Georgian Way Towards Trade Facilitation

Georgia Revenue Service
(United Tax and Customs Administration)

Guangzhou, China
24-25 November 2011
Summary

• Reforms in Tax and Customs Spheres

• Electronic Tax Administration

• E-Customs
Reforms in Tax and Customs Spheres
Institutional Reforms

Business Climate: Low and Competitive Taxes

- From 26 types of taxes in 2003 - to only 6 types of taxes in 2004
  - Income Tax - 20% (by 2014 - 15%)
  - Corporate Tax – 15%
  - VAT - 18%
  - Property Tax - 1%
  - Import Tax - 0%; 5%; 12%
  - Excise Tax (differential)

- State revenues increased by 80% in 2005-2007
Fair, Simple and Reliable Tax System

- Personal Tax Agent
- Advance Ruling
- Tax Agreement
- Special Tax Regimes – Micro and Small Businesses
- Good Faith Principle and Tax Ombudsman
Alternative Tax Audit

- High Risk Companies
- Medium Risk Companies
- Low Risk Companies

Revenue Service

Alternative Audit

Revenue Service
District Tax Officer - from Control to Partnership

✅ Bringing services to taxpayers
✅ Advising, informing and educating taxpayers
✅ Assist the naturals persons for registering as VAT taxpayers

Having in result: transparent and fair environment for the taxpayers

Monitoring Division within Georgia Revenue Service

✅ surveillance of district tax officers and evaluating their responsibilities and obligations
Customs Reforms

Import duty

Before 2007
(16)

12% 14% 15%
16% 17% 18%
20% 25% 30%

5% 6% 7%
8% 10%

4% 0%

After 2007

12%
5%
0%
Customs Reforms

Before 2007

After 2007
Customs Reforms

• Before 2005 import procedures required:

54 documents

• After 2009 import procedures require:

2 documents
Customs Reforms

- Special VAT Regime
- Golden List
- Certificate of origin
- Unified customs and revenue taxpayer obligation accounts
- Creation of Customs Clearance Zones in Tbilisi, Batumi, and Poti
Electronic Tax Administration
Taxpayer brings filled tax returns to tax office or sends it via insured post

For submission of tax returns tax payer was enforced to wait in long queues

Tax inspector receives and certifies tax returns submission fact

Submitted tax return is transmitted to the information processing division

Tax return data manually put in joint database

Correction of mistakes in tax returns causes delayed calculation of tax liability

Data from submitted declaration is reflected to the personal card of tax payers

Processed returns are transmitted to the Archive
Electronic Filing after September ‘09

Tax payer fills and sends electronic tax return via internet

- Electronic tax return is assigned the reference number
- Tax returns are electronically archived

E-filing dynamics, the number of e-filed declarations has increased, while the quantity of hardcopy declaration has decreased during 2008-2010
New Official Web-site
www.rs.ge

- Electronic registration
- Applications
- Electronic filing
- Integrated Tariff
- Data protection
- Internet payments
- SMS & E-mail
- Video
- Tax Code
- Frequently Asked Questions
- Electronic filing
- Electronic VAT Invoices
- Integrated Tariff
- Customs Clearance Zones
- Collection of Payments
- Mortgage/Arrest of Property
- Appeals
- Tax Free
- Notifications
- Tax Free Postal Parcels Declarations
- Business Map
- Business Environment
E-Customs
ASYCUDA World

Risk Criteria

Random Selection Module

Red channel
(Physical inspection)

Yellow channel
(Documentary check)

Green Channel
(No prerelease check)

Blue Channel
(post clearance audit)

"ASYCUDA"
Automated System of Customs Data
Risk Distribution

Import
- 42%
- 18%
- 35%
- 5%

Export
- 31%
- 10%
- 1%
- 56%
Before Creation of Customs Clearance Zones

Border Crossing Point
15 – 30 minutes

Warehouse
1 - 2 hour

Bank for Payment
30 minutes - hour

Broker for Declaration
45 minutes - hour

Clearance Service Center
10 - 30 minutes

Examination (in case of red corridor)
2 – 3 days

Warehouse (in case of red corridor)
30 minutes

Clearance Service Center
10 - 30 minutes

Warehouse
30 minutes

Release of goods
After Creation Customs Clearance Zones

**Border Crossing Points**

In case of standard procedures – in average 15 minutes

In case of red corridor – average 45 minutes

In case of green corridor - average 5 minutes (passport data registration control and customs procedures)

**Advance Declaration Case**

**Customs Clearance Zones**

In case of standard procedures – in average 15 minutes

In case of red corridor - up to 1 hour

Payment of Import Duties, VAT and Excise are within 5 days
CUSTOMS CLEARANCE ZONE - a large clearance centre, covering several hectares with special free parking area for hundreds of trucks.

- Air, land, railway and sea cargo clearance
- Advance declaration - Advanced review and preparation of documents
- On-line electronic declaration; digital signature
- Invoice translation
- Expertise
- Bank Service
- Examination - using X-ray cargo inspection system in case of red corridors
- Transportation of goods to the place of destination
- 24/7 regime.
- Payment of Import Duties, VAT and Excise within 5 days (30 days for “Gold List” members) upon clearance of the goods in the customs clearance zones.
Past

100% control
"Blind Control"

No risk analysis or assessment

8 Different agencies on the border

Today

Risk management system
Risk profiles
Random selection

Relevant Access to the database of
1) Patrol Police
2) Public Service Hall

• National Agency of Public Registry
• Civil Registry
• Notary Chamber of Georgia

Tomorrow

Joint use of BCPs

Turkey
Sarpi BCP in place

Azerbaijan
Proposal feedback

Ukraine
Interexchange of advance information/agreement is signed

Armenia
Negotiation process
Future reforms for facilitating and improving trade capacity

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