

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

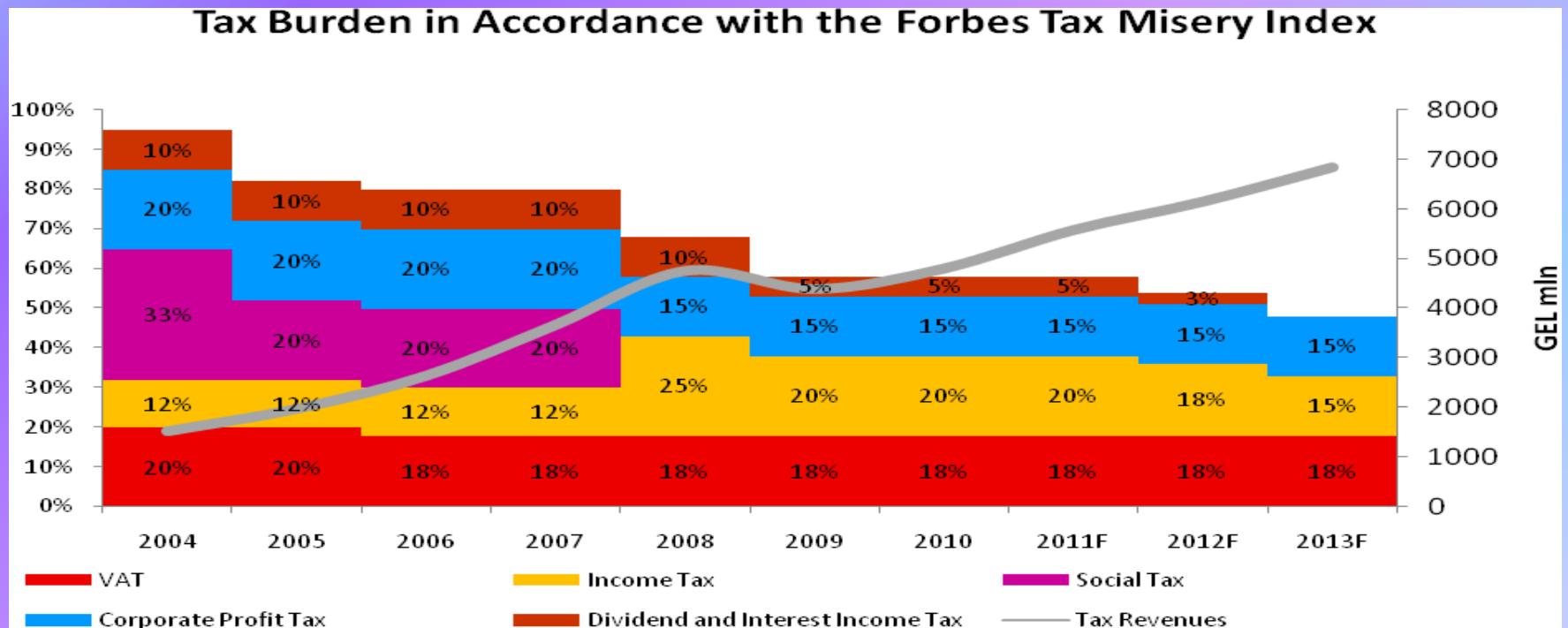
Institutional Reforms



Since January 2011 – New and unified Tax and Customs Code

Business Climate: Low and Competitive Taxes

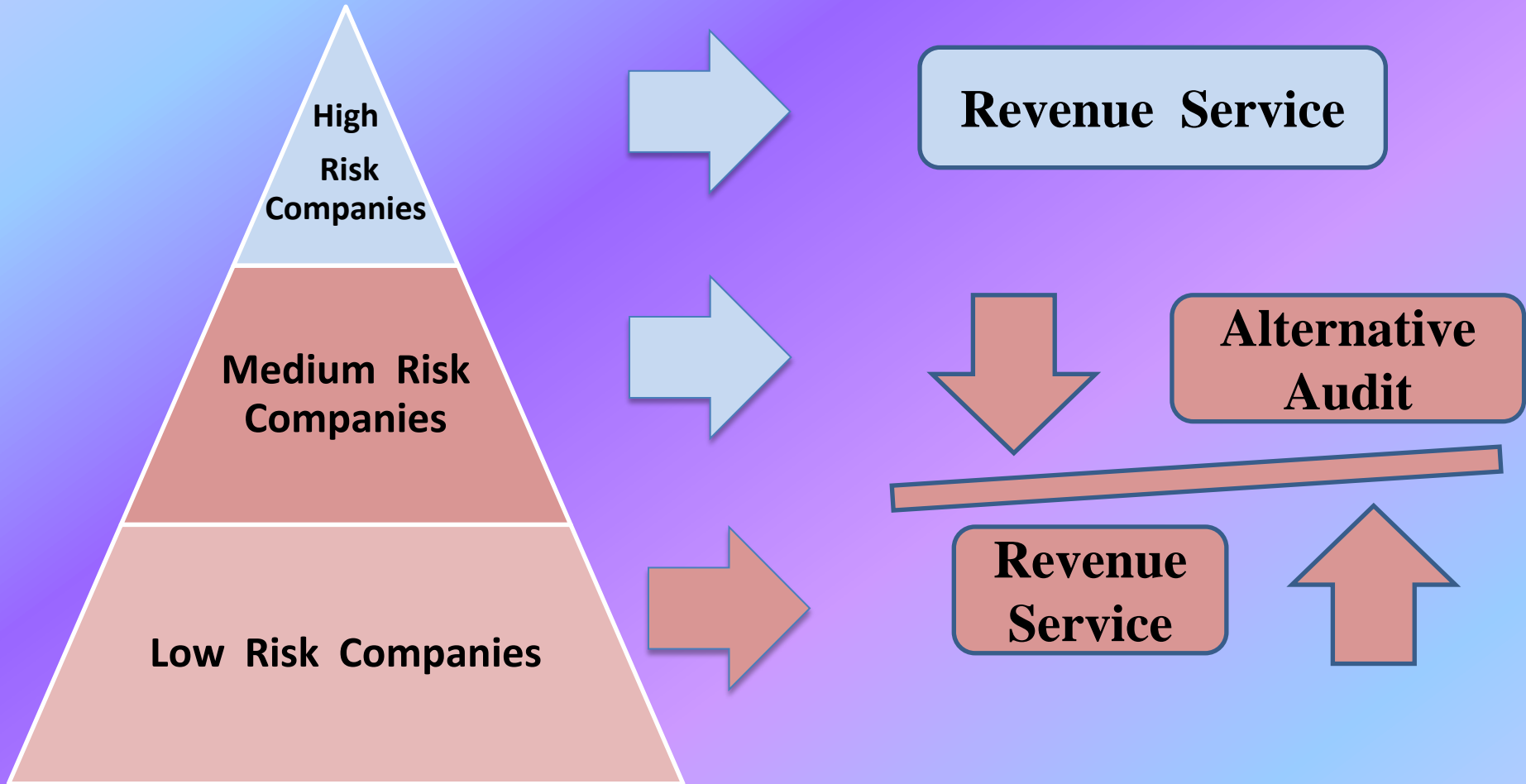
- From 26 types of taxes in 2003 - to only 6 types of taxes in 2004
 - Income Tax - 20% (by 2014 - 15%)
 - Corporate Tax – 15%
 - VAT - 18%
 - Property Tax - 1%
 - Import Tax - 0%; 5%; 12%
 - Excise Tax (differential)
- State revenues increased by 80% in 2005-2007



