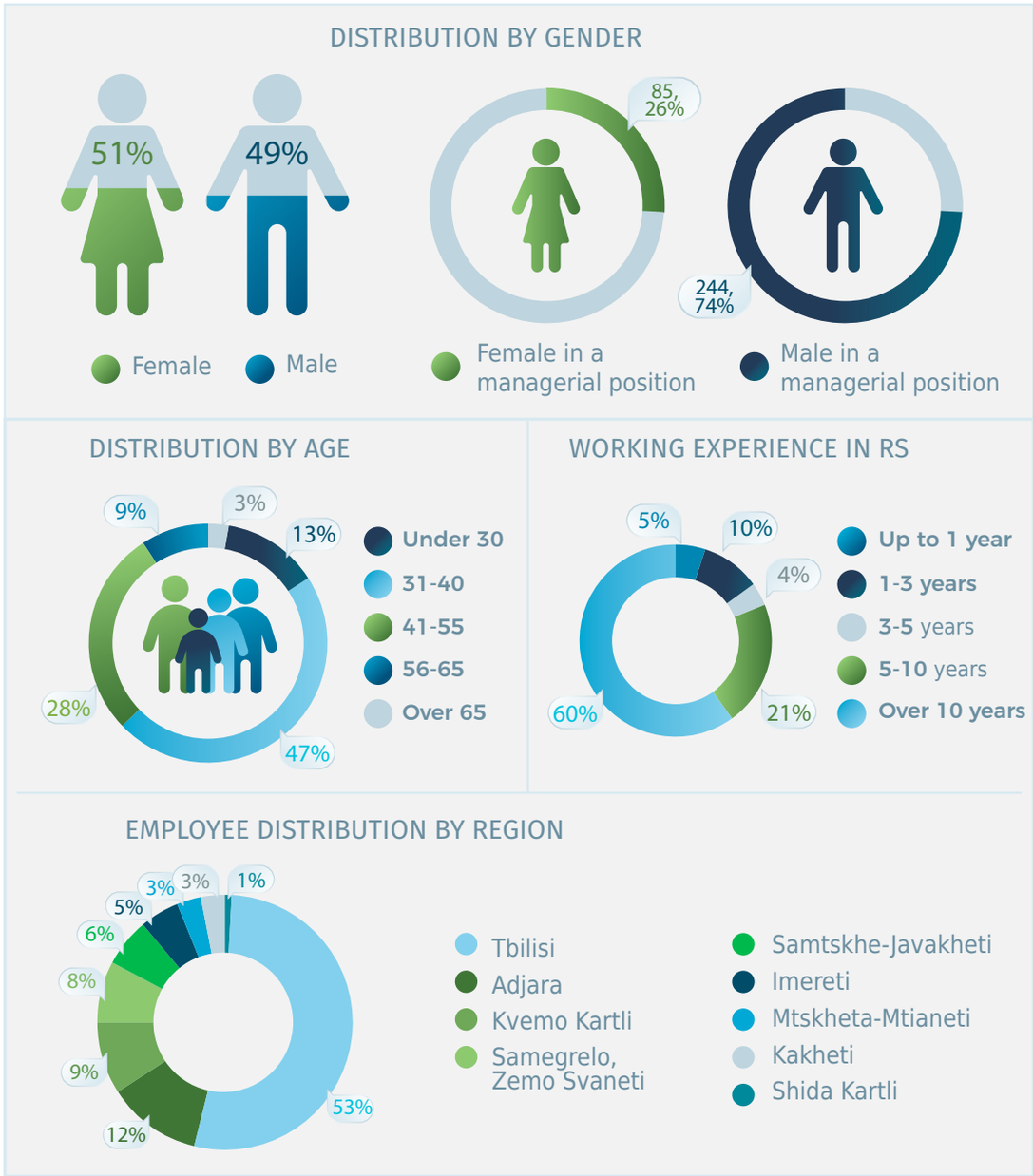
13 As of 31 December 2024.
14 Hiring Success Rate – in accordance with the SIGMA methodological framework, a success rate exceeding 95% is considered a very good outcome, while a rate below 55% is classified as poor (source: "Human Resource Management Indicators for the Public Service", Civil Service Bureau, 2023).

To strengthen the personnel reserve, the Revenue Service simultaneously carried out internal internships and participated in government internship programs. A total of 2 460 candidates applied for 389 internship positions, of which 205 individuals were selected and appointed through a competitive process. This represents a 35% increase compared to the previous year, primarily attributable to the introduction of paid internships in the public service as of 1 January 2024, with compensation aligned to that of a civil servant.

According to 2024 data, 206 individuals were appointed to vacant positions (position filling rate - 5.7%), while 104 employees were dismissed (employee turnover rate - 2.9%). Consequently, the net increase in staffing amounted to +102 employees, corresponding to a net growth rate of 2.8%. Notably, none of the individuals appointed in 2024 left their positions within the year, indicating a **recruitment efficiency rate** of 100%.[15]

To enhance the forecasting and planning of workforce demand and supply, a Workforce Planning Process (WFP) was implemented in 2024 within the Disputes Department and three structural units of the Customs Department.

Human resource data of the Revenue Service across various dimensions, as of December 2024:



15 Recruitment efficiency – A rate of 90% or higher is considered a good result, while a rate below 80% is deemed unsatisfactory (source: 'Human Resource Management Indicators for the Public Service,' Civil Service Bureau, 2023).

It is noteworthy that the Revenue Service maintains a gender-balanced working environment. The majority of employees fall within the 31–40 age group, while most individuals in managerial positions are between 35 and 55 years of age. Furthermore, the Service employs approximately 40 persons with disabilities, underscoring the commitment to an inclusive employment policy of the agency.

A key indicator of the stability and robustness of the human resource management system is that 60% of employees have over 10 years of service within the Revenue Service. This level of long-term employment significantly contributes to the institutional memory and organizational sustainability of the agency.

The Service maintains organizational stability by relying on experienced personnel, while simultaneously implementing a systematic approach to human resource development. This process encompasses both group and individual training, professional qualification enhancement, support for self-development, facilitation of knowledge acquisition, and the strengthening of practical application skills.

To support the professional development of its employees, the Service operates a Training Needs Analysis (TNA) mechanism based on the job evaluation system, which serves as the basis for the annual enhancement of training programs.

In 2024, a total of 1 085 employees from the head office and operational departments of the Service underwent retraining to enhance their professional and personal competencies. Additionally, 244 interns received training across 71 subject areas through programs organized by the Academy of the Ministry of Finance. Notably, in addition to external trainers, qualified employees of the Service also participated as trainers, having successfully completed the Training of Trainers (ToT) program and acquired the necessary professional skills.

The training courses covered the following key areas:

- ☑ **Tax and Customs Areas –** Transfer Pricing, International Taxation, Tax Reforms, Declaration Systems, CRM Audit Procedures, Tax and Customs Legislation, Capital Flow Management, Debt Management, and Emerging Trends in Taxation.
- ☑ **Management and Administration –** Leadership, Change Management, Time and Priority Management, Delegation, Negotiation Techniques, Public Finance Management, and Decision-Making.
- ☑ **Personal and Communication Skills –** Emotional Intelligence, Stress Management, Assertive Communication, Professional Writing, Presentation and Meeting Skills, Professional English, and Effective Customer Communication.
- ☑ **Accounting and Analytical Fields –** Accounting in accordance with international standards, Financial Modeling in Excel, Macroeconomic Analysis and Economic Diagnostics.
- ☑ **Customs and Border Procedures –** Cross-Border Movement Control, Inspection of Hazardous Substances, Veterinary and Phytosanitary Control, Frontline Biosecurity, and Coastal Protection Issues.
- ☑ **Technologies and Digital Transformation –** Digital Commerce, the Role of Artificial Intelligence, Electronic Certification, and the Development of ASYCUDA Systems.

The Revenue Service places particular emphasis on one of the core components of human resource management—enhancing employee motivation. The motivation system is founded on transparent criteria and the principles of fairness, which contribute to higher levels of employee engagement and the full realization of their professional potential in the pursuit of organizational objectives.

Key motivational initiatives implemented within 2024:

- In recognition of the successful completion of tasks of particular importance and complexity, as well as for long-term and diligent service—including taking into consideration the results of an internal service quality survey—345 employees were formally commended:
  - ☑ 51 employees were granted state special ranks ahead of schedule (Customs Department)
  - ☑ 123 employees received formal letters of appreciation.
  - ☑ 171 employees were awarded monetary bonuses.







- Based on the quarterly and annual results of the employee performance evaluation system, 180 employees were promoted, including 35 individuals appointed to middle and senior management positions.
- In 2024, 147 employees utilized the provisions of the Revenue Service regulations granting an additional 5 working days of paid leave in cases of marriage, the birth of a child (for fathers), or the death of a family member.
- To promote employee well-being and work-life balance, an exhibition featuring artwork created by employees' children was held at the office in observance of International Children's Day.

Specifically, 14 employees received disciplinary notices, 9 were issued warnings, and 47 employees faced partial salary deductions due to violations of work attendance regulations. As a final disciplinary measure, one employee was dismissed from service.

It should be highlighted that in 12 instances, the organization adopted a preventive approach by issuing verbal warnings to employees instead of formal disciplinary measures. This practice underscores an employee-centered policy grounded in tolerance and consideration of individual circumstances.

These indicators affirm that disciplinary practices within the Revenue Service are founded not only on principles of regulation and sanction but also on the values of justice, proportionality, and the reinforcement of organizational culture. This approach, in turn, contributes to enhanced employee motivation and the strengthening of institutional sustainability.

- **Employee turnover rate - 2.9%**
- **Quitting rate within 360 days - 0%**
- **Internal promotion rate - 5.2%**
- **Net balance of hired versus terminated employees - + 98%**
- **Employee training participation rate - 31%**
- **Growth rate in the number of internship applicants - + 12%**

CAPACITY DEVELOPMENT OF EMPLOYEES WITH INTERNATIONAL EVENTS

Professional development of employees is a strategic priority for the Revenue Service, which actively leverages training opportunities provided through participation in international events, seminars, and forums. In particular:

- During 2024, employees of the Analytical Department participated in training programs delivered via the virtual platform VITARA, established through the collaboration of the Inter-American Center of Tax Administrations (CIAT), the Intra-European Organization of Tax Administrations (IOTA), the International Monetary Fund (IMF), and the Organization for Economic Co-operation and Development (OECD). Through this platform, the employees successfully completed the following courses:
  - ☑ Enterprise Risk Management (ERM),
  - ☑ Compliance Risk Management (CRM),
  - ☑ Strategic Management,
  - ☑ Initiating and Managing Reforms,
  - ☑ Organizational Arrangement,
  - ☑ Institutional Governance,
  - ☑ Measuring and Monitoring the Activity / Performance Indicators of Tax Administrations.
- In 2024, employees from the Analytical and Methodological Departments participated in a workshop held in Ljubljana, the Republic of Slovenia, on the topic of “Experience with Tax Reforms”. This event provided participants with the opportunity to gain insights into international practices in tax reform, exchange experiences, and engage in discussions on the challenges and opportunities associated with effective policy formulation.
- Representatives from the Analytical, International Relations, and Information Technology structural units of the Revenue Service participated in an online seminar jointly organized by the Secretariat of the OECD Global Forum on Transparency and Exchange of Information and the Asian Development Bank (ADB). The seminar focused on matters related to the automatic exchange of tax information. Its primary objective was to identify the technical requirements and characteristics essential for participating tax administrations to ensure the effective and high-quality implementation of the automatic exchange process in compliance with international standards.

- As part of the ongoing technical assistance project between the Swedish Tax Administration and the Revenue Service, funded by the Swedish International Development Cooperation Agency (SIDA), employees from the Analytical and Methodology Departments participated in a study visit to Stockholm covering the following areas:
  - ☑ Taxpayer Services and Education,
  - ☑ Enterprise Risk Management,
  - ☑ Compliance Risk Management,
  - ☑ Data Management.



- Employees from the Analytical, Methodology, Audit, Financial Departments, and the Information Technology Center participated in training courses organized by the Center of Excellence in Finance (CEF):
  - ☑ Digitalization of Information Systems: Tax Challenges Related to Digitalization,
  - ☑ Managerial Responsibility for Budget Execution,
  - ☑ Experience with Tax Reforms.
  - ☑ Base Erosion and Profit Shifting (BEPS) Project.









- In 2024, employees from the Analytical, Methodology, Audit, and International Relations Departments, as well as the Information Technology Center, participated— with the support of the International Monetary Fund (IMF)—in a series of training programs organized by the Caucasus, Central Asia, and Mongolia Regional Capacity Development Center (CCAMTAC) in Almaty, Kazakhstan. The training programs covered the following:
  - ☑ Tax Compliance in the Digital Age,
  - ☑ International Tax Administration Management,
  - ☑ Combating Macro-Critical Corruption,
  - ☑ Social Acceptability of Structural Reforms,
  - ☑ Strengthening Institutions to Combat Corruption,
  - ☑ ISORA: International Survey on Revenue Administration.
- An employee from the Audit Department (Transfer Pricing Division) participated in the "Tax Inspectors Without Borders" meeting, held in Paris, France, in April–May 2024, with the support of the OECD and the United Nations Development Programme (UNDP).
- Employees from the Analytical, Customs, and International Relations Departments participated in the following events organized by the Organisation for Economic Co-operation and Development (OECD):
  - ☑ Meeting of the Working Group and the Expert Subgroup of the Organisation for Economic Co-operation and Development (OECD), held in Paris, France.
  - ☑ Participation in the meetings of the Expert Assessment Group of the Global Forum on Transparency and Exchange of Information of the Organisation for Economic Co-operation and Development (OECD), held in Paris, France.
  - ☑ Participation in the meeting of the Automatic Exchange of Information Peer Review Group (APRG), held in Paris, France.
  - ☑ Participation in the meeting of the Crypto-Asset Reporting Framework (CARF) Group of the OECD Global Forum on Transparency and Exchange of Information, held in Paris, France.
- Employees from the Analytical, Debt Management, Methodology, and International Relations Departments, with the support of the Intra-European Organisation of Tax Administrations (IOTA), participated in the following events:
  - ☑ Seminar on "Automatic Segmentation of Tax Debtors to Improve Debt Collection" — Budapest, Hungary
  - ☑ Forum on Tax Debt Management — Oslo, Norway
  - ☑ Workshop on Automatic Exchange of Information — Vienna, Austria
  - ☑ Forum on Combating VAT Fraud — Bern, Switzerland
  - ☑ Forum on Human Resources Management — Budapest, Hungary
  - ☑ Workshop on Transfer Pricing — Budapest, Hungary
  - ☑ Forum on Communication — Vilnius, Lithuania
  - ☑ 28th General Assembly of IOTA — Budapest, Hungary
  - ☑ 147th Meeting of the Executive Council, IOTA — Gdańsk, Poland
  - ☑ 31st Forum of the IOTA Principal Contact Persons — Bruges, Belgium.
- Employees from the International Relations and Customs Departments, with the support of the United Nations Office on Drugs and Crime (UNODC), participated in the following events:
  - ☑ 6th WCO–UNODC CCP IREN Experts Meeting — Brussels, Belgium,
  - ☑ Meeting held under the framework of the joint World Customs Organization (WCO) and United Nations Office on Drugs and Crime (UNODC) project — Container Control Programme — Brussels, Belgium,
  - ☑ Regional Workshop on "Systematic Analysis of Drug Trafficking Networks and Interdiction Planning" — Uzbekistan,
  - ☑ First Meeting of the Regional Network of the UNODC Drug Monitoring Platform — Tashkent, Uzbekistan,
  - ☑ Second Interregional Workshop on "Systematic Analysis and Interdiction of International Drug Trafficking Networks" — Bishkek, Kyrgyzstan.
- Employees of the Customs Department participated in the training program titled "Course for Border Guard and Customs Cooperation Advisers", held in Moldova.

- Employees of the Customs Department participated in the “Border Management Senior Staff Course” organized by the Organization for Security and Co-operation in Europe (OSCE), held in Tajikistan.
- Employees from the Customs Checkpoint Division of the Customs Department participated in an operational activity held in Warsaw, Poland, within the framework of the European Multidisciplinary Platform Against Criminal Threats (EMPACT), organized by the European Border and Coast Guard Agency (FRONTEX).
- Employees of the Canine Division of the Customs Department participated in the training course “Effective Use of Service Dogs”, held in Prague, Czech Republic. The training was organized by the Czech Customs Administration.

