



## Georgia

### WTS Global Country TP Guide

Last Update: December 2017

1. Legal Basis	
Is there a legal requirement to prepare TP documentation?	Yes
Since when does a TP documentation requirement exist in your country?	2013
Are TP policies of multinational enterprises in principle accepted by the tax authorities, if they are in line with the OECD TP Guidelines?	Yes
Which TP methods may be applied?	Comparable uncontrolled price, resale price, cost plus method, transactional net margin and transactional profit split
Are any TP methods preferred over others?	All other things being equal, comparable uncontrolled price is a preferred TP method and traditional transaction methods are preferred over transactional profit methods.
Have the documentation requirements of OECD BEPS Action 13 already been implemented (i.e. the LF, MF and CbCR concepts)?	CbCR-Intentions, No OECD BEPS MF/LF (local rules generally follow 2010 OECD TPG).
Reference to relevant articles of law, legislative regulation or applicable administrative guidance that are in place for TP documentation in general:	Article 17 of the Order 483 of the Minister of Finance of Georgia dated 18 December 2013
2. Master File (MF)	
What is the (consolidated revenue) threshold requirement for the obligation to prepare a MF?	No threshold. The MF in line with OECD BEPS 13 has not been implemented but local rules generally follow 2010 OECD TPG. These are detailed in this section.
When does the Master File need to be available?	The Master File shall be available in 30 calendar days from receiving the request from tax authorities
When does it need to be submitted?	The Master File shall be submitted within 30 calendar days from receiving the request from tax authorities
Does the MF have to be prepared in the relevant local language ?	No, documentation can be prepared in Georgian or English language. In case of request from tax authorities, however, the English documentation shall be translated into Georgian by the taxpayer
What are the possible consequences of not having the MF available?	
Imprisonment?	No
Shifting of the burden of proof?	No
Other?	No
To which extent do the local rules differ from the OECD standard regarding the OECD content requirements for the MF as shown in the BEPS implementation overview chart?	The requirements follow OECD 2010 Transfer Pricing Guidelines and they have not been reviewed/amended based on BEPS reports.
3. Local File (LF)	
What is the threshold requirement for the obligation to prepare a LF?	There is no threshold. The LF in line with OECD BEPS 13 has not been implemented but local rules generally follow 2010 OECD TPG. These are detailed in this section.
When does the LF need to be available?	The Local File shall be available in 30 calendar days from receiving the request from tax authorities

When does the LF need to be submitted?	The Local File shall be submitted within 30 calendar days of receiving the request from tax authorities
Does the LF have to be prepared in the relevant local language?	No, documentation can be prepared in Georgian or English language. In case of request from tax authorities, however, the English documentation shall be translated into Georgian by the taxpayer
Or is documentation in English permissible?	Yes
What are the possible consequences of not having the LF available?	
Penalties?	No
Imprisonment?	No
Shifting of the burden of proof?	No
Other?	No
To which extent do local rules differ from the OECD standard regarding the OECD content requirements for the LF as shown in the 2017 OECD TP Guidelines?	The requirements follow OECD 2010 Transfer Pricing Guidelines and they have not been reviewed/amended based on BEPS reports.

<b>4. Country-by-Country Reporting</b>	Intentions
Did your country sign the Multilateral Competent Authority Agreement on the Exchange of CbC Reports ("CbC MCAA")?	Yes
Did your country enter into other information exchange agreements, such as on a bilateral basis?	No

<b>5. TP disclosure in tax return or transfer pricing specific returns</b>	
Does a taxpayer need to disclose information regarding TP documentation in his tax return?	No
When a taxpayer files a tax return for which he understands or should understand that the result reported in that tax return is too low due to incorrect transfer pricing, what could be the legal consequences?	There are no separate sanctions set for transfer pricing related offences. If due to incorrect transfer pricing, the taxpayer understates its tax liabilities, this may lead to general tax sanctions (monetary sanctions and possible criminal liability)
What could be the consequences for the tax advisor/accountant/administrator drafting and filing the tax return of a client where that advisor/accountant/administrator understands or should understand that the result reported is too low due to incorrect TP?	There will be no consequences for tax advisor/accountant/administrator.
Does a taxpayer need to file TP-specific returns?	No

<b>6. Benchmarking</b>	
Is there any local guidance or requirement with regard to the preparation of a benchmark study?	No
Are there any materiality thresholds that apply for the requirement to have a benchmark study available?	No
Does your country apply the general guidance by the OECD to prepare a new benchmarking search every three years and an update of the financial data of the accepted comparable in year 2 or 3?	Yes

Or is a new search every three years without any financial updates in year 2 and 3 sufficient?	Yes. The legislation stipulates, that the external benchmarking data may be updated once in every 3 years (i.e. without updates in year 2 and 3) if the entity turnover is less than GEL 8 million per tax year.
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7. Year-end adjustments	
Are year-end adjustments permissible?	No

8. Transfer Pricing Audit and Dispute Resolution Mechanisms	
What are currently the main TP areas of scrutiny by the tax authorities in your country?	Intercompany financing
Based on your experience, are joint or multilateral audits initiated and carried out?	No
Does the taxpayer have the option to apply for bilateral or multilateral APAs?	Yes
Are there any restrictions?	No

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