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



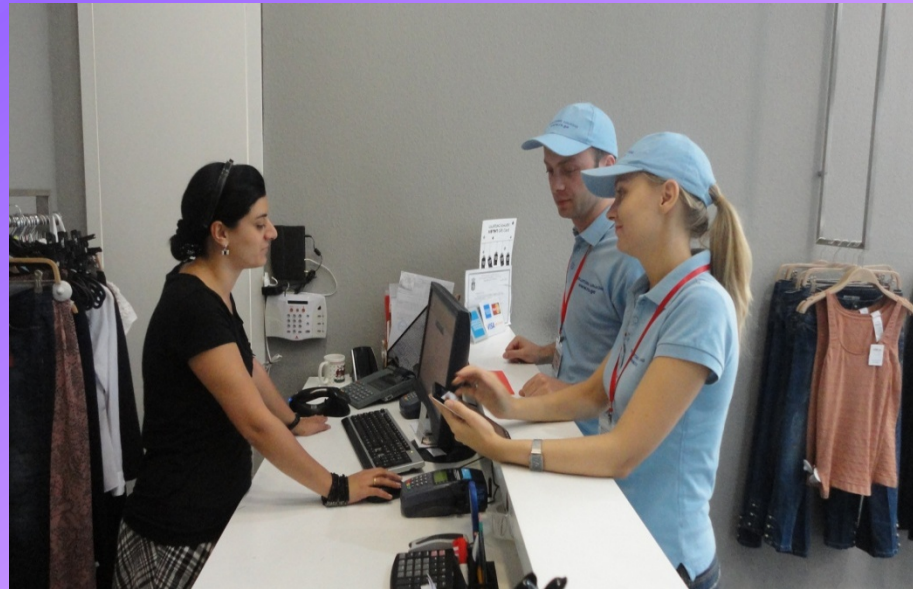
District Tax Officer - from Control to Partnership

- ✓ Bringing services to taxpayers
- ✓ Advising, informing and educating taxpayers
- ✓ Assist the natural 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 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

Tax Returns Filing before 2009

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

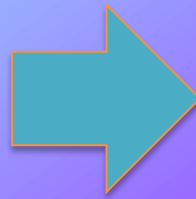
Correction of mistakes in tax returns causes delayed calculation of tax liability