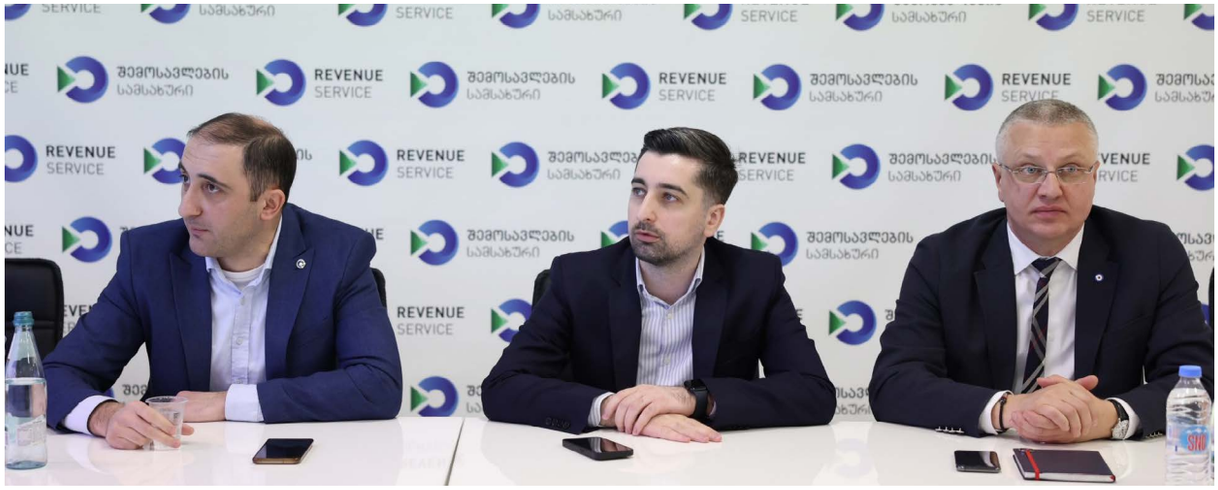


- Employees of the Canine Division of the Customs Department participated in the training program “Illegal Wildlife Trade Detection,” held under the auspices of the Customs Canine Service of the Czech Republic in Prague, Czech Republic.
- A regional seminar titled “Systems Analysis and Planning for Disruption of Drug Trafficking Networks” was held in Tashkent, Uzbekistan, within the framework of the joint World Customs Organization (WCO) and United Nations Office on Drugs and Crime (UNODC) Container Control Programme. Representatives from the International Relations Department participated in the event.
- With the support of the Czech Development Agency, a study visit was conducted in Brno and Prague, Czech Republic, focusing on the exchange of experience in sampling procedures for food and animal feed. The visit was attended by employees of the Customs Department.
- A seminar for representatives of the customs administrations of Eastern European member states was held in Limassol, Cyprus, organized by the World Customs Organization (WCO) Security Programme within the framework of the Radiological and Nuclear Detection Awareness (RANDA) Project. The seminar was attended by a representative of the Customs Department of the Revenue Service.

EXCHANGE OF BEST PRACTICES WITHIN THE FRAMEWORK OF INTERNATIONAL COOPERATION

In light of current global trends and regional challenges, it is imperative for tax and customs administrations to effectively address shared threats and objectives. Accordingly, the exchange of successful experiences, as well as the study of best practices and modern approaches, holds particular significance.

The Revenue Service of Georgia, as part of its cooperation with international partners, actively participates in meetings and events of various formats, thereby enhancing institutional capacity and promoting effective administration.







In this context, the year 2024 proved to be particularly productive, with numerous events held to facilitate the exchange of experience among representatives of tax and customs administrations. Specifically:

- In February 2024, with the support of the International Tax and Investment Center (ITIC), the 16th Forum of Tax Administrations of the Silk Road Countries was held in Tashkent, Uzbekistan. The event was attended by the First Deputy Director General of the Revenue Service of Georgia, along with the Head of the relevant division of the Legal Department.
- In the field of Immigration and Border Governance (IBG), with the support of the International Organization for Migration (IOM), the 7th Border Management and Identity Conference (BMIC7) was held at the Regional Office for Asia and the Pacific (ROAP) in Bangkok, Thailand. A representative from the International Relations Department of the Revenue Service of Georgia participated in the conference.
- A conference of customs administrations from the European region, organized by the World Customs Organization (WCO), was held at the WCO headquarters in Brussels, Belgium. The Head of the International Relations Department of the Revenue Service of Georgia participated in the event.
- Employees from the Information Technology Center, International Relations, and Customs Departments of the Revenue Service participated in the Information Technology Forum organized by the World Customs Organization, held in Rio de Janeiro, Brazil.
- With the support of the China Customs Administration, the 6th Authorized Economic Operator (AEO) Global Conference was held in Shenzhen in May 2024, attended by a representative from the International Relations Department.
- Organized by the Embassy of the United States of America, an employee of the Customs Department of the Revenue Service participated in an event related to the delivery of a stationary X-ray inspection system, held in Boston, USA, from March 17 to 21, 2024, within the framework of the EXBS program.
- Employees of the International Relations and Customs Departments participated in the 10th EU-Georgia Customs Sub-Committee, held in Brussels, Belgium.
- In January 2024, an employee of the Department of International Relations participated in the event titled “Trans-Caspian Trade Route: Joint Action Plan Dialogue”, funded by the U.S. Department of Commerce, Commercial Law Development Program (CLDP), held in Tashkent, Uzbekistan.

- Within the framework of the EU tax program FISCALIS, employees from the Analytical, Methodology, Audit, Legal, International Relations Departments, and the Information Technology Center participated in various thematic workshops, in particular, the following:

  - ☑ Meeting held in Vienna, Austria, on the topic: “Tax Audit of the Banking Sector, Risk Analysis, and Methodology”.
  - ☑ Meeting in Vilnius, Lithuania, focused on the implementation of the Common Reporting Standard (CRS) and financial reporting.
  - ☑ Workshop in Budapest, Hungary, on the implementation of the VAT scheme for small and medium-sized enterprises (SME) and the associated guidelines.
  - ☑ A meeting in Chisinau, Moldova, primarily dedicated to discussing issues related to the Common Reporting Standard.
  - ☑ Workshops in Poland, Estonia, and Latvia aimed at exchanging experiences in service development. These meetings were attended by personnel from the Analytical, Service, International Relations, Debt Management, and Methodology Departments, as well as the Information Technology Center.

IMPLEMENTATION OF ENTERPRISE RISK MANAGEMENT SYSTEM

In the context of enhancing institutional capacity, a key component of organizational change management is the Enterprise Risk Management system. Its implementation was initiated by the Analytical Department of the Revenue Service in 2022 through the development of an institutional risk management policy.

Within 2023–2024, risk registers for all departments of the head office were developed and approved. In 2024, the process commenced to create risk registers for the operational departments, currently encompassing the Service and Debt Management Departments. Concurrently, the operational risk register template was revised, leading to the update and approval of the operational risk registers for the Human Resources Management and Development Department, the Information Technology Center, the Public Relations and Marketing Department, the Legal Department, and the International Relations Department.

Managers of structural units whose operational risk registers have been approved consistently monitor the effectiveness of control mechanisms, prepare periodic reports, and initiate necessary amendments to the registers as required.

In accordance with the Enterprise Risk Management policy, the Revenue Service is progressively fostering a culture of informed, risk-based decision-making by integrating the risk management process into the managerial accountability framework.

BRINGING THE INFORMATION SECURITY SYSTEM INTO LINE WITH MODERN STANDARDS

The Revenue Service, as an institution engaged in the processing and analysis of critically important data, is actively implementing a modern information security management system. This initiative aims to ensure the **confidentiality, integrity, and availability of information** in alignment with the roles and responsibilities of the Service. Particular emphasis is placed on compliance with the **fundamental requirements of the Law of Georgia on Information Security,** the deployment of security management tools, and adherence to the international standard ISO 27001.

To coordinate and oversee the information security management process, an Information Security Council operates within the Service. As part of the phased implementation of the standard’s requirements, the following measures were undertaken during 2024:

- **The following information security documents were approved:**

  - ☑ Methodology for inventory of information assets.
  - ☑ Methodology for classifying information assets.

- ☑ Procedure for managing and securing mobile and portable devices.
- ☑ Definition of the organizational context.

- **Based on newly adopted methodologies, the information asset register was updated, and assets were classified according to their respective levels of criticality.**
- **New documentation projects were developed, including the following:**
  - ☑ Human Resources Security Management Procedure.
  - ☑ Internal Audit Procedure.
  - ☑ "Clear Desk and Clear Screen" Policy.

In addition, to enhance employee awareness, a **basic training course covering key aspects of information and cybersecurity** was developed. Completion of this course, along with passing the corresponding examination, is mandatory for all employees of the Revenue Service and is conducted on an annual basis.

These initiatives serve as a critical foundation for the systematic management of information-related risks and the establishment of a structured cybersecurity culture within the organization.

ENHANCEMENT OF INFORMATION TECHNOLOGY SYSTEMS

STRENGTHENING THE PROJECT MANAGEMENT SYSTEM

In the context of institutional capacity development, one of the key priorities for the Revenue Service is the effective operation of its project management system. This system is designed to ensure the efficient planning, organization, and management of time, human, and material resources, serving as a foundation for the successful implementation of project objectives.

As a result of the measures undertaken, projects within the Service are managed in centralized manner, in accordance with a unified project management methodology. Furthermore, reporting mechanisms have been established to enable effective monitoring of project progress and to ensure transparency throughout all processes.

In response to the growing number of projects involving information technology components, and with the aim of enhancing and standardizing the IT project management process, the Information Technology Center of the Revenue Service developed an IT Project Management Manual in 2024. This manual is based on the project management methodology already adopted by the Service and is intended to institutionalize and formalize project-related processes.

Moreover, IT project managers underwent retraining, projects were allocated to designated managers, and user guidelines for the JIRA platform were developed to streamline processes—fully aligned with the project management regulations in force within the Service.

As a result, beginning in 2024, the IT project management process has been operating in pilot mode under the updated methodology, marking a significant step in organizational development and contributing to the enhanced efficiency and transparency of system management.

INTERNATIONAL COOPERATION

EXPANSION OF BILATERAL AND MULTILATERAL COOPERATION AND TECHNICAL ASSISTANCE FRAMEWORKS

One of the strategic priorities of the Revenue Service is the enhancement of international cooperation. In this regard, the Service continues to foster relationships with partner countries, relevant agencies, and regional and international organizations. It actively supports the implementation of Georgia's international commitments and consistently works to expand the legal framework for international information exchange.

Particular emphasis is placed on fulfilling the obligations undertaken within the framework of the Association Agreement between Georgia and the European Union. This includes not only the alignment of national legislation with EU directives and regulations, accession to international conventions, and the adoption of international principles in tax and customs policy and administration, but also the effective enforcement of these standards.

COUNTRY-BY-COUNTRY REPORTING (CBCR)

Since 2016, Georgia has held the status of an associate member of the Inclusive Framework on Base Erosion and Profit Shifting (BEPS). The country has committed to implementing the BEPS project, which encompasses 4 minimum standards, including Country-by-Country Reporting. Fulfillment of the obligations under this standard requires the establishment of an appropriate legal framework at the national level, as well as the development of adequate technical capacities within the tax administration to facilitate the exchange of reporting information.

To fulfill this obligation, primary legislation has been enacted, and in 2024, in cooperation with the OECD, the Ministry of Finance developed and approved secondary legislation entitled "Reporting Rules for Multinational Enterprise Groups".

The Revenue Service has established internal procedures to facilitate the implementation of the reporting exchange process. The Rules for the Exchange of Information for Tax Purposes within the framework of the Convention on Mutual Administrative Assistance in Tax Matters dated 25 January 1988, as well as other international treaties and/or agreements of Georgia, were updated. An additional manual, providing guidance on the exchange of reports by multinational enterprise groups and its appropriate use, was also incorporated as a supplementary instruction.

The Organisation for Economic Cooperation and Development (OECD) has approved Georgia's confidentiality assessment report, which constitutes a requisite condition for the implementation of Action 13 under the Base Erosion and Profit Shifting (BEPS) project.

The technical arrangements for the information exchange process with partner jurisdictions have been completed. Therefore, commencing from 1 January 2025, the Revenue Service will begin receiving the information stipulated under Action 13, enabling it to assess BEPS-related risks associated with multinational enterprise groups. Furthermore, it should be noted that, at this stage, Georgia does not have any multinational enterprise groups with an annual consolidated group income of 750 million EUR or more, as defined by the project.

AUTOMATIC EXCHANGE OF FINANCIAL ACCOUNT INFORMATION (AEOI)

The objective of implementing the international standard for the Automatic Exchange of Information (AEOI) is to facilitate the exchange of information regarding the financial accounts of resident individuals among the tax administrations of partner countries of the Organisation for Economic Co-operation and Development (OECD), with the purpose of enhancing taxpayers' voluntary compliance.

In 2022, Georgia committed to implementing the international standard for the Automatic Exchange of Information (AEOI). The Revenue Service is responsible for collecting information from financial institutions operating within Georgia in accordance with the Common Reporting Standard (CRS) and transmitting it to the competent authorities of other jurisdictions. Additionally, the Service oversees the compliance of financial institutions with the obligations stipulated by the Common Reporting Standard (CRS).

Compliance with the above-mentioned obligation necessitates the implementation of a standardized information security policy within the Revenue Service, as well as an evaluation of adherence to the standards established by the Organisation for Economic Co-operation and Development (OECD). In fulfillment of this requirement, the OECD conducted an assessment of the confidentiality standards of the Revenue Service in 2024, resulting in Georgia being granted the authority to exchange financial account information bilaterally with partner jurisdictions.

In 2024, a dedicated platform was developed and launched to facilitate the automatic exchange of standardized information with partner jurisdictions.

EXCHANGE OF INFORMATION FOR TAX PURPOSES (EOI)

The Revenue Service is actively engaged in fulfilling the international obligations of the country concerning mutual assistance in tax matters.

As a party to the Convention on Mutual Administrative Assistance in Tax Matters, Georgia is obligated to exchange with other signatories any information deemed necessary for the implementation of the provisions of the Convention or for the administration of domestic tax laws covered by the Convention. This obligation to exchange information further arises from bilateral agreements on tax information exchange and treaties for the avoidance of double taxation and the prevention of fiscal evasion, which Georgia has concluded with 58 countries.

Within 2024, Georgia received 55 requests within the framework of mutual administrative assistance, including the following:

- 33 requests for information exchange.
- 3 spontaneous notifications.
- 3 reports concerning the income of resident individuals.
- 16 requests for other forms of administrative assistance (including support in debt collection, among others).

91% of these requests were responded to within the 90-day timeframe prescribed by the international standard for the exchange of tax information.

During the same period, Georgia submitted 15 requests to foreign jurisdictions under the framework of mutual administrative assistance, including 12 requests for information exchange and 3 requests concerning information on resident individuals.

It is noteworthy that Georgia has been a member of the Global Forum on Transparency and Exchange of Information for Tax Purposes of the Organisation for Economic Co-operation and Development (OECD) since 2011. The Forum periodically evaluates member jurisdictions regarding their implementation of tax information exchange standards. In 2024, the assessment of Georgia's compliance with the international standard for the Exchange of Information on Request (EOIR) was completed. The Revenue Service, as the competent authority for information exchange, actively participated in the assessment process. Following the review of the three-year evaluation period, it was determined that the legislation and practices of Georgia in the field of information exchange and tax transparency comply with international standards. Therefore, in 2024, the Forum published an assessment report on Georgia, assigning it a rating of Largely Compliant.

This outcome underscores the fact that the Revenue Service effectively fulfills its international obligations and ensures the efficient utilization of international cooperation mechanisms to enhance tax compliance and administration.

INTRODUCTION OF NEW COMPUTERIZED TRANSIT SYSTEM (NCTS)

The objective of the international implementation of the New Computerized Transit System (NCTS) is to facilitate the movement of transit goods among the countries that are parties to the Convention. The system has been operational at the national level since 6 April 2023.

