Customs and Tax Administration
SPS Border Control Agency

Customs, Tax and SPS border control
Revenue Service

SPS Border Control

Customs Administration

TAX Administration

Partial Passport Control

2006

2007

2010
Integration = Closer Cooperation

- Agencies
- Revenue Service
- Ministries
- Foreign Administrations
- Private Sector
Business Climate: Low Tax Rates

21 types of taxes in 2003 6 types of taxes in 2004

- Personal Income Tax – 20%
- Distributed Corporate Income Tax – 15%
- Value Added Tax – 18%
- Property Tax - 1%
- Import Tax – 0%, 5%, 12%
- Excise Tax - different
## Business Climate: Low Tax Rates

<table>
<thead>
<tr>
<th>YEAR</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Number of Taxes</strong></td>
<td>21</td>
<td>7</td>
<td>7</td>
<td>7</td>
<td>6</td>
<td>6</td>
<td>6</td>
</tr>
<tr>
<td>VAT</td>
<td>20%</td>
<td>20%</td>
<td>18%</td>
<td>18%</td>
<td>18%</td>
<td>18%</td>
<td>18%</td>
</tr>
<tr>
<td><strong>Personal Income Tax</strong></td>
<td>12-20%</td>
<td>12% flat</td>
<td>12% flat</td>
<td>12% flat</td>
<td>25% (Social Tax +Income Tax)</td>
<td>20% (Social Tax +Income Tax)</td>
<td>20%</td>
</tr>
<tr>
<td>Social Tax</td>
<td>33%</td>
<td>20%</td>
<td>20%</td>
<td>20%</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Corporate Income Tax</strong></td>
<td>20%</td>
<td>20%</td>
<td>20%</td>
<td>20%</td>
<td>15%</td>
<td>15%</td>
<td>15%</td>
</tr>
<tr>
<td>Dividend and Interest Income Tax</td>
<td>10%</td>
<td>105</td>
<td>10%</td>
<td>10%</td>
<td>10%</td>
<td>5%</td>
<td>5%</td>
</tr>
</tbody>
</table>

- Property tax – up to 1%
- Excise tax– different rate
Before 2007
(16)

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

After 2007

12%
5%
0%
• 1394 – 12% ad valorem
• 235– 5% ad valorem
• 211– specific
• 8214 - 0%

In total 10 054
Institutional Reform

**Past**
- Customs Department of the Ministry of Finance of Georgia
- Border Police of the Ministry of Internal Affairs of Georgia
- Phyto-sanitary Service of the Ministry of Agriculture of Georgia
- Veterinary Service of the Ministry of Agriculture of Georgia
- Transport Administration of the Ministry of Transport
- Customs Broker
- Cargo Carrier
- Insurance Company

**Today**
- Revenue Service
- Patrol Police
CCPs on the occupied territories
Sea Port CCPs
airport CCPs
future CCPs

- BATUMI SEA PORT
- POTI SEA PORT
- GANTIADI
- GUGUTI
- KULEVI
- SENART
- SARPI
- BAGHDAI
- KARTAKH

- BAKURIA
- MTKVARI
- NIKOSMINDA
- ISFELI KHIDI
- SADAKHLO
- TSITELI KHIDI
- GARDABANI
- MTBVARI
- LAGODEKHI
- SAMTATSKARO
- KAZBEGI
- KURSUMLIQUI
- ROKI
- KARTAKH
- GUGUTI
- KALEVI
- SENART
- GANTIADI
- GUGUTI
- KALEVI
- SENART
- GANTIADI
## TODAY

- Risk management system
- Risk profiles
- Random selection

### RELEVANT ACCESS TO THE DATABASE OF

1. Patrol Police
2. Public Service Hall
3. National Agency of Public Registry
4. Civil Registry
5. Notary Chamber of Georgia

## TOMORROW

- Joint use of BCPs
Inter-agency Cooperation

COLLABORATIVE CONTROL

REVENUE SERVICE

Passport/Vehicle DATA
PATROL POLICE

Taxpayer’s registration DATA
Ministry of Justice
Single Permits System

- Single Window Principle for Permits and Certificates involves 8/7 Ministries
Data Exchange