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

Processed returns are transmitted to the Archive

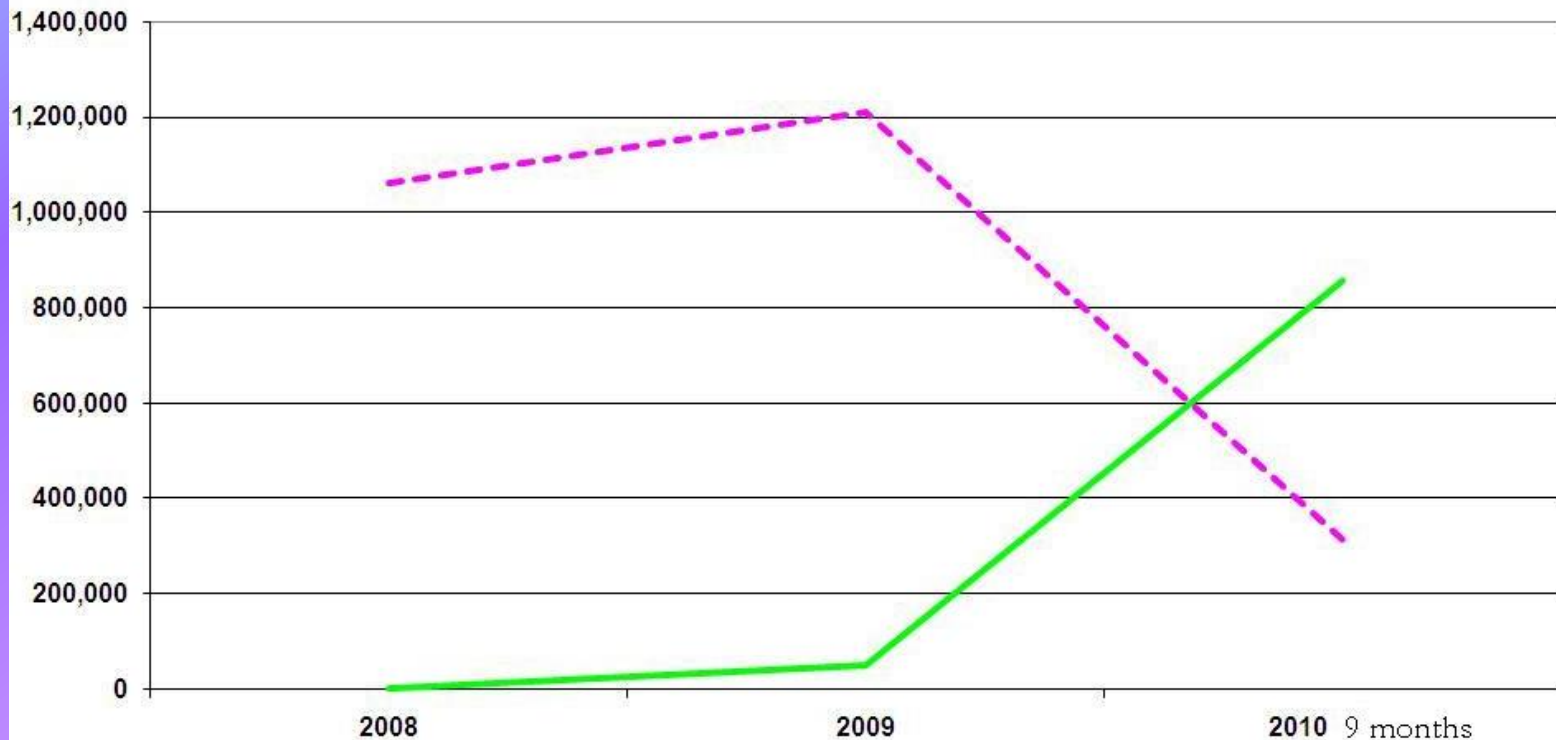
Electronic Filing after September '09

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



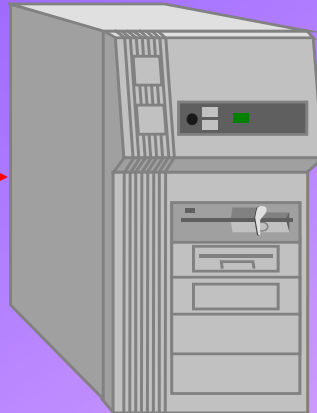
E-Customs

ASYCUDA World

Risk Criteria

Random Selection Module

Table with columns and rows containing customs data. Circled values include: 380, 380, 380, 05, 4000, 76,030, 75,963, 80,384.70.



"ASYCUDA"
Automated System of Customs Data

Red channel
(Physical inspection)

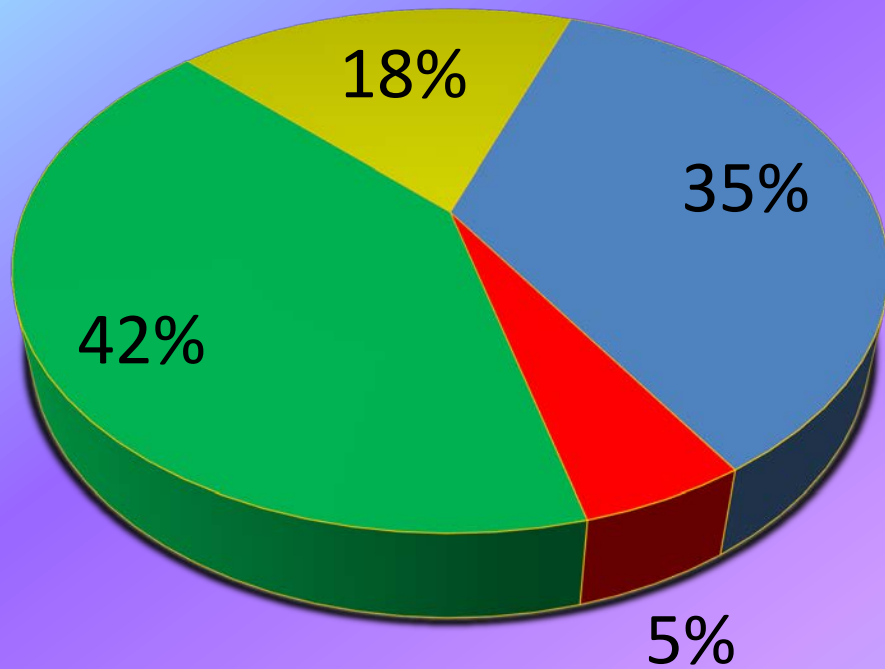
Yellow channel
(Documentary check)