Within 2024, the accession process to the Common Transit Convention (CTC) and Single Administrative Document/SAD was successfully completed. In addition, phase 3 of the system compliance testing was also finalized, which involved the exchange of transit declaration data with Convention member states (Georgia, Turkey, Bulgaria, the Czech Republic, and Austria) pre-selected by the European Commission. In October 2024, Georgia received a formal invitation to accede to the Convention, and the instrument of accession was submitted to the depositary of the Convention (the Council of Europe). Additionally, meetings were held with representatives of the banking and insurance sectors.

As part of the monitoring missions conducted:

- A positive recommendation was issued regarding Georgia's readiness to accede to the Common Transit Convention (CTC) and to implement the New Computerized Transit System (NCTS) at the international level.
- A positive recommendation was also issued in favor of extending an official invitation for Georgia to become a member of the Convention.

The accession to the Convention will take effect on the 1st of February 2025.





THE CENTRAL ASIA REGIONAL ECONOMIC COOPERATION (CAREC) PROGRAM

Georgia became a member of the Central Asia Regional Economic Cooperation (CAREC) Program in 2016 and has since actively participated in joint initiatives across multiple areas. Notably, projects focused on the development of transport corridors and the establishment of a joint management system for customs checkpoints hold particular significance.

In 2024, with the support of the Asian Development Bank (ADB), the Revenue Service hosted a meeting of the working groups of the Central Asia Regional Economic Cooperation (CAREC) Transit System (CATS) and Customs Information Common Exchange (ICE) Pilot Project. The meeting was attended by experts from ADB and CAREC, as well as representatives from the customs administrations of Azerbaijan, Uzbekistan, and Turkmenistan, along with various structural units of the Revenue Service of Georgia. The participants discussed the progress made during the preparatory phase of the pilot project.





Three primary working groups were established within the framework of the project: in the Legislative, Information Technology, and Customs Control directions. The technical development phase of the transit system was completed in 2024. In September–October, the system underwent testing in both simulated environments (across 20 different scenarios) and real-world conditions using actual cargo.

Simultaneously, work progressed on the development of the legal framework. A preliminary draft agreement was prescribed and circulated among the customs administrations of the participating countries—Georgia, Azerbaijan, Uzbekistan, and Turkmenistan—for review and the submission of comments/suggestions.

Within 2025, the project is expected to be launched in pilot mode, followed by the signing of the formal agreement, marking a significant advancement in regional customs cooperation and the facilitation of transit procedures.

THE BELT AND ROAD INITIATIVE TAX ADMINISTRATION COOPERATION MECHANISM (BRITACOM)

Within 24-26 September 2024, the 5th Annual Forum of the Belt and Road Initiative Tax Administration Cooperation Mechanism (BRITACOM) was held in the Hong Kong Special Administrative Region. The forum was conducted under the theme: "Deepening Tax Administration Cooperation for High-Quality Belt and Road Development". The First Deputy Director of the Revenue Service participated in the Forum on behalf of Georgia.

BRITACOM was established through the joint initiative of the leaders of the People's Republic of China and the Republic of Kazakhstan. It brings together tax administrations from approximately 100 countries worldwide, including both member and observer states. The Advisory Board of the organization comprises senior officials and experts from leading international tax institutions.

Key topics discussed during the Forum included the following:

- Enhancing tax predictability.
- Promoting the digitalization of tax administrations.
- Improving the overall tax environment.
- Strengthening the institutional capacity of tax administrations.
- Streamlining administrative measures in the financial sector to reduce compliance costs.
- Presentation of the BRITACOM progress report.

INTRA-EUROPEAN ORGANISATION OF TAX ADMINISTRATIONS (IOTA)

On 18–19 June 2024, the 28th General Assembly of the Intra-European Organisation of Tax Administrations (IOTA) was held in Budapest, Hungary. The Director General of the Revenue Service of Georgia participated in the event.

The General Assembly serves as IOTA's highest-level annual forum, bringing together the heads of tax administrations from its member countries. The event was also attended by representatives of partner international organizations, the business community, and academic institutions, whose work is closely linked to the analysis and application of big data in tax administration processes.

The General Assembly was attended by over 200 participants. The main topics discussed during the event included the following:

- The significance of big data analytics in enhancing tax administration processes.
- Contemporary practices in data-driven decision-making.
- The role of technological innovations in advancing the development of tax administrations.
- Approaches to strengthening international cooperation in response to digital-era challenges.

SILK ROAD TAX FORUM

On 28–29 February 2024, the 16th Silk Road Tax Forum of the Tax Administrations of the Silk Road Countries was held in Tashkent, the capital of the Republic of Uzbekistan.

The forum brought together representatives from the tax administrations and ministries of finance of Armenia, Azerbaijan, Georgia, Kazakhstan, Kyrgyzstan, Mongolia, China, South Korea, Tajikistan, Turkey, and Turkmenistan. Experts from various international organizations also attended the event. The First Deputy Director General of the Revenue Service represented Georgia at the event.

The forum participants engaged in discussions on the key challenges facing modern tax administrations and explored potential solutions. The following topics were addressed:

- Regional economic development and fiscal policy drivers.
- Direct and indirect tax policy.
- International tax reforms and their implications for corporate income taxation.
- Promoting investment attraction through the use of tax instruments.
- VAT policy and taxation mechanisms in the context of the digital economy.
- Innovative technological solutions aimed at enhancing the efficiency of tax administration.

OECD GLOBAL FORUM PLENARY MEETING

From 25 to 29 November 2024, the 17th Plenary Meeting of the Global Forum of the Organisation for Economic Cooperation and Development (OECD) was held in Asunción, Republic of Paraguay. A delegation from the Revenue Service of Georgia participated in the session. Specifically, the meetings were attended by the designated representative for the Exchange of Information for Tax Purposes—the Head of the Analytical Department—and the Head of the International Tax Cooperation Division of the International Relations Department, who serves as Georgia's representative on matters related to the Global Forum and participates in its relevant working groups.

Within the framework of the meeting, the achievements of the Global Forum in the areas of international tax cooperation and the fight against tax avoidance were considered. A strategic action plan for the upcoming years was adopted, outlining new standards for exchange of information (EOI) and transparency, implementation mechanisms, and the associated challenges.

Within the framework of the meetings, high-level bilateral meetings were held with representatives of various member states on the issues of strategic importance to the Revenue Service.

Within the scope of the plenary meeting, the representative of the Revenue Service participated in a panel discussion, focusing on global challenges related to data protection and information security. The presentation also highlighted Georgia's experience in the successful implementation of the international standard for the Automatic Exchange of Information (AEOI) and summarized the key outcomes of the corresponding evaluation process.





GEORGIA-AZERBAIJAN JOINT CUSTOMS CHECKPOINT

The Georgia–Azerbaijan Joint Border Checkpoint project, “Ipek-Yolu” / “Silk Road,” aims to enhance the transit and logistics capacities of both countries and to further strengthen regional transportation and trade connectivity.



Within the framework of the implementation of the project, an Interagency Commission was established in 2024 at the initiative of the Ministry of Finance and fully staffed. Several working group meetings were held, following which internal discussions on the draft agreement concerning the practical operation of the joint border crossing checkpoint between the Government of Georgia and the Government of the Republic of Azerbaijan were finalized. The draft agreement was subsequently transmitted to the Azerbaijani side for further consideration through diplomatic channels.

To ensure the effective execution of the project, a joint Georgian–Azerbaijani Interagency Working Group was also formed, under whose auspices the relevant draft agreement was prescribed.

Currently, active negotiations are ongoing with the Asian Development Bank regarding potential financial support of the project.

THE UNITED NATIONS FRAMEWORK CONVENTION ON CLIMATE CHANGE

In 2024, the 29th Conference of the Parties to the UN Framework Convention on Climate Change took place in Baku, the Republic of Azerbaijan. Within the framework of the Conference, the representatives of the Revenue Service—the Deputy Director General of the Service and the Head of the International Relations Department—participated in the high-level event entitled “COP29: Green Customs: Dialogue of Senior Customs Officials”.

The primary objective of the event was to facilitate dialogue among heads of customs administrations on environmental initiatives, climate change strategies, and innovative approaches in customs operations. Discussions focused on the tools and mechanisms that can enhance environmental protection and promote greater environmental responsibility within customs systems.

The event aimed to strengthen the engagement of the global customs community in addressing climate change—an effort that fully aligns with the strategic priorities of the World Customs Organization and the overarching goals of COP29.

UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT - UNCTAD

In 2024, the Head of the Customs Department of the Revenue Service participated in high-level meetings with representatives of the United Nations Conference on Trade and Development (UNCTAD). The discussions focused on the ongoing implementation of Phase 5 (P5) of the New Computerized Transit System (NCTS), as well as the planned actions and strategic preparations for the transition to Phase 6 (P6).

Furthermore, discussions emphasized the need to update the ASYCUDA software system, including the integration of the ASY5 Framework within ASYCUDA World, as well as other technical and functional enhancements. These improvements are aimed at increasing the efficiency of customs procedures and aligning them with modern international standards.

WORLD CUSTOMS ORGANIZATION (WCO)

In 2024, the Head of the International Relations Department of the Revenue Service participated in the 143rd and 144th sessions of the Customs Cooperation Council — the highest decision-making body of the World Customs Organization (WCO). These sessions, traditionally held on an annual basis, convene the heads and representatives of customs administrations from WCO member states.

The sessions focused on the progress made in the implementation of the World Customs Organization's Strategic Plan for 2023–2024. The Secretary General of the Organization presented a comprehensive report outlining the activities undertaken by the Secretariat and the status of ongoing reform initiatives.

Participation of Georgia in this high-level forum ensures the country's active engagement in global customs processes and supports the adoption and integration of WCO-defined standards and best practices into national customs administration.

RESEARCH INITIATED BY THE WORLD BANK

In 2024, the World Bank completed a study entitled "Middle Trade and Transport Corridor: Policies and Investments to Triple Freight Volumes and Halve Travel Time by 2030". The study presents a comprehensive analysis, offering detailed information on the Middle Corridor, including multimodal rail and maritime routes that link China to European countries via Central Asia and the South Caucasus.

The report provides a detailed analysis of the current state of infrastructure and logistics services, as well as the existing constraints, in the three key countries along the Middle Corridor—Kazakhstan, Azerbaijan, and Georgia.

The digitalization of transit processes and the adoption of shared management principles are expected to significantly enhance the utilization of regional transit and logistics capacities, improve overall efficiency, and facilitate the optimal use of shared transport infrastructure.

The presentation and discussion of the research findings were attended by leaders of international organizations, as well as representatives from Georgia, Azerbaijan, and Kazakhstan, underscoring the strategic significance of this matter in the context of regional cooperation and the development of trade.

FTA PLENARY MEETING

The 17th Plenary Meeting of the Forum on Tax Administration (FTA) of the Organisation for Economic Co-operation and Development (OECD) was held in Athens, Greece, from 13 to 15 November 2024, bringing together tax administration officials from 53 countries. The Revenue Service of Georgia was represented at the event by the First Deputy Director General of the Revenue Service and the Deputy Head of the International Relations Department.

The main theme of the meeting was the transformation of tax administrations, along with the global challenges and opportunities associated with this process. Participants concurred that such transformation would contribute significantly to reducing tax losses, enhancing taxpayer compliance, and increasing the predictability of tax systems.

Within the framework of the meeting, consensus was reached on the following key areas:

- Strengthening international cooperation to advance digital transformation initiatives.
- Supporting the implementation of the global minimum tax and reinforcing the framework for tax certainty, with a focus on ensuring a predictable tax environment and reducing the likelihood of disputes.
- Enhancing the institutional capacity of tax administrations through collaboration with regional tax organizations.

Within the framework of the meeting, bilateral high-level discussions were also conducted with representatives of various member states, during which priority areas for the Revenue Service and prospects for further cooperation were examined.

TECHNICAL ASSISTANCE PROVIDED BY PARTNER COUNTRIES AND INTERNATIONAL ORGANIZATIONS

The Revenue Service actively cooperates with partner states, regional and international organizations, thereby expanding both bilateral and multilateral cooperation frameworks as well as the scope of technical assistance.

INTERNATIONAL MONETARY FUND (IMF)

The Revenue Service actively cooperates with partner states, regional and international organizations, thereby expanding both bilateral and multilateral cooperation frameworks as well as the scope of technical assistance.

- Tax Audit.
- Evaluation of Reform Progress.
- Large Taxpayers Office.
- Evaluation of Revenue Service Programs.
- Compliance Risk Management.

Technical assistance provided in the aforementioned areas contributes to strengthening the institutional capacity of the Revenue Service and enhancing the quality of management in accordance with international standards.

COLLABORATION WITH THE SWEDISH TAX AGENCY

In 2024, within the framework of a technical assistance project with the Swedish Tax Agency, a public opinion survey was conducted to evaluate the level of trust, awareness of its functions, and satisfaction with services among the Georgian population and business community.

During the research process, target groups were identified, and methodologies and questionnaires were developed for both individuals and representatives of various business sectors. A survey was conducted among the selected respondents, and an analytical report was prepared based on the findings. This report served as the foundation for further plans aimed at enhancing the quality of service provided by the Revenue Service.

FISCALIS AND CUSTOMS PROGRAMS OF THE EUROPEAN UNION

The EU 2021–2027 Fiscalis and Customs Programs provide an opportunity for cooperation with member states in the areas of experience sharing, human resource development, enhancement of information technologies, and support for the priority initiatives of the agency.

Fiscalis Program

In 2024, under the framework of the program, 45 employees from ten departments of the Revenue Service participated in 12 international workshops. The subjects addressed during these sessions included the following key topics:

- Transfer pricing and financial transaction analysis.
- Methodology for tax audits in the banking sector.
- Implementation of the Common Reporting Standard (CRS).
- VAT administration for small and medium-sized enterprises.
- Data protection and information security.
- Potential applications of artificial intelligence in the tax domain.

Customs Program

Within the framework of the Customs Program, employees of the Financial, International Relations, and Customs Departments participated in a series of workshops focused on sharing the experiences of EU member states on the following topics:

- Verification of the origin of goods.
- Enforcement of sanctions.
- Coordination and implementation of the Customs Program.
- Management of the canine service.

In 2024, a grant received under the Customs Program financed four activities aimed at facilitating the exchange of European Union best practices in the field of customs and supporting the implementation of the New Computerised Transit System (NCTS).

PARTNERSHIP WITH JAPAN INTERNATIONAL COOPERATION AGENCY

In 2024, the Revenue Service actively cooperated with the Embassy of Japan and the Japan International Cooperation Agency (JICA) with the objective of enhancing customs control capabilities and equipping the agency with modern technological tools.

The Revenue Service submitted a grant application to the Embassy of Japan, following which an agreement was reached and the corresponding grant contract was signed. The grant, amounting to 322 million Japanese Yen, is designated for the procurement of advanced control equipment for customs checkpoints. Specifically, following is scheduled:

- Procure and install two body scanners at Kutaisi and Batumi International Airports.
- Supply and deploy forty hand-held metal detectors and four videoscopes at designated customs checkpoints.

Concurrently, the project titled “Improvement of Cargo Scanning Equipment at the Port of Poti on the Trans-Caspian International Transport Route” was initiated within the framework of cooperation with the Japan International Cooperation Agency (JICA). A Memorandum of Understanding was signed to facilitate preparatory activities for the project, which includes the planned delivery of one mobile inspection system and one railway inspection system.

These initiatives will make a significant contribution to enhancing the efficiency of customs control procedures and strengthening transit security standards.

REGIONAL CONVENTION ON PAN-EURO-MEDITERRANEAN CONVENTION (PEM)

On 7 December 2023, pursuant to Decision No. 1/2023 of the Joint Committee of the Regional Convention on Pan-Euro-Mediterranean Preferential Rules of Origin, amendments to the Convention were adopted, with an effective date set for 1 January 2025.

The Revenue Service of Georgia — specifically, the International Relations and Customs Departments—actively participated in the work of the Committee. In 2024, within the framework of the Joint Committee Working Group, amendments to Decision No. 1/2023 were developed and agreed upon, addressing several key issues, including the following:

- On the one hand, a mechanism was established to maintain the diagonal cumulation regime among member states, even in cases where the renewal of bilateral free trade agreements referencing the updated version of the Convention could not be completed in a timely manner.
- On the other hand, a legal framework was introduced to facilitate the further development of electronic certification of origin systems.

