BUILDING A GROWTH-FRIENDLY TAX ENVIRONMENT

The 4th Belt and Road Initiative Tax Administration Cooperation Forum

— Improving Tax Environment

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BUILDING A GROWTH-FRIENDLY TAX ENVIRONMENT

Control of tax return accuracy as a tool to reduce tax burden Georgia's experience

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PART ONE

Georgia Revenue Service's strategy

GRS Strategic Goals for 2021-2024

I - Improving Tax and Customs Compliance

II - Development and Sustainability of the Institutional Capacity

III - International Cooperation

Tax Compliance Improvement Plans

2019-2020 tax compliance plan	2020-2021 tax compliance plan	2022-2023 tax compliance plan

• **Priorities:**
• *VAT*
• ***Withholding tax***
• *Wealthy individuals*
• *Large taxpayers*
	• **Priorities:**
	• *Excise*
	• *Property tax*
	• *VAT (Trade)*
	• ***Withholding tax***
	• *Construction*
	• *Large taxpayers*
		• **Priorities:**
		  • ***Withholding tax***
		  • *Construction*
		  • *Trade*
		  • *Large taxpayers*

Tax Compliance Improvement Programs

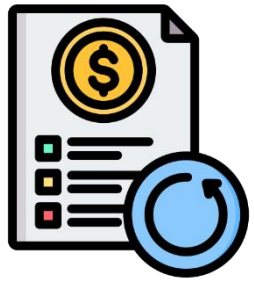
Registration	Timely Filing	Correct reporting	On-time Payment
• **Programs:** • Non-registered taxpayers • Data Quality Control Program • Employee registry • Qualified VAT Taxpayer Program	• **Programs:** • Validation program in terms of tax returns • Estimated assessment	• **Programs:** • Inventory Management • Taxable document control • **Control program of tax return accuracy**	• Tax Debt Management Program

PART TWO

Control program of tax return accuracy

Control of tax return accuracy

Assesses Withholding and monthly profit tax return accuracy based on predefined criteria



Scope of the program:

151 175
taxpayers

2 692 268
tax returns

+ 934 169 tax returns

− 1 833 tax returns

0 1 756 266 tax returns

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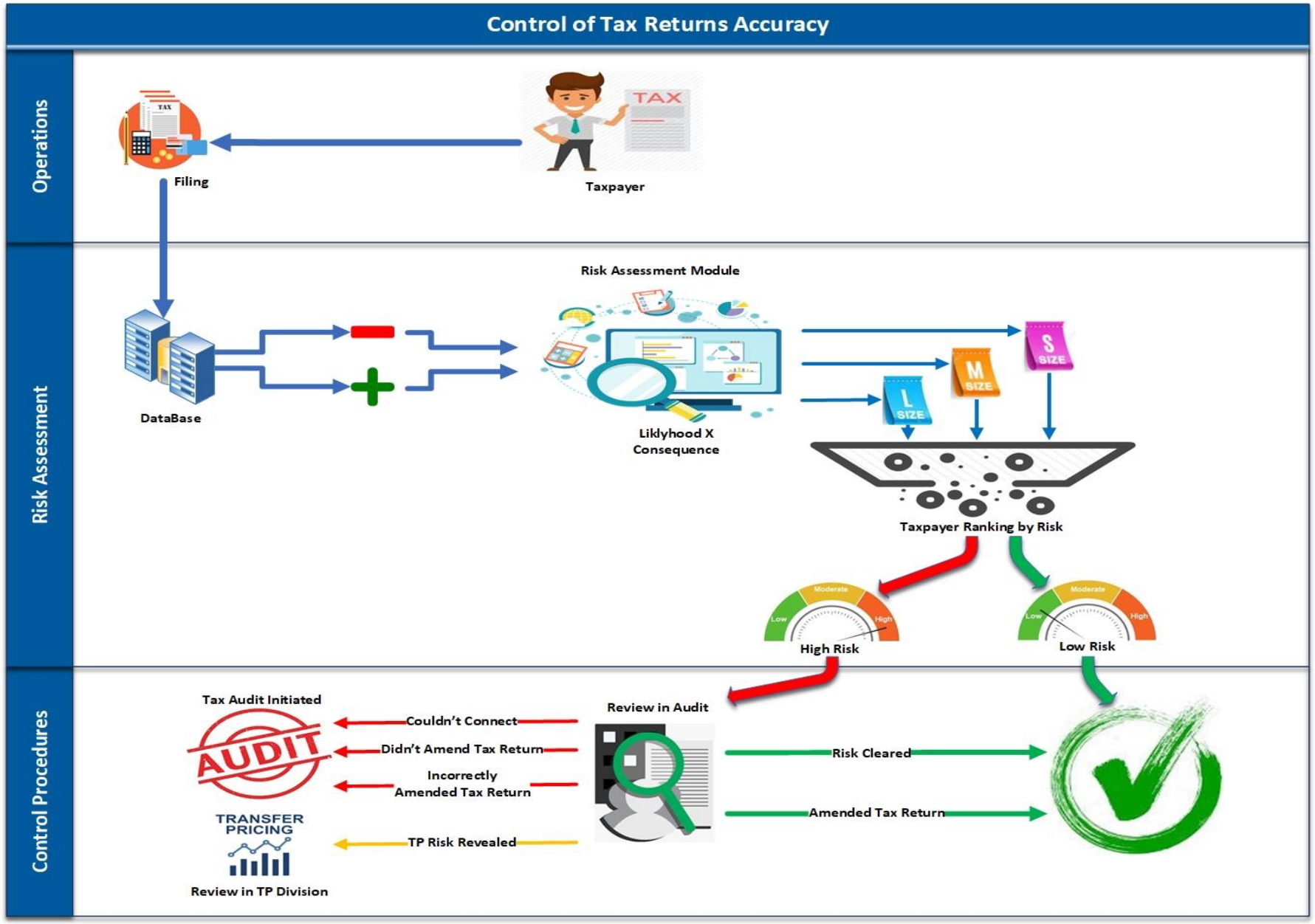
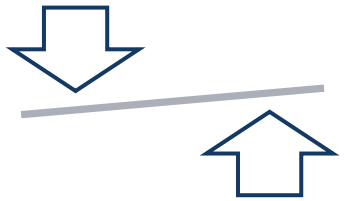