Green Channel
(No prerelease check)

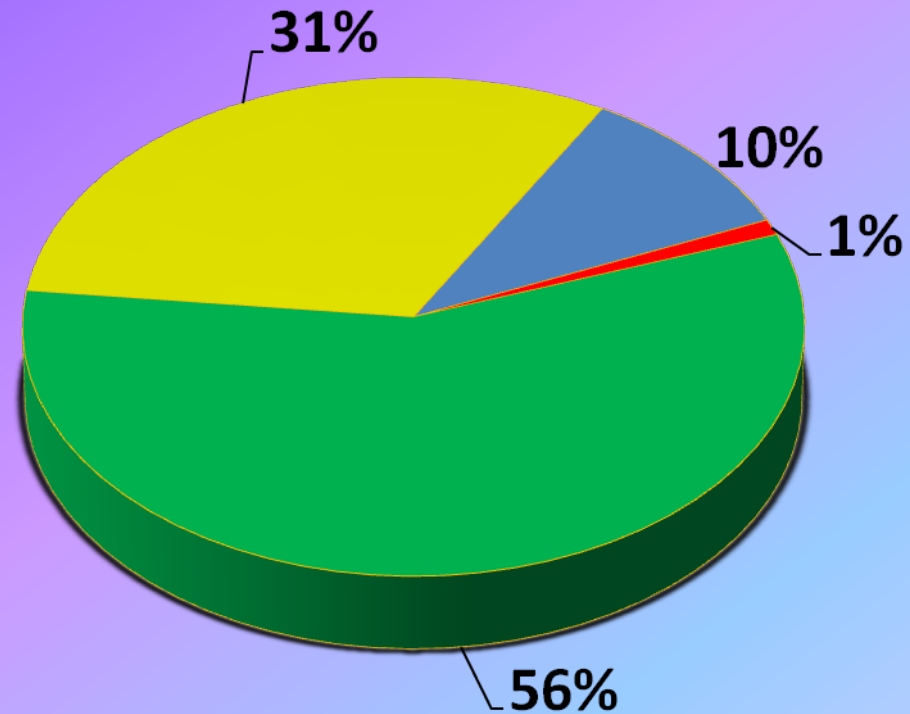
Blue Channel
(post clearance audit)