It is noteworthy that both amendments serve to preserve the interests of Georgia, including the advancement of electronic services and the preservation of the cumulation mechanism with Turkey and Ukraine, which remains a strategic priority for the country. The above-mentioned decision has been duly signed and has entered into force. Its implementation is expected to positively impact the enhancement of competitiveness of Georgia within the region.

In the context of an increasingly dynamic, technology-driven global environment, the success of a public institution is fundamentally determined by its capacity for effective strategic management. The ability to comprehensively assess its current strategic standing, identify institutional strengths and weaknesses, and accordingly define a coherent long-term development trajectory constitutes a critical foundation for organizational success.

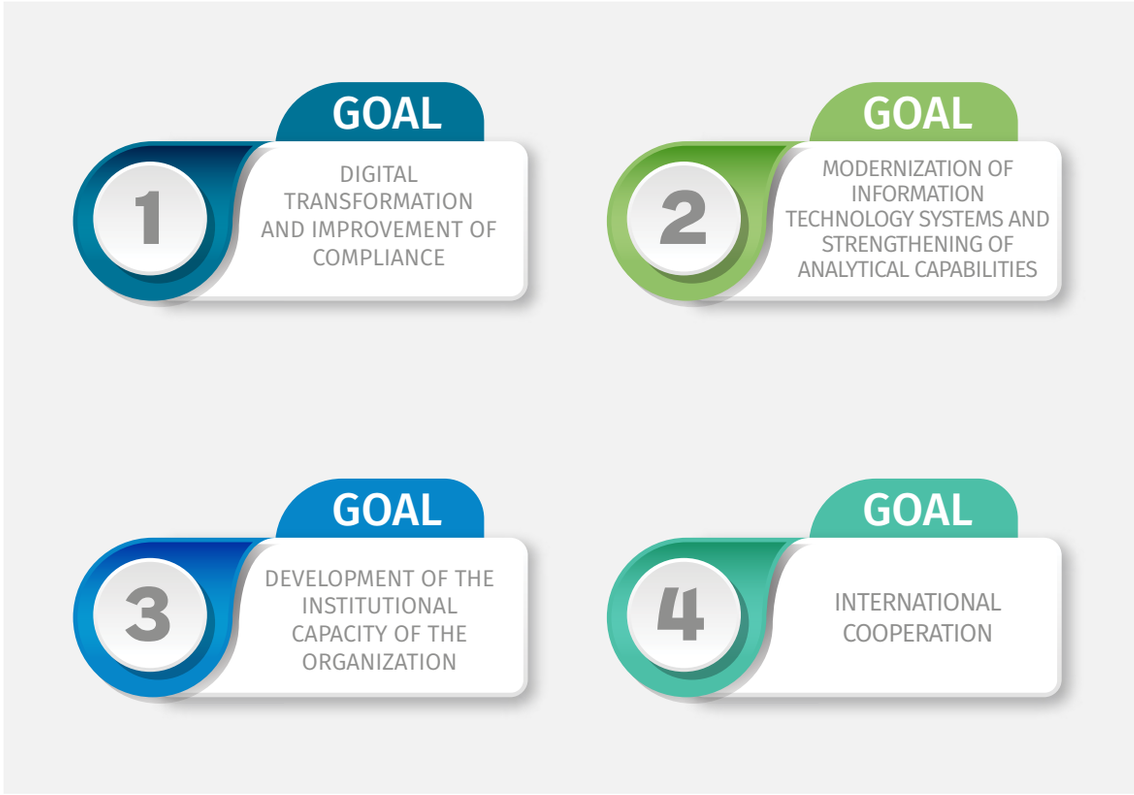
In this regard, the year 2024 was of particular strategic significance for the Revenue Service of Georgia. The implementation period of the 2021–2024 Strategic Plan concluded, making it imperative to evaluate prior performance and establish new strategic directions responsive to evolving challenges and opportunities.

The ongoing global technological transformation, emerging economic and social trends, the hybrid threats confronting Georgia and the broader international community, increased geopolitical volatility, and associated risks—alongside global challenges related to international trade—underscore the necessity for adaptive, forward-looking policy responses. On one hand, there is a pressing need to ensure a business-enabling environment through simplified and optimized digital services. On the other hand, there remains the critical responsibility to ensure the effective administration of customs procedures and the sustainable mobilization of budget revenues. Within this context, the Revenue Service plays a pivotal role. The institution is committed to discharging its mandate in an exemplary manner, leveraging advanced and innovative technological solutions, and positioning itself as a regional leader in the digitalization of public services and business processes. In response to the aforementioned developments, challenges, and emerging imperatives, the Analytical Department of the Revenue Service, in 2024, developed a new institutional modernization strategy.

The new 2025–2030 strategy of the Revenue Service articulates a long-term vision for the development of tax and customs administration of Georgia. The document presents a comprehensive analysis of the current strategic landscape and sets forth the key strategic objectives the Revenue Service aims to achieve during the 2025–2030 period to enhance the efficiency, transparency, and modernization of tax and customs administration systems. The successful implementation of the strategy will contribute meaningfully to the realization of «Vision 2030 – Development Strategy of Georgia» and is fully aligned with the long-term fiscal policy framework of the Ministry of Finance, the Medium-Term Revenue Strategy (MTRS), and other national sectoral policy documents.

The new strategy is grounded in the results achieved under the 2021–2024 Strategic Plan and draws on international best practices, global technological advancements, and emerging trends in public sector modernization. Its principal aims include: the continued improvement of tax and customs administration through digital transformation; the enhancement of institutional capacity; the expansion of international cooperation; and the support for the European integration of Georgia.

Taking into consideration the above-mentioned, the new 2025–2030 strategy of the Revenue Service defines four main strategic objectives:



These objectives, along with the 22 tasks outlined in the strategy for their implementation, represent a key priority of the Revenue Service and a pathway toward a modern, digitally transformed tax administration. This progress will be achieved through close engagement and cooperation with all relevant stakeholders.

The new strategy defines the strategic directions for the development of the institution responsible for tax and customs administration in the country. Therefore, it serves as an essential reference point for taxpayers, business associations, and other interested parties in the process of developing their own strategic documents.

COOPERATION BETWEEN THE REVENUE SERVICE AND THE BUSINESS SECTOR

In 2024, the Revenue Service continued active cooperation with representatives of the business sector. Throughout the year, numerous meetings were held with the aim of informing the private sector about ongoing reforms and new developments within the institution.

Proactive communication with interested stakeholders represents a strategic priority for the Service. Within this framework, the institution worked closely with various business associations and professional organizations, significantly contributing to the deepening of effective dialogue between the institution and the private sector, improving services, and promoting voluntary compliance with legislation.



Authorized Economic Operator (AEO)

In 2024, the Revenue Service actively engaged with representatives of the business sector. A working meeting was held with members of the Business Association of Georgia (BAG), during which participants discussed the rules governing the movement and clearance of goods within the customs territory of Georgia, procedures related to the «yellow corridor,» mechanisms for the automatic completion of customs declarations, and matters concerning the introduction of the new status of Authorized Economic Operator (AEO).

The meeting followed a dialogue-based format and facilitated a two-way exchange of information. Representatives of the business community received detailed information regarding ongoing reforms, innovative mechanisms, and risk-based control approaches.

These meetings are intended to raise awareness within the private sector about current reforms and service enhancements, contributing to the creation of a high-quality, transparent, and predictable tax and customs environment.

Introduction of New Criteria for the Requalification of Loans as Capital Contributions

In April 2024, the Revenue Service held a working meeting with representatives of the Business Association of Georgia (BAG), which was aimed at discussing the new criteria for requalification of loans into equity and introducing relevant legislative amendments.

Within the framework of the meeting, the draft amendments to the Order of the Minister of Finance of Georgia “On Approval of the Instructions on the Evaluation of International Controlled Transactions” were discussed. This initiative aims to improve existing regulations and harmonize them with international tax standards.

Representatives of the Methodology, Audit, and Disputes Departments of the Service made presentations, and the discussion format facilitated the provision of full-fledged responses to questions and suggestions from the business sector.

This meeting forms part of the ongoing communication strategy of the Service, which aims to deepen constructive cooperation with taxpayers and enhance the predictability and legal clarity of the tax environment.



COMMON REPORTING STANDARD (CRS)

In 2024, a workshop was held with support from the Revenue Service of Georgia and organized by the Banking Association of Georgia, where representatives of commercial banks, microfinance organizations, credit unions, and other financial institutions participated. The objective of the meeting was to discuss technical and practical aspects of the Common Reporting Standard (CRS).

Participants received recommendations regarding the use of communication technologies and the rules governing the common model and standard for the automatic exchange of information (Common Transmission System - CTS). This standard was developed by the Organisation for Economic Co-operation and Development (OECD) and G20 countries and facilitates the secure and efficient exchange of data for tax purposes.

Such meetings represent an important element in informing the financial sector and advancing alignment with international standards.



INTERNATIONAL CUSTOMS DAY

On 26 January 2024, the Revenue Service of Georgia formally celebrated International Customs Day. This year, the event was held under the World Customs Organization theme – “Customs Engaging Traditional and New Partners with Purpose.”

The primary objective of the occasion was to emphasize the role of the customs system in enhancing international cooperation and supporting economic development. The event was attended by representatives of various public institutions and the private sector.

In recognition of outstanding professionalism and effective collaboration, certificates of honor established by the World Customs Organization (WCO) were awarded to 20 employees of the Revenue Service and representatives of several partner institutions.









GEORGIAN CUSTOMS OFFICER DAY

On 20 September 2024, the Professional Day of the Georgian Customs Department was celebrated. As part of the celebration, 35 accomplished customs officers received certificates of appreciation in recognition of their exemplary and diligent performance of official duties, and 38 employees were granted a state special rank ahead of schedule.

The establishment of the Professional Day of Customs Employees is linked to a significant milestone in the history of the customs system of independent Georgia. Based on the Law on the Organization of Customs

Institutions, adopted by the National Council on 30 August 1918, the customs authority officially commenced its operations on 20 September 1918. The celebration of Professional Day is associated with this historic date.

This date was officially established in 2022 by an order of the Minister of Finance and has since been celebrated annually as a day of professional recognition for individuals working within the customs system. In 2024, this day was celebrated for the second time at the national level, once again underscoring the vital role of customs officers in ensuring economic security and promoting transparent management of international trade.

TAX AMNESTY

In 2024, a large-scale tax amnesty was implemented pursuant to the amendment to Article 309, Part 37 of the Tax Code of Georgia. According to the amendment, tax liabilities of individuals that were incurred prior to January 1, 2021, and remained outstanding at the time of the write-off were subject to cancellation.

As a result of this initiative, tax debts and accrued interest totaling GEL 437 405 615 were written off for 125 771 individuals.

The objective of the amnesty was to alleviate the financial burden on the population, encourage taxpayer participation, and support the restoration of economic activity. This measure is also intended to strengthen trust in the tax system and promote voluntary compliance

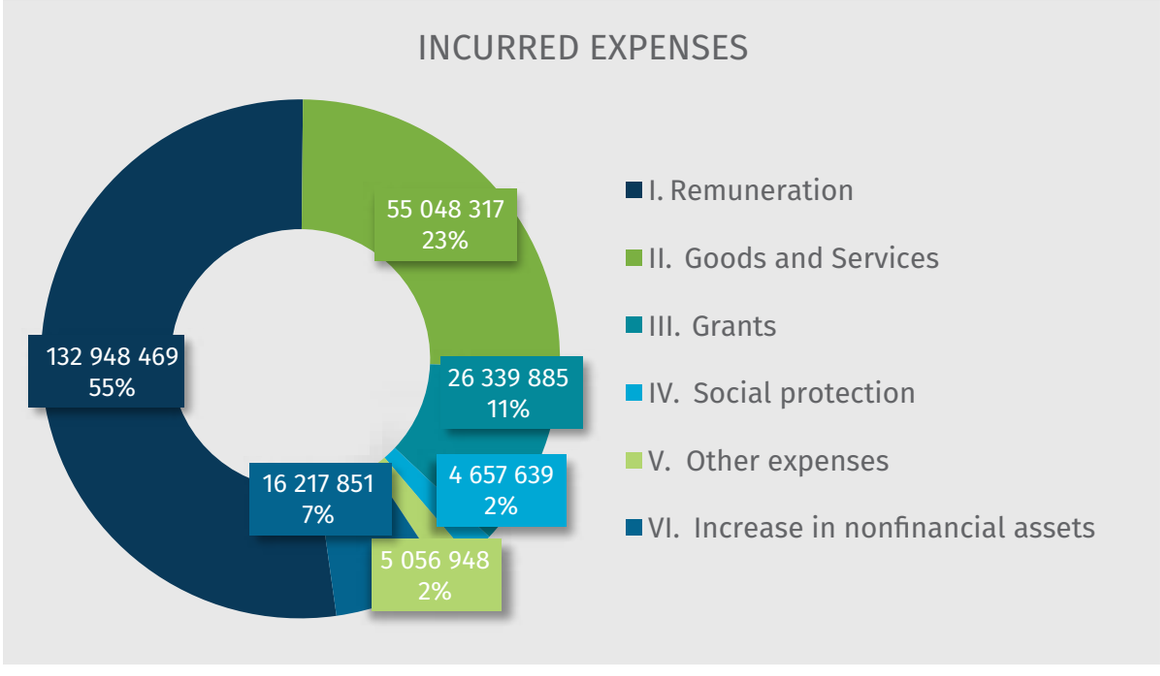
EXPENDITURES INCURRED TO ENSURE THE IMPROVEMENT AND DEVELOPMENT OF TAX AND CUSTOMS SERVICES

Throughout 2024, the Revenue Service carried out its tasks and functions without hindrances, with a focus on enhancing the quality of tax and customs services, advancing administrative infrastructure, and efficient delivery of services. Within the framework of material, technical, and financial support of the system, activities included the implementation of capital projects, construction, repair and installation works, fixed asset management, state procurement procedures, and the disposal of property owned or used by the Service. These efforts covered administrative buildings, taxpayer service offices, customs checkpoints, and other infrastructure essential to operational continuity.

The financing of the above-mentioned projects and activities of the Revenue Service is supported by state budget allocations and revenues generated by the service itself. The latter are formed through fees established for various services, and in 2024, their share in the total revenues actually received by the Revenue Service amounted to 93%. Accordingly, the Revenue Service primarily covers its expenditures through its revenues.

In 2024, the own revenue of the Revenue Service amounted to 260.8 million GEL, representing a 5.3% increase compared to the 2023 figure of 247.7 million GEL.

The expenses incurred by the Revenue Service during the reporting period totaled 240.2 million GEL. The distribution of these expenses by type is presented in the chart below.



Important infrastructure projects underway in 2024:

- Due to the increasing volume of land transportation and visitor numbers, reconstruction works on the **Kazbegi Customs Checkpoint** building have been ongoing since 2023, which include the addition of freight exits (“gates”), expansion of the administrative building, arrangement of a parking area, internal repairs, and paving works. Herewith, arrangement of protective gabions to prevent stone fallout. Completion of these construction and reconstruction activities is scheduled for the first quarter of 2025.
- Repair/rehabilitation works on the **administrative building of the Audit Department** have been completed. Within the framework of the project, the workspace was fully renovated, the building was equipped with a new heating and cooling system, as well as all necessary inventory and equipment.

In 2024, to enhance service quality and facilitate smooth visitor movement, repair/rehabilitation and improvement works commenced at the service centers of Lagodekhi, Poti, Kutaisi, and Batumi customs checkpoints. Herewith, ongoing works continued at Customs Checkpoints “Sarpi”, “Sadakhlo” (Railway), “Kartsakhi”, and the Clearance Economic Zone “Batumi”.

The repair/rehabilitation and improvement works at the Customs Checkpoint “Red Bridge”, Clearance Economic Zone “Tbilisi”, Gori, and Akhaltsikhe Service Centers were completed in 2024.