Data exchange with Governmental and non Governmental Units

Soon
Integrated Customs ICT platform

- **ASYCUDA**
- **Declaration Risks**
- **Returns, Applications**
- **Information exchange**

**ORACLE**

**External**

- **Turkey**
- **Azerbaijan, GUAM**
The government of Georgia

Ministry of Agriculture

National Food Agency

Revenue Service
Monitoring plan

- HS Code – Purpose-Name
- Percentage of Sampling
- Country of Origin - Pests
SPS Policy, Inter-agency Cooperation and Data Transmission
Prior Notification, Control and Coordination

CED (Common Entry Document) – GRS development

- Details of dispatched consignments
- Decision on consignment
  - Automatic/
  - Manual
- Control

Part I

Part II

Part III

Consignee

GRS

Grantee

NFA
Exchange of information

International cooperation and coordination

Coming soon

Summary declaration

Control

Summary declaration

Control
Customs Reforms

- Before 2005 import and export procedures required:
  - Number of documents: 4

- In 2009-2010 import and export procedures required:
  - Number of documents: 4

- Since 2011 import and export procedures required:
  - Number of documents: 2

According to the legislation, economic agent is authorised to submit the bill of lading and invoice either electronically or on paper basis; both forms are equally acceptable.
Before Creation of Customs Clearance Zones

Border Crossing Point: 15 – 30 minutes

Warehouse: 1 – 2 hours

Bank for Payment: 30 minutes – 1 hour

Broker for Declaration: 45 minutes – 1 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

Release of goods
After Creation Customs Clearance Zones

**Customs Crossing Points**

- In case of standard procedures – in average 15 minutes
- In case of red corridor – average 1 hour

**Advance Declaration Case**

- In case of green corridor - average 10 minutes (passport data registration control and customs procedures)

**Customs Clearance Zones**

- In case of standard procedures – in average 30 minutes
- In case of red corridor – several hours in average
MEANING OF CUSTOMS CLEARANCE ZONE (CCZ)

Place, where goods are cleared

CCZ – Centers for goods Clearance:

• Located on several hectares
• With modern infrastructure, and
• With specially planned parking zone
Results - Clearance Options

- Clearance - Documents (A) T/M (A) (5 days deferral of payments)
- Advance Customs Declaration (15 days deferral of payments)
- Local clearance (30 days deferral of payments for gold list members)
- Distant clearance - Documents (A) T/M (B) 5 days deferral of payments) (5 days deferral of payments)
- Clearance at agreed place - single consignee/recipient (5 days deferral of payments)
Risk Criteria

Random Selection

Manual Selection

Red channel 8% - import 5% export

Yellow channel 8% - import 8% export

Green Channel 83% - import 86% export

Blue Channel 1% - import 1% export

Results - Control
Inter-agency Cooperation

Natural person got into the “red corridor”

Examination of risk criteria
Crossing the Border
Results - Vehicles Customs Clearance

CUSTOMS CLEARANCE ZONES

VIN CODE: 123123123
PAYED!
50 GEL

F2
READY TO GO!

Receiving Data
Results - Postal Parcels
Transport Waybill/ Vehicle inspection
District Tax Officer is oriented on the prevention of violation instead of punishment:

- Offers taxpayer services on the spot
- Provides information and consultations to taxpayers
- Simplifies the implementation of tax liabilities for taxpayers
- Increases trust toward tax system
Personal Tax Advisor

- Informs taxpayers about legislative amendments
- Provides taxpayer with positions of Tax Authority
- Supports timely submission of tax reports
- Supports communication with tax authority
- Helps to search public information
- Organizes meetings with senior management of Revenue Service Authority
- Supports liquidation/reorganization of procedures
- Availability of visiting to taxpayers
Mediation Council - a mediator between taxpayer and departments of GRS (Audit Department; Tax monitoring Department; Customs Department, Service Department)
Advanced tax ruling is issued in accordance with the operation carried out or to be implemented about tax return rules or/and tax obligations to be performed.