Control of Tax Return Accuracy

Traditional approach

- **Risk Response Measures:**

- *Taking Inventory*
- *Tax Audit*
- *Cash machine control measures*



New approach

- **Risk Response Measures:**

- *Proactive communication with TP*
- *Voluntary amendment of tax returns*
- *Tax audit as a last resort*

Detection control

(Traditional approach)

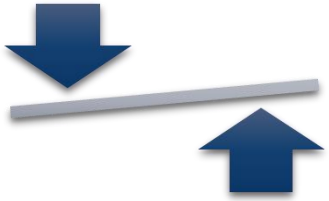
VS

Prevention control

(New approach)

Cons:

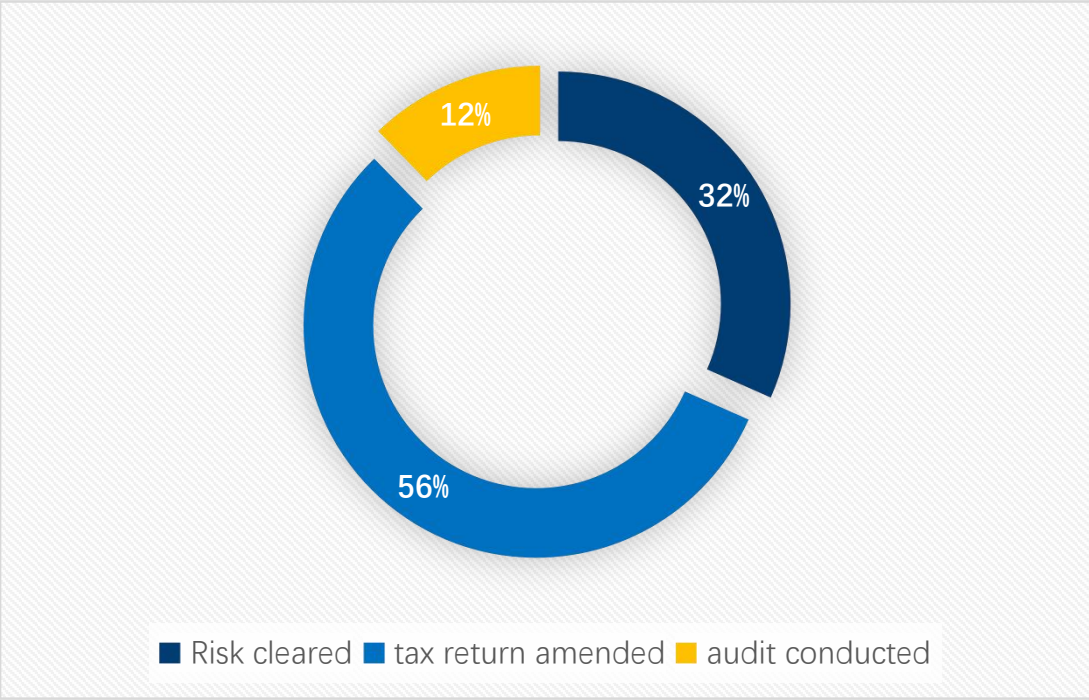
- *Increased uncollected debt*
- *Tax Disputes*
- *Less effective use of resources*



Pros:

- *Effective use of resources*
- *Decreased tax disputes*
- *Increased collection*
- *Decreased tax audits*
- *Real time risk assessment and control*

Program Outcomes



- *Effective cooperation with taxpayers*
- *Improved stakeholders management*
- *Voluntary compliance*
- *Effective risk assessment system*

Events planned to improve the program

- Extend Program scope to other taxes;
- Risk assessment using machine learning;
- Automate the communication process using a chatbot

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THANKS