To ensure uninterrupted operation of the Service, various computer equipment, machinery, and software were procured during the reporting period, including:

- ☑ 6.6 million GEL was spent on IT infrastructure renewal (2 servers, ASYCUDA system upgrades, 400 laser printers, 100 laptops, and other).
- ☑ To guarantee continuous functioning of customs checkpoints and enhance customs control efficiency, 2 diesel generators were purchased (for CCP Kazbegi and CCP Ninotsminda), 3 truck scales (CCP Kazbegi, CCP Red Bridge, CCP Sarpi), 100 LED signs (CCP Kazbegi, CCP Red Bridge, CCP Sadakhlo, CCP Sarpi), and 150 video surveillance cameras and other.

A total of 16.2 million GEL was spent in 2024 on construction/repair works of Revenue Service facilities, as well as on the procurement of various equipment, machinery, and software (increase in non-financial assets).

SOCIAL RESPONSIBILITY AND PUBLIC RELATIONS

The Revenue Service, as an agency with a strong commitment to social responsibility, actively engages in educational, informational, and social campaigns. Throughout 2024, a series of significant initiatives were carried out, contributing to the engagement and support of diverse segments of society.

Donation of books to a public school

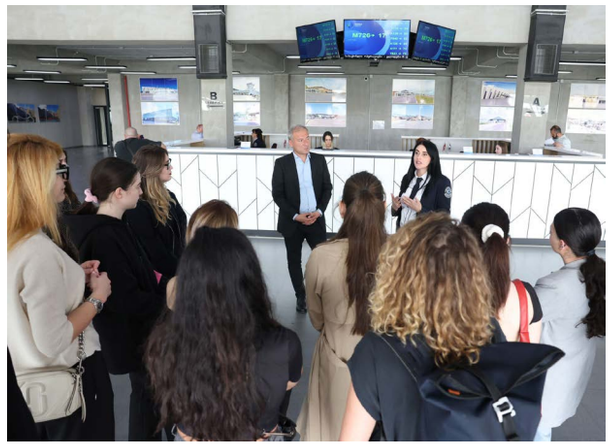
On 23 April, in celebration of World Book Day, employees of the Customs Department, in collaboration with representatives of the National Palace of Students and Youth, visited the villages of Kere and Patara Mejvriskhevi, located near the occupation line. Within the framework of the visit, literary, educational, and extracurricular reading materials were donated to the libraries of the rural public schools, with the aim of enhancing students› access to education and providing them with educational support.

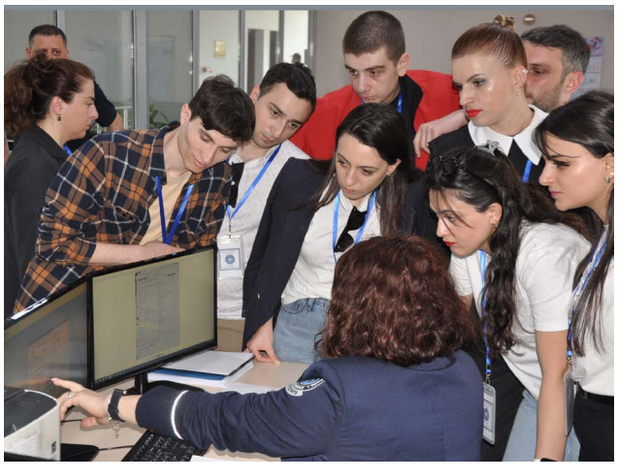
Educational seminar for students

An educational initiative was implemented at the initiative of the Public Relations and Marketing Department of the Revenue Service, aimed at enhancing the awareness of students from higher and vocational educational institutions in Georgia regarding the functions and operations of the agency.

Within the frames of the project, 20 educational tours were conducted across 4 customs checkpoints and 3 clearance economic zones. Approximately 500 students from more than 20 educational institutions participated in the initiative, gaining firsthand insight into the operational specifics and functioning of the Revenue Service.









Retraining of convicts

Within the framework of the memorandum signed between the Revenue Service of the Ministry of Finance and Vocational Training and Retraining Center for Convicts, training sessions on customs and tax legislation were conducted in five penitentiary institutions in 2024.

Approximately 50 convicts participated in the retraining program. The primary objective of the initiative was to enhance their professional competencies and support their resocialization and reintegration into society.

Blood donation

In 2024, as part of social responsibility, the Revenue Service employees traditionally participated in the blood donation campaign. Employees of various structural units of the service voluntarily donated blood, thereby helping to save the lives of patients. This initiative once again emphasizes the team spirit and high civic awareness of the employees of the Service, and is also a message of solidarity and humanity thereof.

The Revenue Service will further continue its active involvement in supporting society and will promote the continuation of humanitarian initiatives focused on saving lives.





Combating disinformation and safeguarding public trust

As in previous years, disinformation and the dissemination of false information continued to present a significant challenge for the Revenue Service in 2024. Misleading statements and inaccurate information posed a risk to maintaining the high level of public trust towards the agency and the awareness thereof.

Therefore, the Revenue Service took prompt and proactive measures in response to discrediting or false information disseminated in the public domain, whether intentionally spread by individuals or media outlets. The communication strategy of the agency prioritized timely and consistent responses through official platforms, public statements, and collaboration with media representatives. This approach served as a key mechanism for ensuring the dissemination of accurate and reliable information to the public and for upholding trust in the institution.

In 2024, with the aim of promptly identifying, preventing, and addressing violations of tax and customs legislation, the Revenue Service issued 142 press releases to ensure broad public awareness of significant cases.

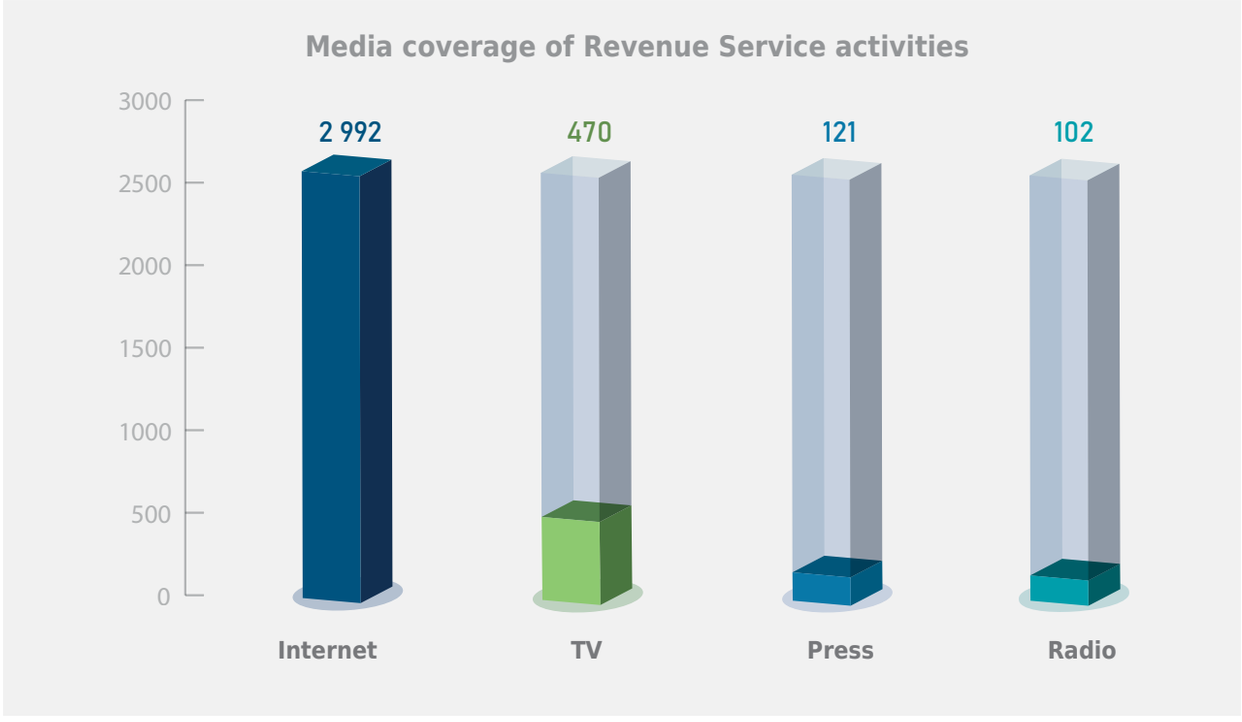
Furthermore, to enhance public awareness and promote transparency in the tax environment, the Service published 51 updates and announcements regarding legislative changes. These efforts contributed to keeping citizens well-informed regarding ongoing developments and reforms.

Media coverage of Revenue Service activities

To enhance communication with citizens and foster greater public engagement, the Revenue Service actively utilized a variety of communication platforms throughout 2024. Specifically the following should be underlined:

- 30 informational posts were published on the LinkedIn platform.
- 81 videos were uploaded to the official YouTube channel.
- 30 news releases were published in Azerbaijani and Armenian-language newspapers to ensure information accessibility for ethnic minority communities.

It should be highlighted that public interest in social media platforms has grown substantially, as evidenced by a marked increase in Facebook subscribers and news-related posts garnering over one million views.

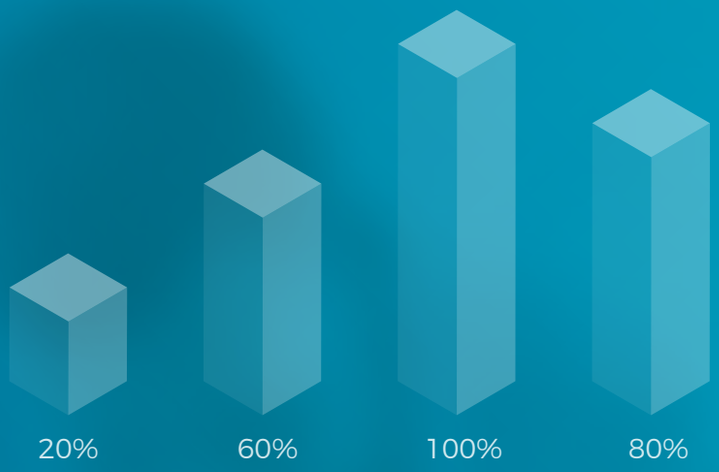


PARTNER ORGANIZATIONS

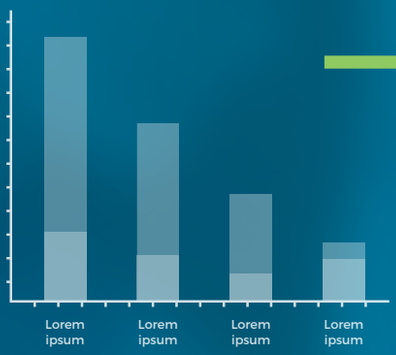
In 2024, the Revenue Service of Georgia made substantial progress in both capacity building and service enhancement. These achievements were the result of a series of reforms, the efficient utilization of internal resources, and strong teamwork.

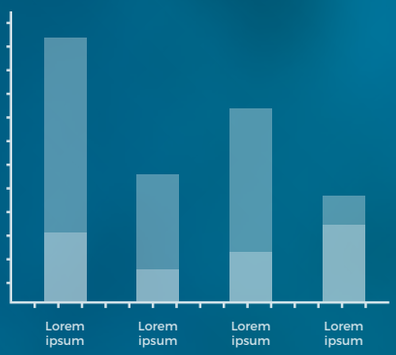
In this context, the support of partner countries, tax administrations, international organizations, and donor institutions served as a valuable supplementary resource, contributing significantly to the effective implementation of various projects. The technical assistance, knowledge exchange, and collaborative initiatives undertaken within the framework of these partnerships played a key role in enhancing the operations of the Service and aligning them more closely with modern standards.

