

New Reporting Obligations for International Controlled Transactions in Georgia



In accordance with the amendment introduced to Order № 996 of the Minister of Finance of Georgia “On the Administration of Taxes” by Order № 52 dated 24 February 2026, a new annex titled “Information on International Controlled Transactions provided for under Articles 126–129¹ of the Tax Code of Georgia” (hereinafter – the Annex) has been added to:



the annual Corporate Income Tax (CIT) return, and



the monthly CIT return for the March reporting period.

This is, in essence, a new reporting form for controlled transactions that most Georgian companies with cross-border operations will need to take into account. Although this type of report is new for Georgia, in international transfer pricing practice similar controlled transaction reports are a standard part of the transfer pricing documentation package.

Who Must File the Annex on Controlled Transactions?

An enterprise is required to complete this Annex and disclose information on international controlled transactions if the total amount of such transactions performed by the enterprise in a calendar year exceeds **GEL 500,000**.



For the purposes of this threshold, the total volume of international controlled transactions also includes: the market value of controlled transactions performed free of charge; and the amount of existing creditor and/or debtor balances arising from controlled transactions.

Filing Deadline and First Reporting Period

If an enterprise applies the “New Model of Corporate Income Tax” (Estonian model), the required information must be included in the monthly CIT declaration for the March reporting period, which reflects data for the previous calendar year and must be submitted no later than 15 April. For example, data for 2025 are reported in the March 2026 return **due no later than 15 April 2026**.

For enterprises not covered by this model, the same information is disclosed in the annual CIT return, which also reflects data for the previous calendar year and must be submitted before 1 April of the following year

What Transactions Must Be Included in the Report?

The Annex must include all transactions that qualify as controlled transactions under Articles 126–127 of the Tax Code of Georgia, namely:

- all international **transactions between related parties**; and
- any transaction **where one of the parties is a resident of a country with preferential taxation**, even if the parties are not related.

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Entities that are parties to a transaction and are residents of a country with preferential taxation must be identified in accordance with the list and criteria established by Government Resolution № 615 of 29 December 2016 “On determining the list of countries with preferential taxation”

In addition, in line with Article 127(7) of the Tax Code of Georgia, transactions between an enterprise and its permanent establishment are also subject to the arm’s length principle and must likewise be reported in the Annex.

In line with Order № 52, the following types of transactions are specifically treated as controlled transactions for reporting purposes::

- **supply/purchase of goods or services;**
- **supply/purchase of tangible or intangible assets;**
- **loans received or granted;**
- **interest income/expense;**
- **guarantees received or issued;**
- **other financial transactions;**
- **payments made or received for the use of intangible assets (royalties);**
- **business restructuring**, i.e. significant changes in commercial or financial relations between related parties that result in changes in the functions performed, risks assumed and assets used by the parties; this also includes the termination, revision or material modification of agreements between related parties;
- any **other controlled transactions**, including transactions carried **out free of charge and barter transactions**.

What Information Must Be Disclosed in the Annex?

Taking into account the provisions of Order № 52 and the examples contained therein, completion of the Annex by columns can be summarised as follows.

1 2 3 COLUMNS

Information on the counterparty

Indicate for each counterparty to the controlled transaction: Name, Identification number, and Country of residence (country name).

4 COLUMN

Form of relationship

Specify the form of relationship between the parties to the international controlled transaction by selecting one of the options provided:

- direct ownership of more than 50% of the enterprise’s equity;
- indirect ownership of more than 50% of the enterprise’s equity;
- practical control over the business decisions of the enterprise*;
- the counterparty is a resident of a country with preferential taxation;
- permanent establishment.

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Practical control over business decisions

For the purposes of “practical control”, the concept is defined in Decree № 423 of the Minister of Finance dated 18 December 2013:

A person is considered to “directly or indirectly practically control the business decisions of the enterprise” (for the purposes of Article 126(2)(b) of the Tax Code) if at least one of the following conditions is met:

- a) it directly or indirectly holds or controls a majority of the company’s voting shares;*
- b) it can directly or indirectly control the composition of the board of directors;*
- c) it has the right to receive directly or indirectly 50% or more of the enterprise’s profits;*
- d) the sum of loans directly or indirectly provided by it to the enterprise and loans directly or indirectly borrowed by the enterprise that are guaranteed by it exceeds 50% of the book value of the enterprise’s total assets;*
- e) a relative of that person directly or indirectly holds more than 50% of the enterprise or directly or indirectly manages the enterprise;*
- f) control over the business decisions of the enterprise is otherwise evidenced by facts and circumstances.*

5 COLUMN

Type of international controlled transaction

Indicate the type of international controlled transaction carried out by the enterprise and/or the type of transaction in respect of which a receivable or payable exists.

For example: “*purchase of goods*”; “*services received*”; “*loan received*”, etc.

If several controlled transactions of the same type are carried out during the calendar year under the same contract, they may be aggregated and reported in one line.

9 COLUMN

Start date of the controlled transaction

Indicate the date on which the international controlled transaction commenced.

For example, in the case of a loan received under a credit line agreement signed in 2020, the date of that agreement in 2020 is treated as the start date, even if individual drawdowns occur later.

10 COLUMN

Transfer Pricing Documentation

Indicate whether the enterprise has transfer pricing documentation related to the evaluation of controlled transactions, by selecting one of the options:

- available;
- not available;
- in preparation;
- planned to be prepared.

6 7 COLUMNS

Amount (value) of the transaction

Indicate the total amount (value) of the international controlled transaction(s) for the calendar year, in the transaction currency (column 6) and in Georgian lari, using the official exchange rate of the National Bank of Georgia against the relevant foreign currency on the date of each transaction (column 7).

If the enterprise has a creditor/debtor balance but no transaction was carried out in the reporting period, the amount (value) of the international controlled transaction in column 6 must be indicated as “0”.

For example, in the case of loans received, columns 6–7 will generally show, in separate rows, the total principal amount of the loans received during the relevant calendar year and the interest expense.

8 COLUMN

Creditor/debtor balance at year-end

In this column, indicate the balance of creditor or debtor indebtedness as at the end of the reporting year, in the currency of origin.

Even if a legally binding obligation to perform a controlled transaction has arisen but the transaction has not yet been carried out (and no receivable/payable has yet been recognized in accounting), the amount of such future transaction must still be reported as a deemed receivable or payable, based on the contractual value of the transaction.

For example, in the case of loans received, this would typically be reported in separate rows for the outstanding principal and, if applicable, any unpaid interest, both as at year-end.

Liability for Failure to Complete the Annex

If the Annex is not duly completed or is not submitted as required, a penalty may be imposed pursuant to Article 291 of the Tax Code of Georgia, which provides for a fine of GEL 100 for failure to fulfill an obligation established under the Tax Code of Georgia.

The information disclosed in the Annex effectively provides the tax authorities with a map of all international controlled transactions. These data can serve as a starting point for requesting transfer pricing documentation and/or initiating a tax audit. Accordingly, the Annex should be treated as a risk management tool in the area of transfer pricing rather than a purely formal compliance requirement.

The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavor to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

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