TIWB Programme Nº F2016-0008

Host Administration:
Georgia Revenue Service (GRS)

Expert Source:
Organisation for Economic Co-operation and Development (OECD)

Programme Dates:
September 2016 – February 2017

Georgia indicated their interest for TIWB tax audit assistance in transfer pricing (TP) and international taxation issues in November 2015. An OECD Expert assisted GRS to strengthen its auditors' capacities, and conducted a total of three onsite missions, in addition to ad-hoc remote assistance from September 2016 to February 2017. Eight audit cases in the manufacturing, extractives, and telecommunications sectors were progressed. Tax issues covered under this TIWB programme included advance pricing agreements, assets and depreciation, tax treaties, TP (e.g. intragroup services and financing arrangements) and valuation of intangibles. The GRS made tax adjustments based on guidance provided under this TIWB programme. Both the expert and the GRS rated highly the support provided by the TIWB Secretariat and the quality of TIWB materials (i.e. Expert Starter Kit).

Impact of the practical audit assistance programme

This TP programme helped Georgia achieve the following results:

- **Human Resource development - Skill and Knowledge Transfer:** Seven GRS tax officials applied the knowledge and skills acquired during the programme directly to new audit cases. GRS officials developed a more holistic and investigative approach during audits by focusing on the economics and business model of taxpayers. The TIWB Expert noticed an increase in the tax officials' confidence, which was reflected in their conversations with taxpayers.

- **Institutional Development – Legislative changes, tools, process and procedures:** The TIWB Expert provided recommendations on general audit processes.

- **Lessons Learned:** Creating a special TP audit unit helps ensure greater impact of the TIWB programme on the audit capacities of the Host Administration. Remote assistance allowed the GRS to continue the programme's momentum, through regular follow-ups.