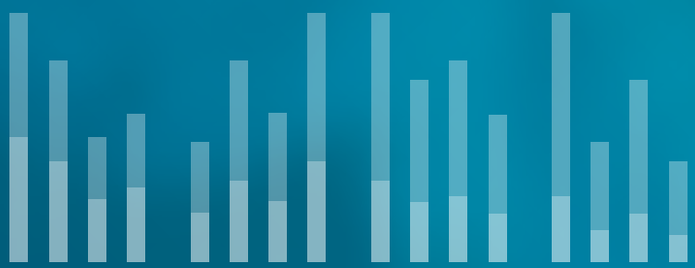


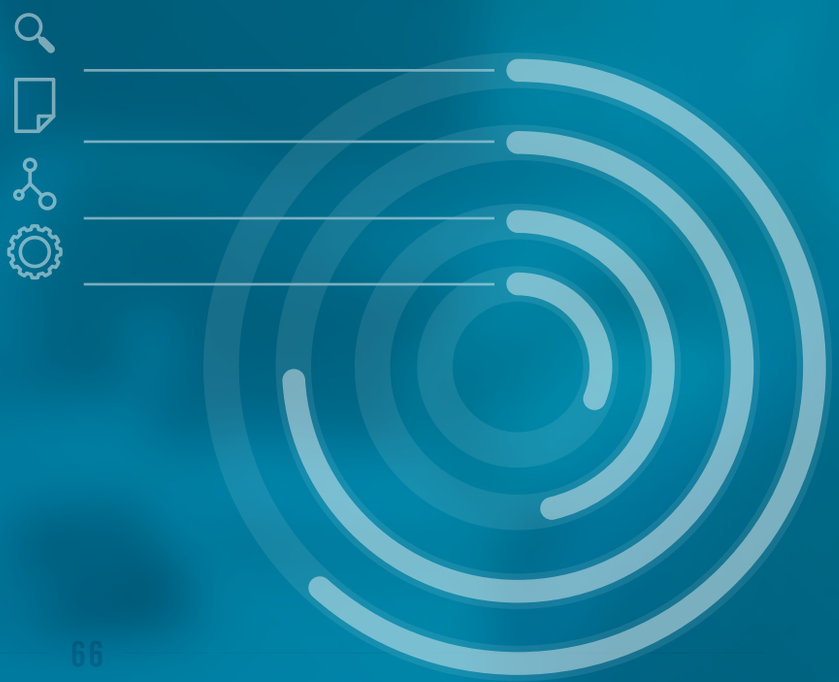


STATISTICAL DATA



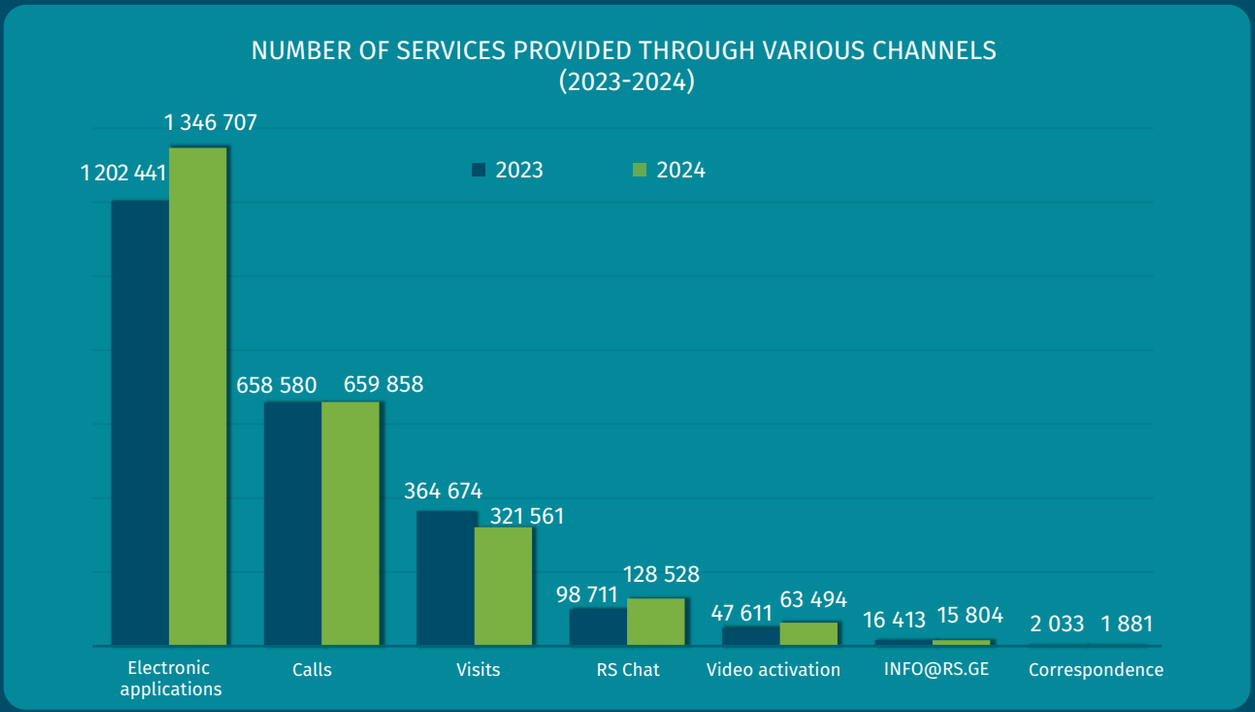




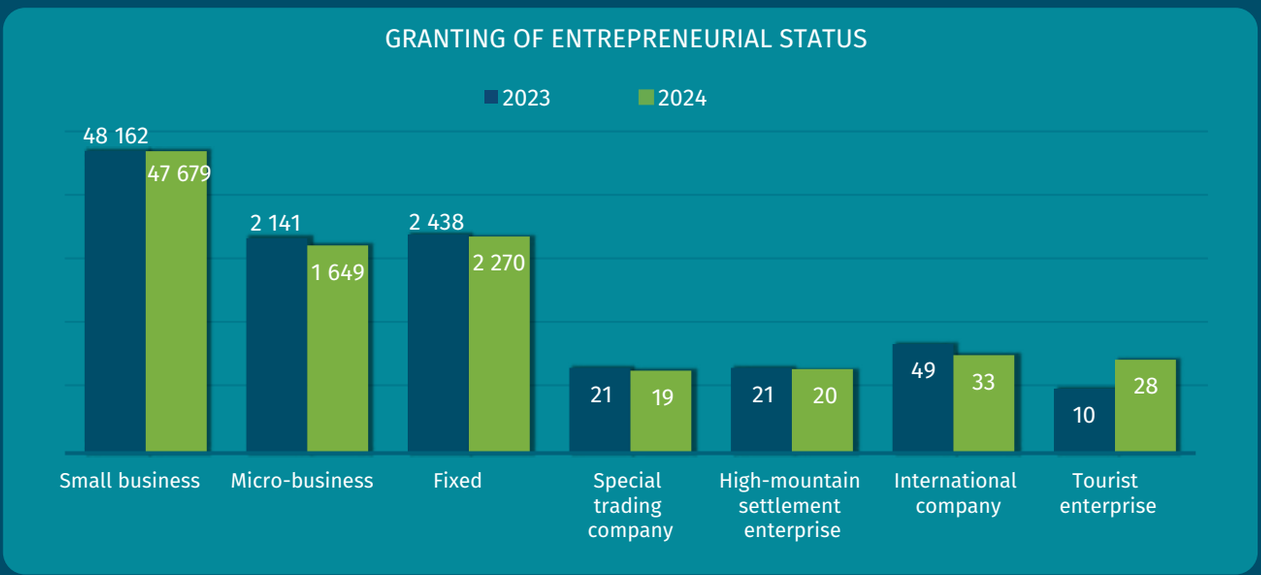




CUSTOMER SERVICE

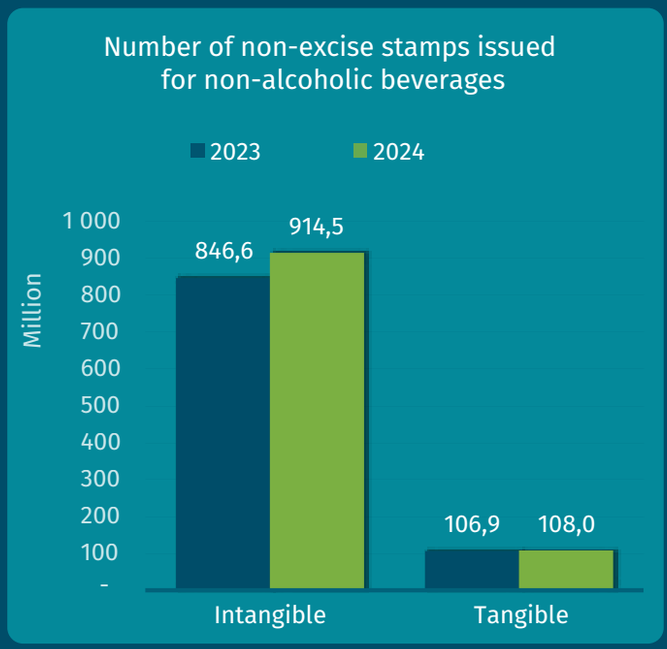


Granting of entrepreneurial status



Excise and non-excise stamps issued





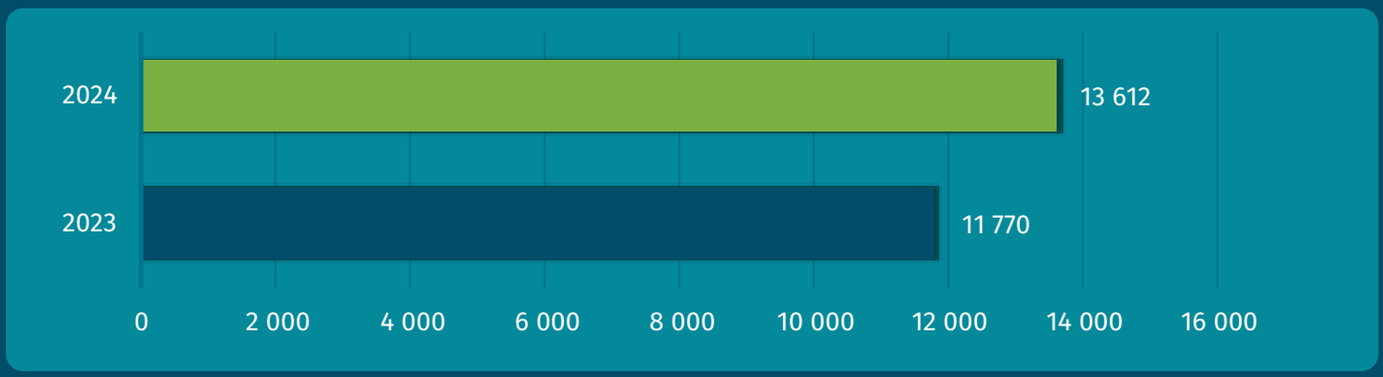




CUSTOMS

Commodity examinations

In 2024, 13 612 commodity examinations were conducted, representing an annual growth rate of 16%.

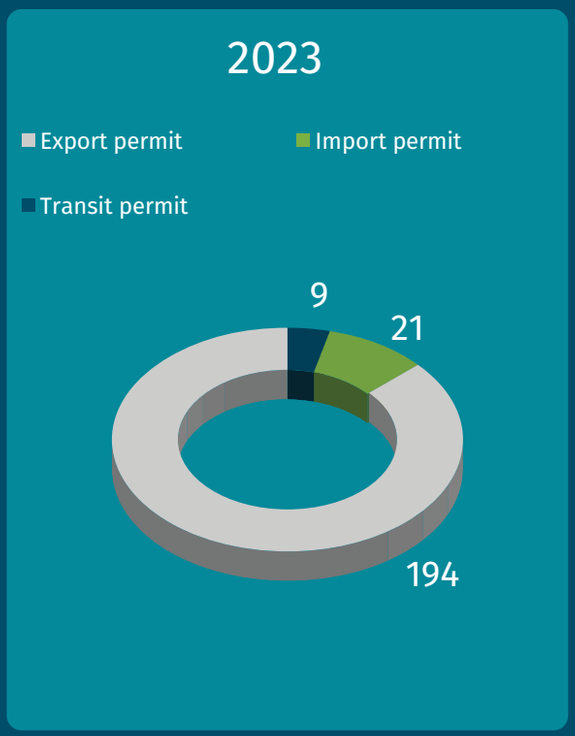


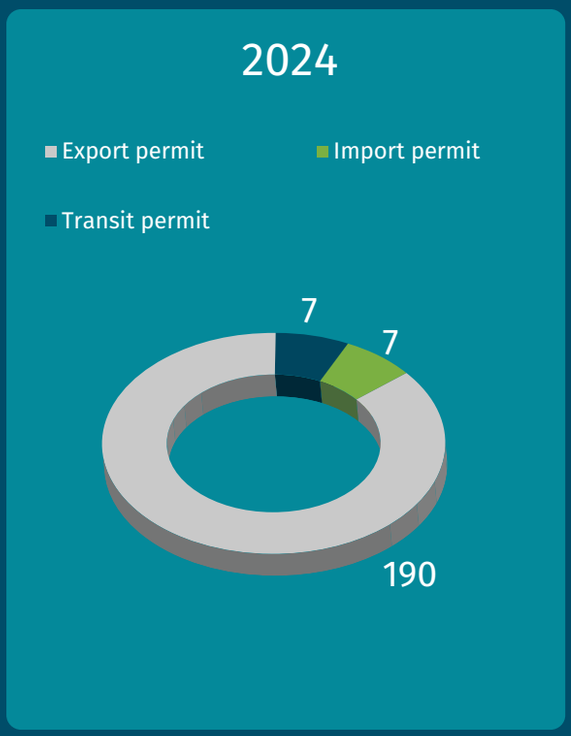
Certificates of origin

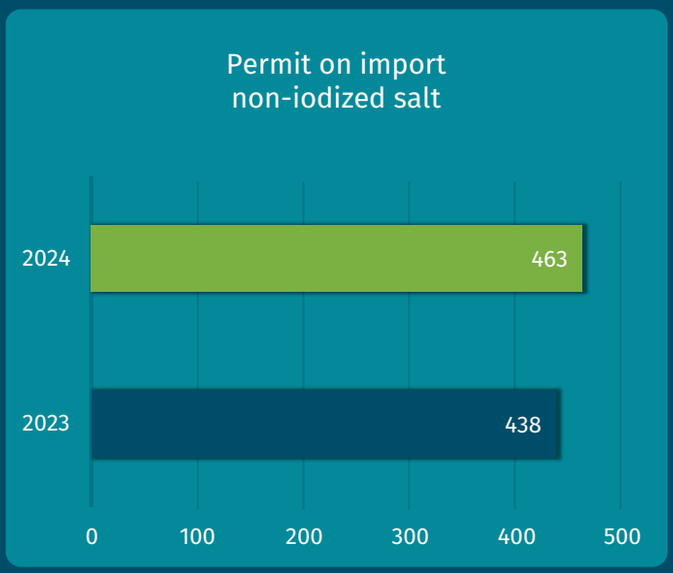
61 629 certificates of origin were issued in 2024.

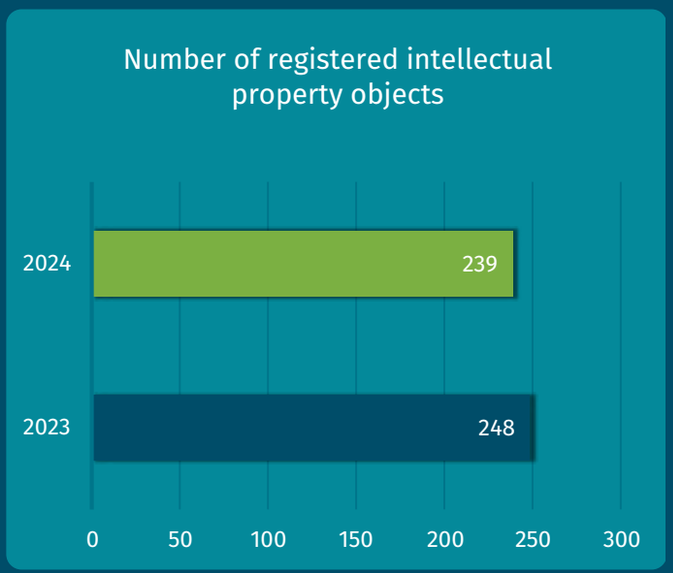


Permits on dual-use goods

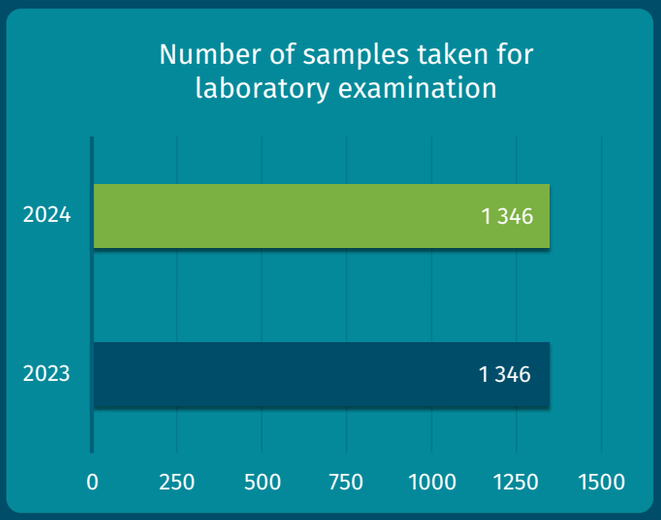


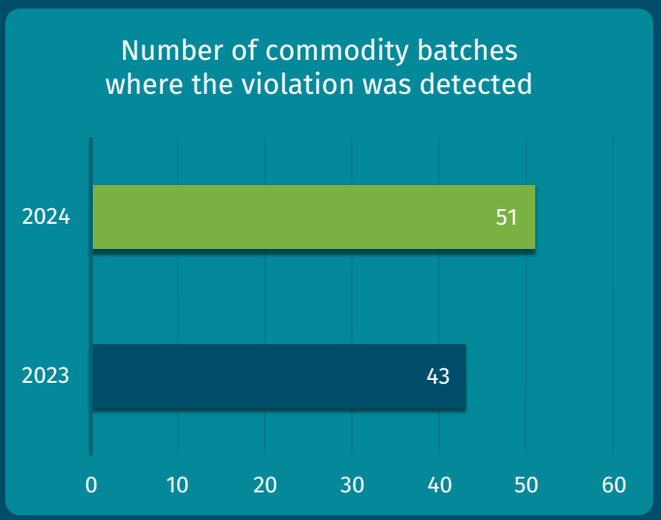




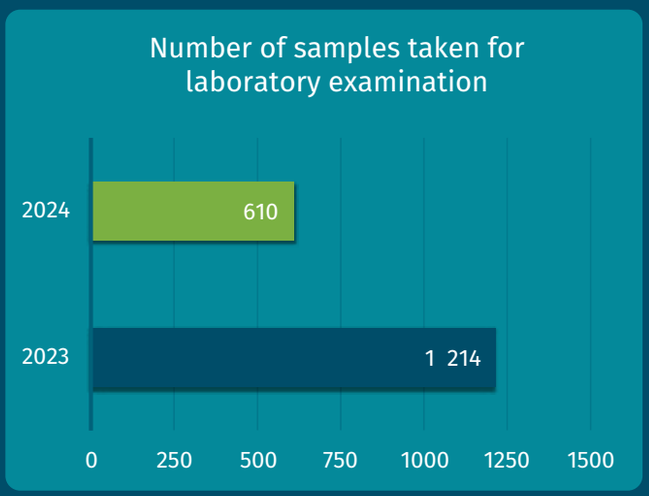


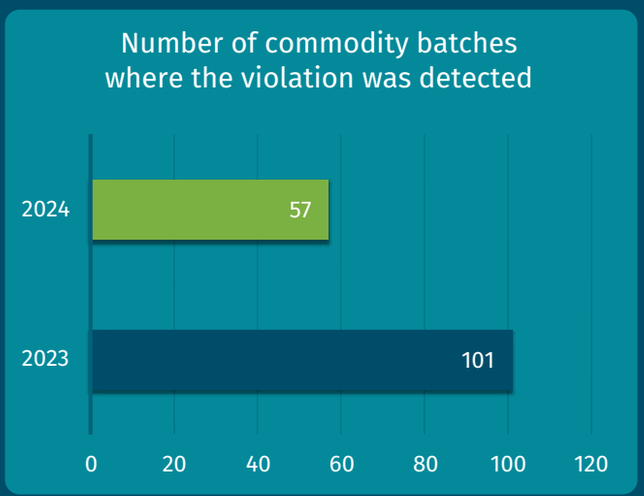
Veterinary border quarantine control[16]





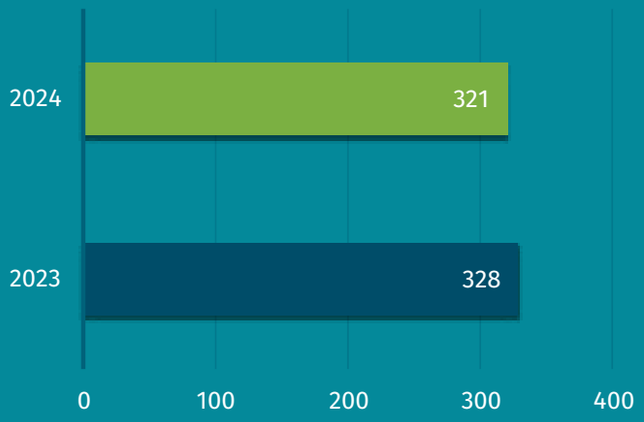
Phytosanitary border quarantine control[17]





16 Veterinary border quarantine control was carried out on 18 757 commodity batches in 2024.
17 Phytosanitary border quarantine control was carried out on 31 119 commodity batches in 2024.