Risk Distribution

Import



Export



Before Creation of Customs Clearance Zones



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

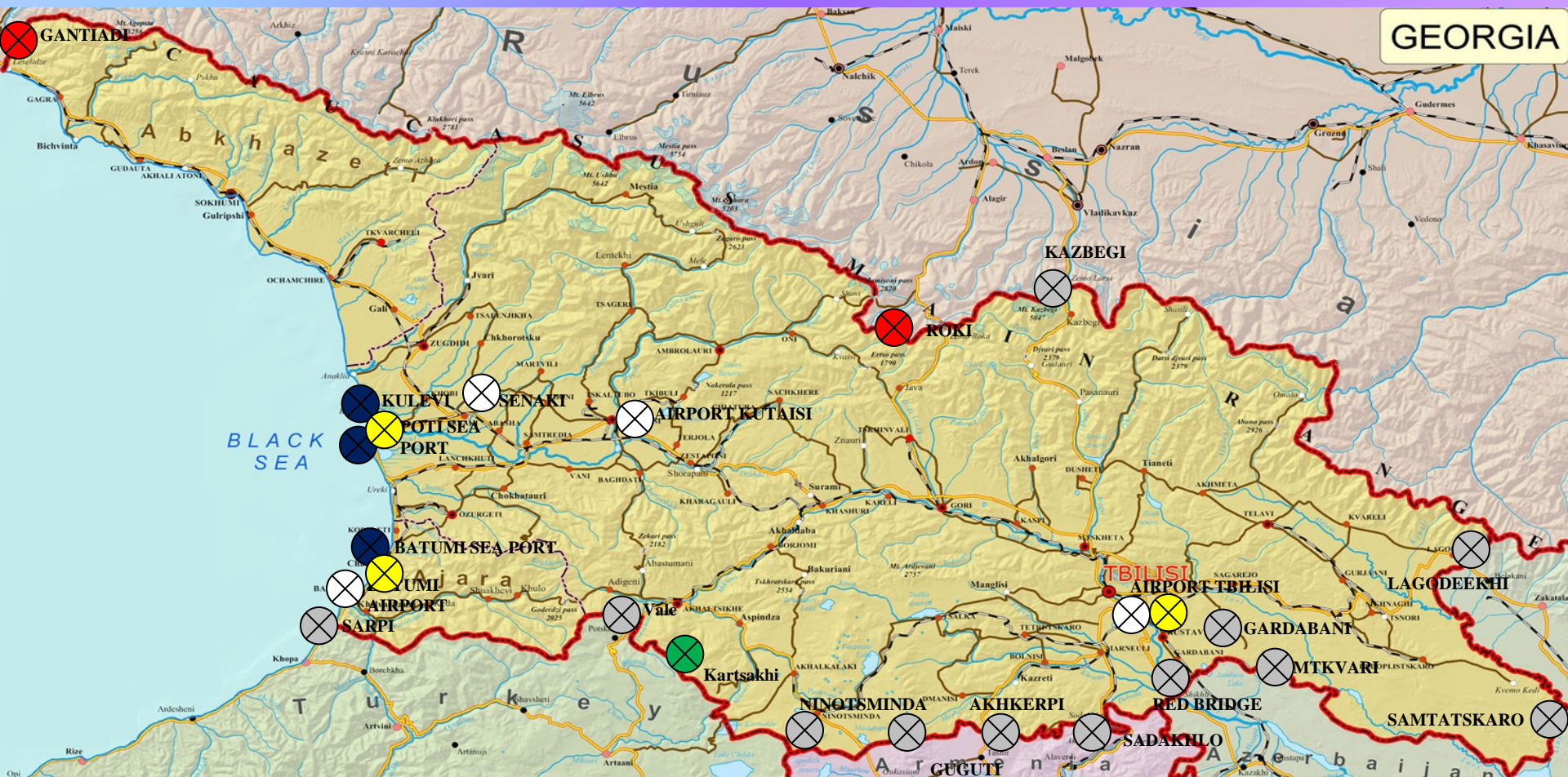


➤ **CUSTOMS CLEARANCE ZONE** - a large clearance centre , covering several hectares with special free parking area for hundreds of trucks.

- 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 systems
- 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.