79 (from 101) advanced tax ruling are published in the following fields:

- Construction
- Telecommunication
- Banking
- Transport
- Advertising
- Medicine
- Charitable activities
- Energy production
- Persons employed in agriculture
Proactive Communication

Permanent meetings with RS Management

Tax Forum

Call Center

info@rs.ge

Accelerated Services
Development of Infrastructural Facilities
CCP Red Bridge
Georgia – Azerbaijan Border
Before Reconstruction

- The most important operating Land CCP located at the border with the Republic of Azerbaijan
- Total land plot 27,963 sq.m.
CCP Red Bridge
Georgia – Azerbaijan Border
After Reconstruction (from 03/2012)

- Total land plot 27,963 sq.m. and buildings were fully reconstructed using modern architectural and building standards.
- High class and innovative building materials were used for reconstruction
- Building was equipped with modern furniture, technique, electronic gates and scanners
- Modern and comfortable atmosphere were created for the people passing the border as well as for the GRS and Patrol Police employees who are serving on BCP, by creating cafeteria and children area zones, restrooms for our employees
- The most important operating Land CCP located at the border with the Republic of Armenia
- Total land plot 20,527 sq.m.
CCP Sadakhlo
Georgia – Armenia Border
After Reconstruction (from 03/2012)

- Total land plot 20,527 sq.m. and buildings were fully reconstructed using modern architectural and building standards.
- High class and innovative building materials were used for reconstruction
- Building was equipped with modern furniture, technique, electronic gates and scanners
- Modern and comfortable atmosphere were created for the people passing the border as well as for the GRS and Patrol Police employees who are serving on BCP by creating separate import and export offices, cafeteria, children area, restrooms for our employees
CCP Vale
Georgia – Turkey Border
Before Reconstruction

- Important operating land CCP located at the border with the Republic of Turkey
- Total land plot 52,059 sq.m.
- Total land plot 52,059 sq.m. and buildings were fully reconstructed using modern architectural and building standards.
- High class and innovative building materials were used for reconstruction
- Building was equipped with modern furniture, technique, electronic gates and scanners
- Modern and comfortable atmosphere were created for the people passing the border as well as for the GRS and Patrol Police employees who are serving on BCP by creating separate import and export offices, cafeteria, children area, restrooms for our employees
CCP Sarpi
Georgia – Turkey Border
Before Reconstruction

- The most important operating Land CCP located at the border with the Republic of Turkey
- Total land plot 15,586 sq.m.
- Total land plot 15,586 sq.m. and buildings were fully reconstructed using modern architectural and building standards.
- High class and innovative building materials were used for reconstruction.
- Building was equipped with modern furniture, technique, electronic gates and scanners.
- Modern and comfortable atmosphere were created for the people passing the border as well as for the GRS and Patrol Police employees who are serving on BCP by creating separate import and export gates, cafeteria, children area, restrooms for our employees.
CCP Kazbegi
Georgia – Russia Border
Before Reconstruction

- Important operating Land BCP located at the border with Russia
- Total land plot 20,527 sq.m.
CCP Kazbegi
Georgia – Russia Border
After Reconstruction (from 09/2013)

- Reconstruction ended in September 2013
- BCP furnished and equipped with high quality and standard furniture and technic.
- Children area and cafeteria
CCP Kartsakhi
Georgia – Turkey Border
Before Reconstruction

- Important operating Land CCP located at the border with the Republic of Turkey
- Total land plot 25,000 sq.m.
- Was purely reconstructed in 2010
- Full reconstruction started in July 2012
- Reconstruction will be ended by 2014
- BCP will be furnished and equipped with high quality and standard furniture and technic.
- Children area and cafeteria will be presented as on all other newly reconstructed BCP
CCP Ninotsminda
Georgia – Armenia Border
Before Reconstruction

- Important operating Land BCP located at the border with Armenia
- Total land plot 115,000 sq.m.
Reconstruction will end in December 2013
- BCP will be furnished and equipped with high quality and standard furniture and technic.
- Children area and cafeteria will be presented as on all other newly reconstructed BCP
CCZ “Poti”
CCZ “Batumi Port”
THANK YOU FOR YOUR ATTENTION

Samson URIDIA
Head
International Relations Department
Georgia Revenue Service
Tax and Customs Administration
SPS Border Control Agency

68a, Kostava St., 0179 Tbilisi, Georgia
Tel: +995 322 26 29 01
E-mail: s.uridia@rs.ge
Web: www.rs.ge