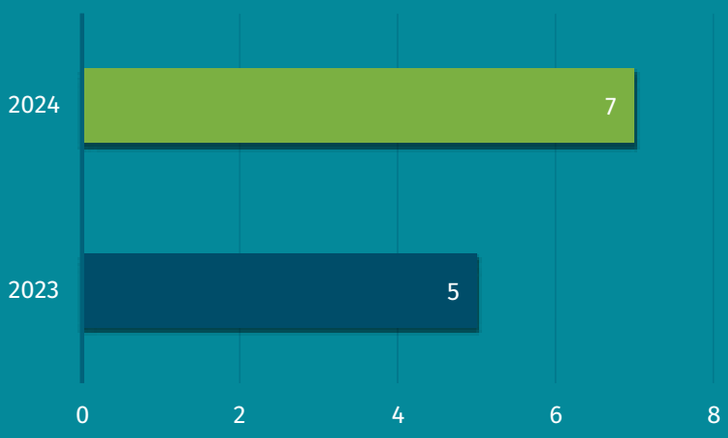
Number of samples of live genetically modified organisms sent to laboratory examination



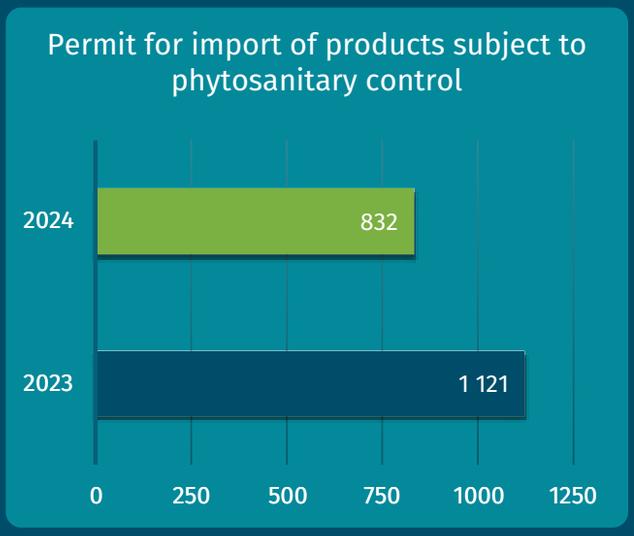
Number of GMO-confirmed cases

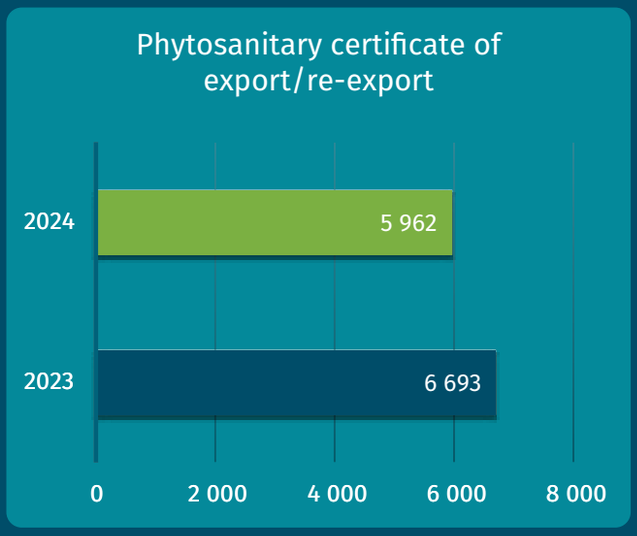


Number of GMO-confirmed cases in food/animal feed

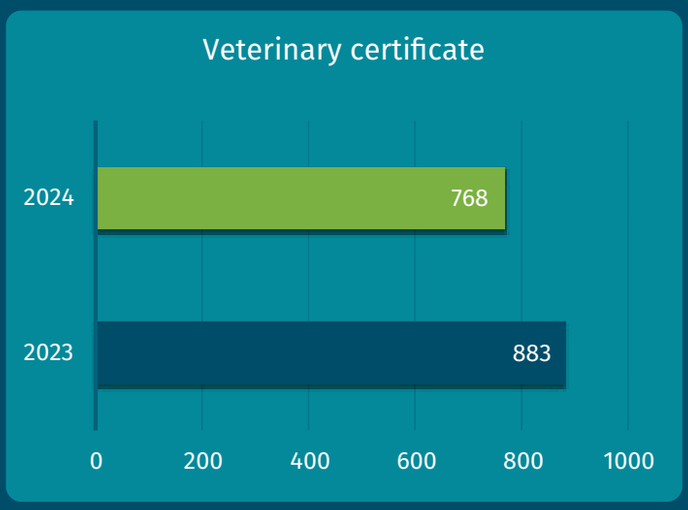


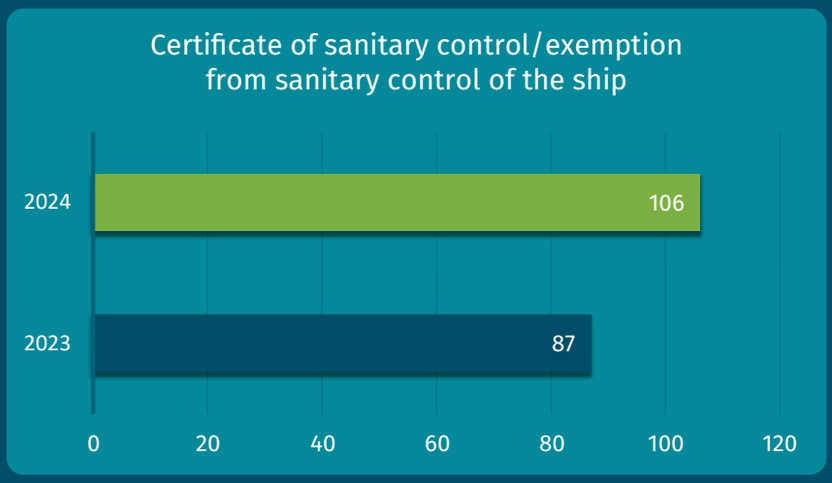
Sanitary, phytosanitary, and veterinary certificates, notices, and import permits







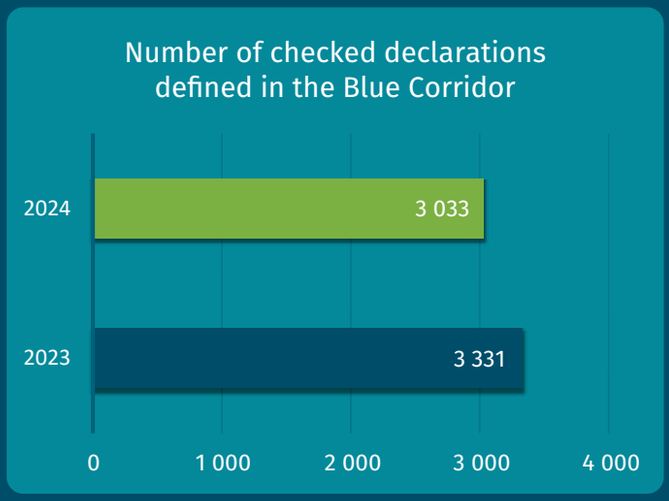


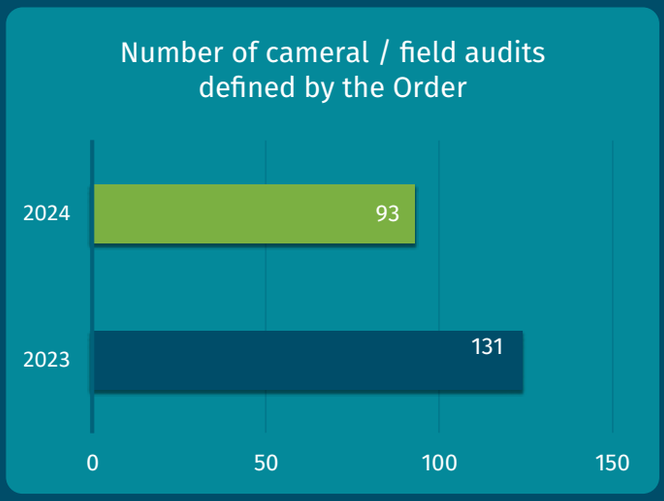


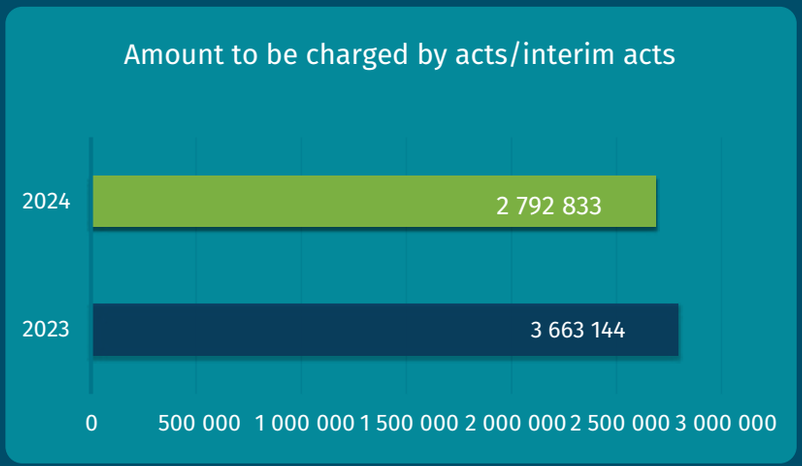
5500	Number of acts for control of food/animal feed of non-animal	11	Number of returned commodity batches
285	Number of samples taken for laboratory examination	0	Number of commodity batches subject to processing
2	Violation detected during laboratory examination	18	Number of destroyed commodity batches

In 2024, 75 samples were subjected to a laboratory study of the content of trans fats in foods made with vegetable fat.

Post clearance control







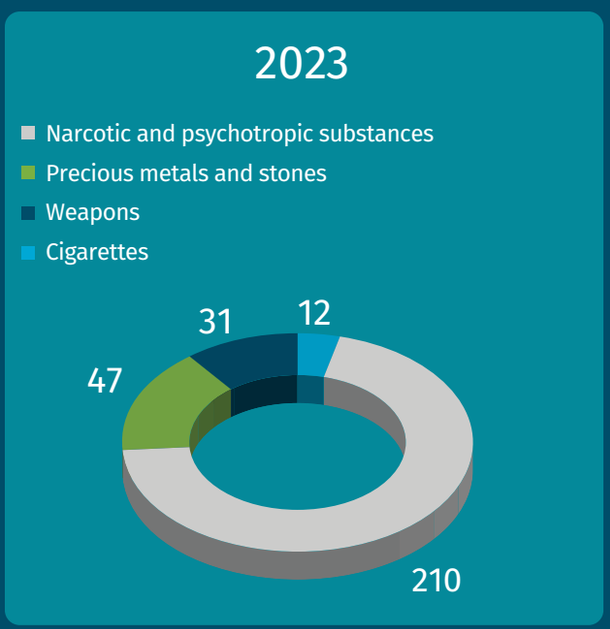
Detected customs violations

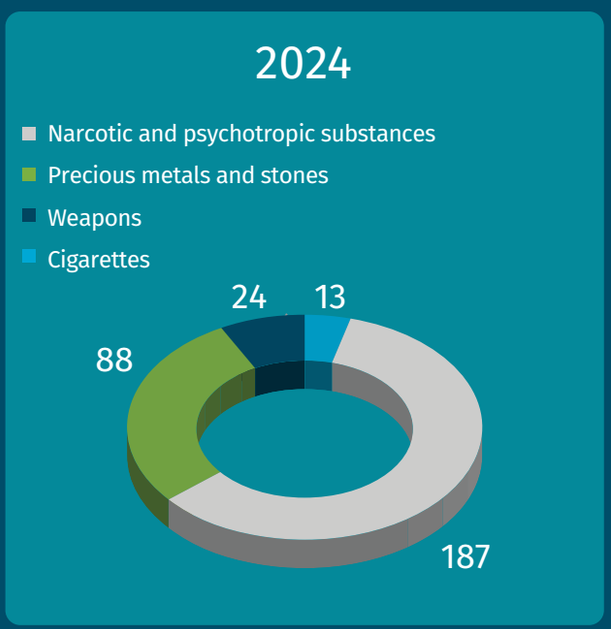
In 2024, as a result of customs control, 52 439 cases of violations were detected. The amount accrued as a sanction for 43 937 facts of customs violation amounted to 51 577 598 GEL, and the amount charged as a sanction for 8 190 facts of administrative offenses totaled 1 838 849 GEL.



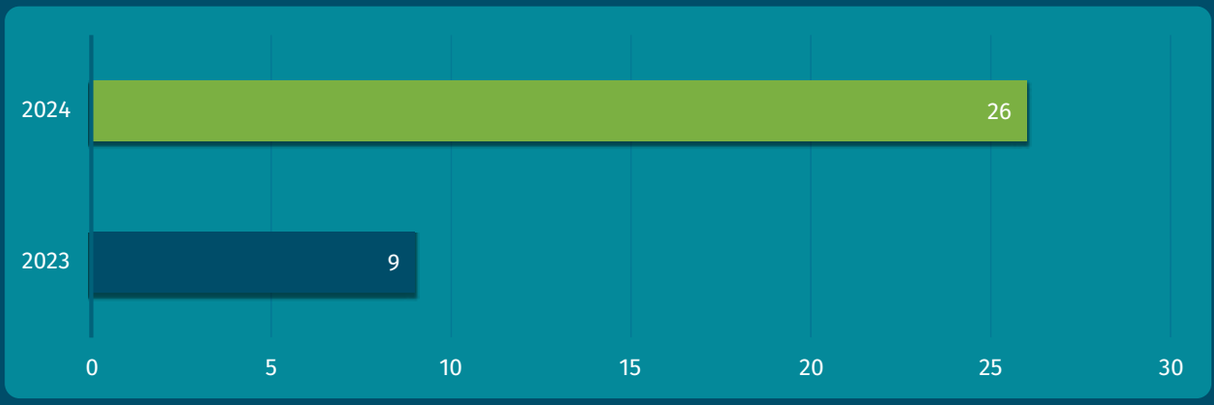


The number of offenses related to the illegal movement of narcotics and psychotropic substances, weapons, precious metals, and cigarettes across the state border