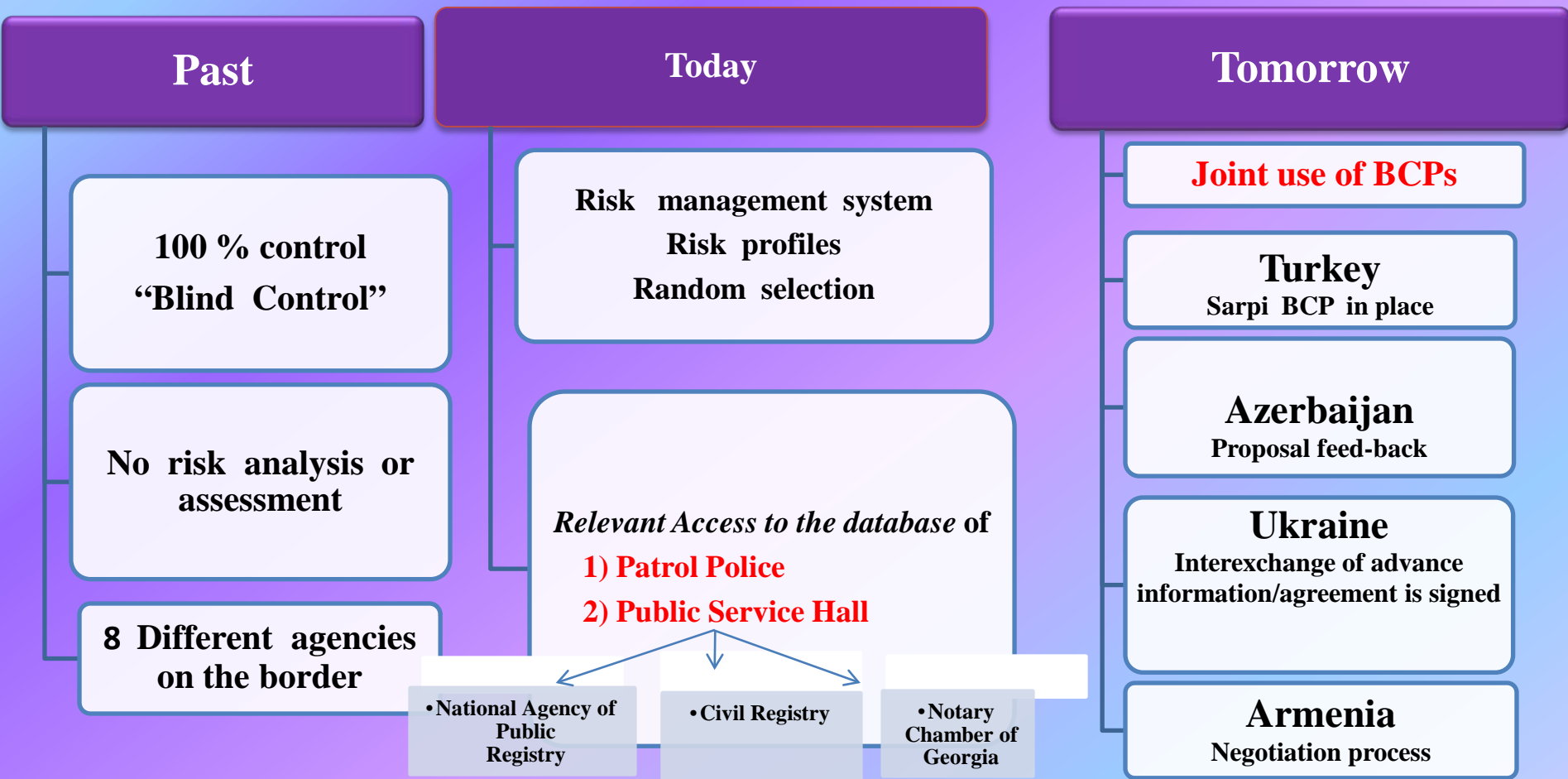


-  CCZ
-  BCPs on the occupied territories
-  Sea Port BCPs
-  land and railway
-  airport BCPs
-  future BCP



GEORGIA

Control System





Future reforms for facilitating and improving trade capacity

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Ms. Maka KHVEDELIDZE
Advisor, Department for International Relations
E-mail: m.khvedelidze@rs.ge

Georgia Revenue Service
(United Tax and Customs Administration)

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