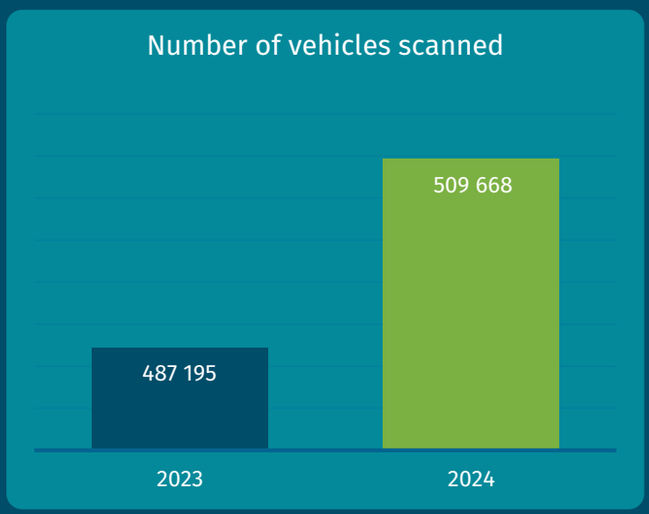




Number of violations detected as a result of canine inspection

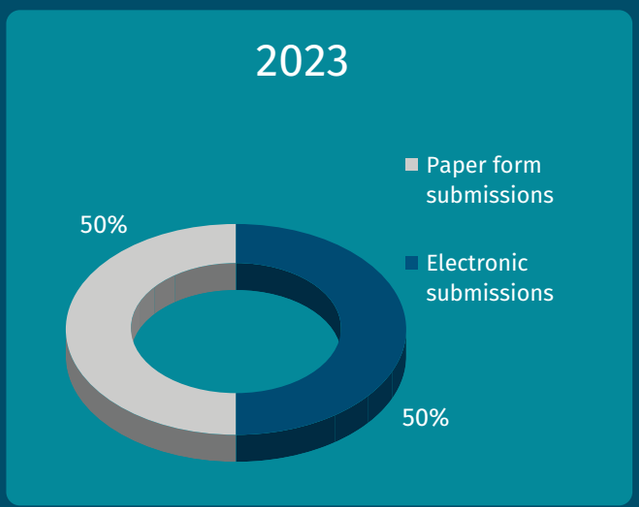


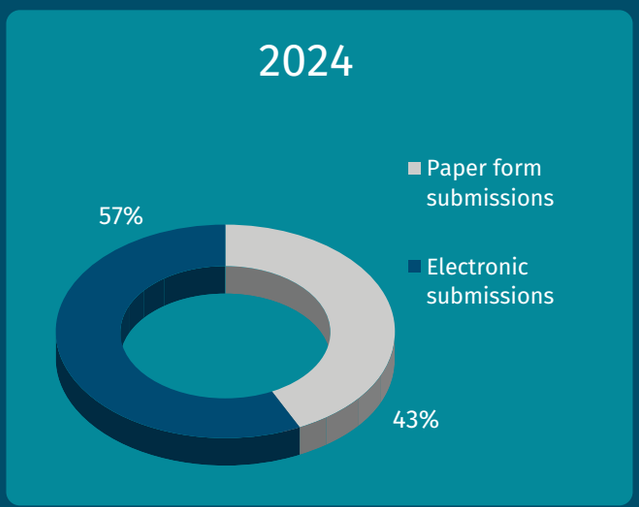
Number of violations detected during vehicle scanning





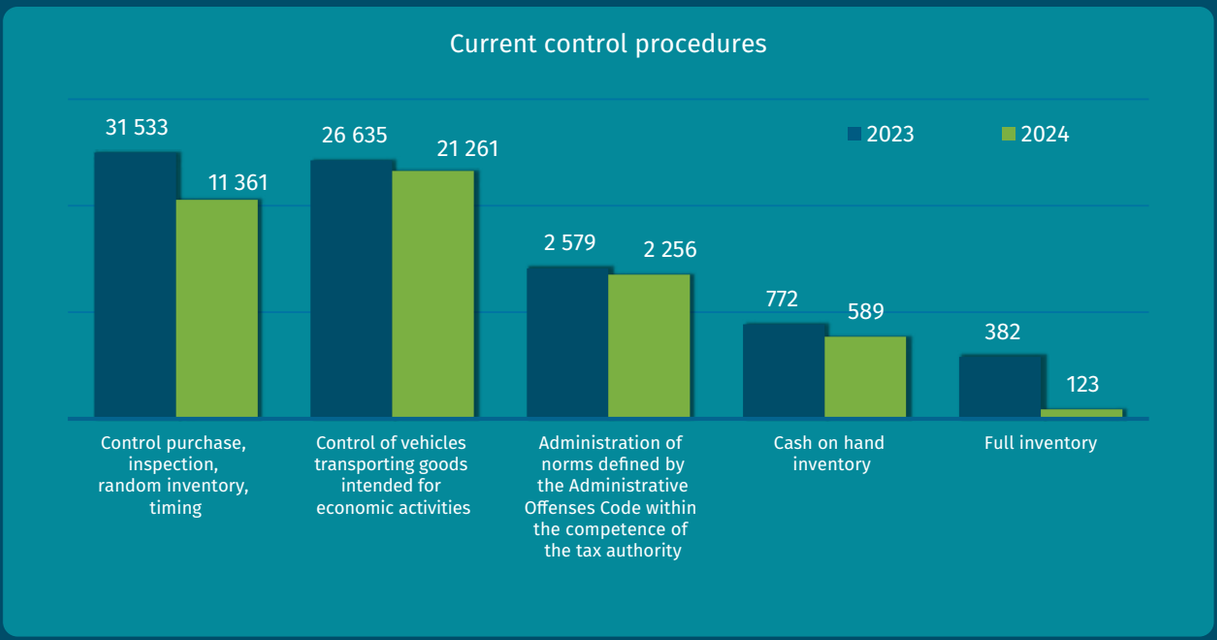
Proportion of declarations submitted electronically and in paperform by the Revenue Service



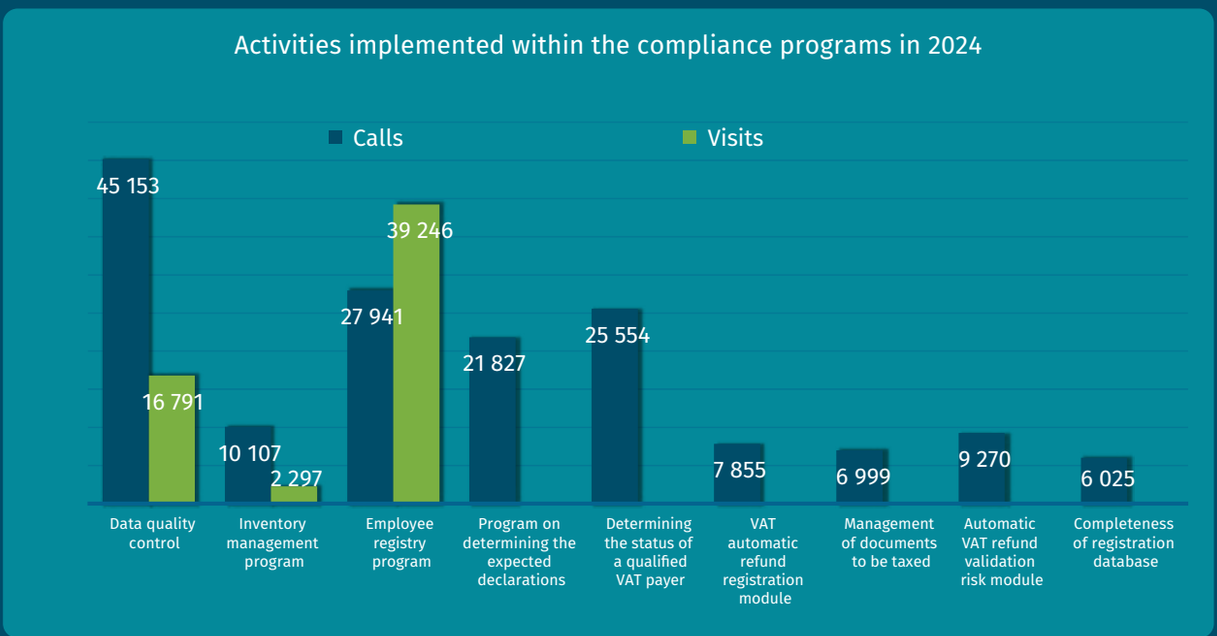


TAX MONITORING

Current control procedures



Procedures provided by compliance programs

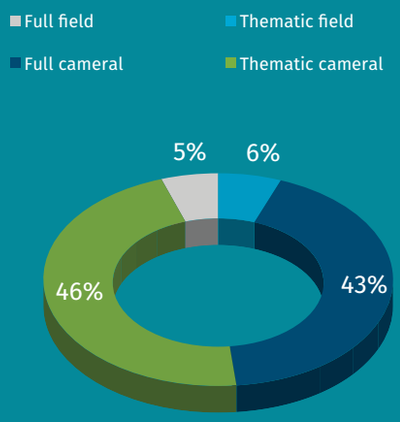


AUDIT

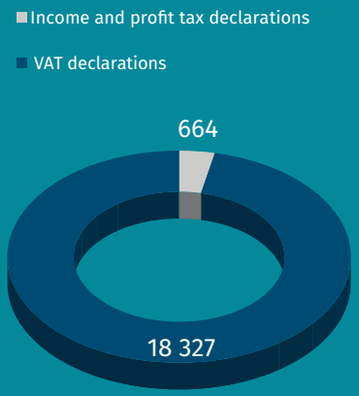
Number of completed tax audits
2 906

Number of controls of final declarations
18 991

Distribution of audits by type completed in 2024



Distribution of control of declarations completed in 2024 by types of taxes

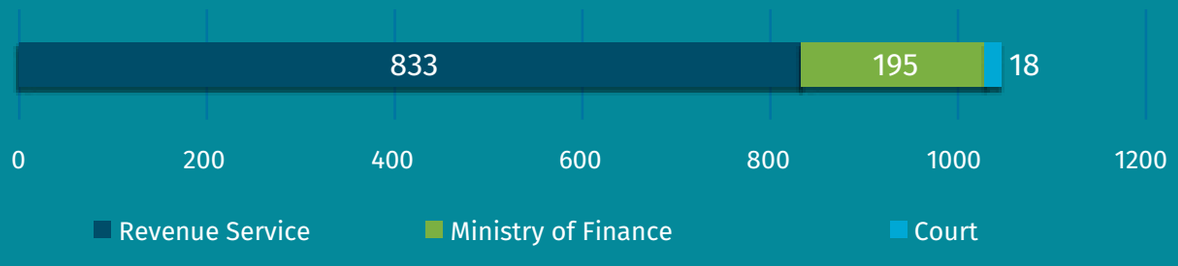


Overpaid tax refund applications considered individually
9 769

Refunded from applications considered individually
22 037 338

In 2024, the Audit Department executed 1 322 dispute decisions, and 98 124 292 GEL (principal amount 55 556 329 GEL) was reduced from the total amount of 557 025 070 GEL (principal amount 364 507 777 GEL).[18]

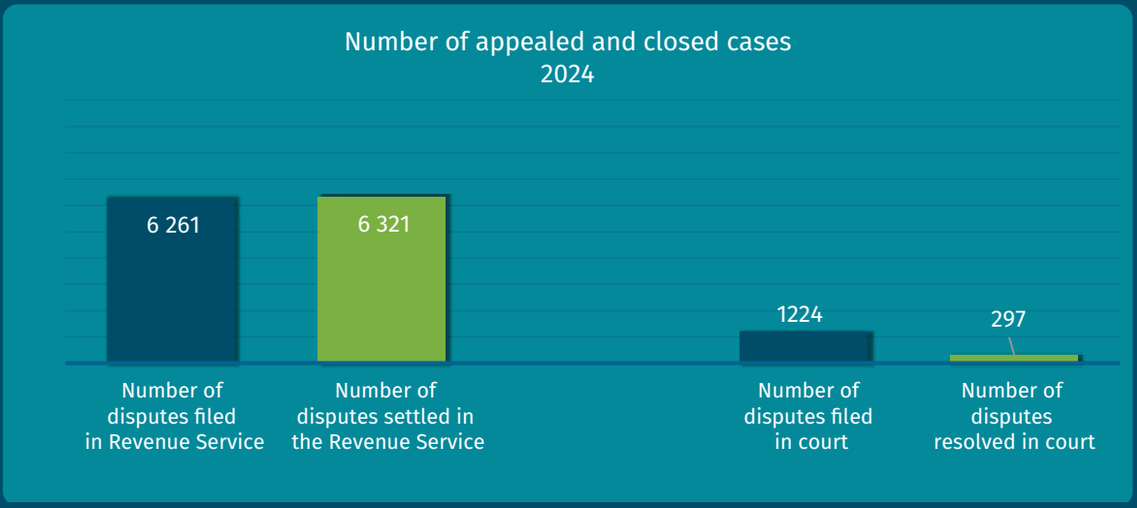
Dispute resolution decisions enforced by the audit



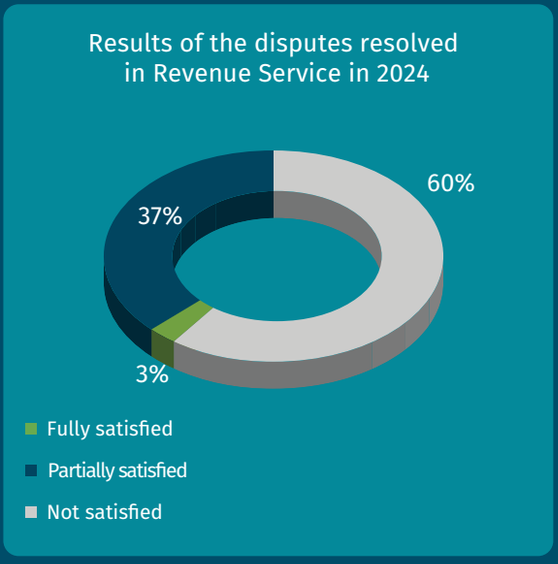
18 Furthermore, it should be noted that as a result of consideration of the written application of the taxpayers (on the application of the norm established by Article 269 (11) of the Tax Code of Georgia), 219 taxpayers were reduced by 50% of the fine charged by the tax audit reports, i.e., 1 631 346 GEL. Herewith, as a result of consideration of the written application of the taxpayers (on the application of the norm established by Article 269 (7) of the Tax Code of Georgia), 57 taxpayers were reduced by 50% of the fine charged by the tax audit reports, i.e., 418 921GEL.

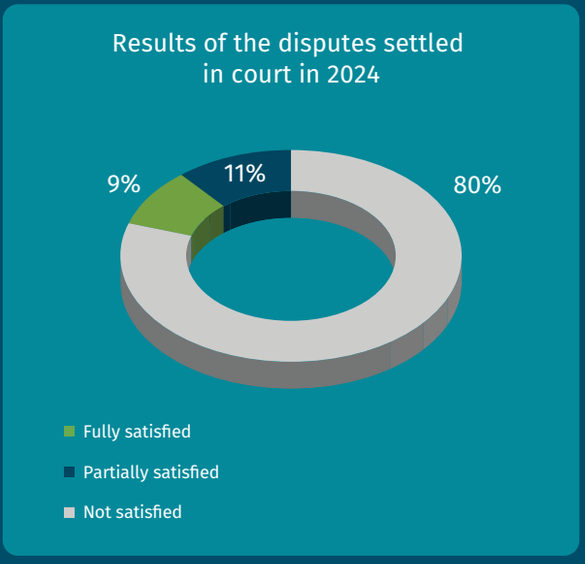
DISPUTES

Number of appealed and closed cases

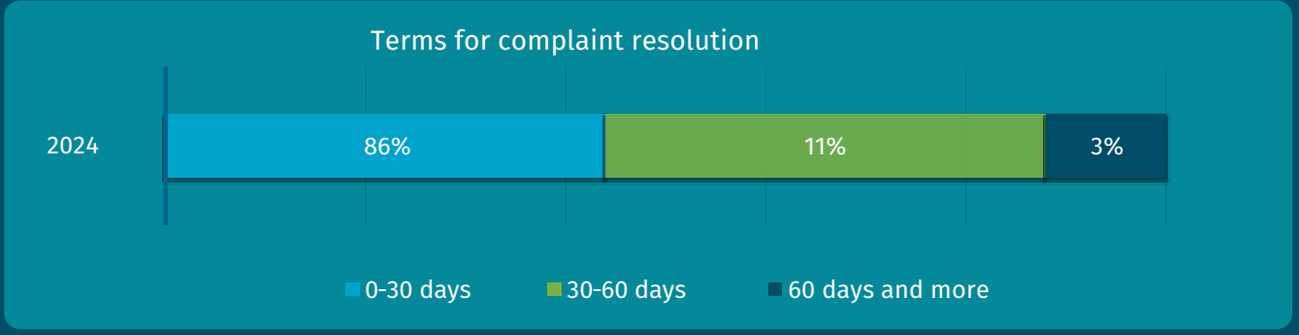


Disputes resolved





Terms for complaint resolution



RS.GE

Facebook

Youtube

linkedin.com

Gorgasali str. N16, 0114

2 299 299

info@rs.ge

www.rs.ge

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