

LAW OF GEORGIA
«ON A CUSTOMS TARIFF AND DUTY»

(AS AMENDED TO APRIL 2, 1999)

CHAPTER 1. GENERAL PROVISIONS

Article 1. Purposes and Sphere of Application of Law

1. This Law defines the procedure for forming and applying a Customs tariff of Georgia as the mechanism regulating the domestic commodity market and foreign economic policy of Georgia as well as the rules for levying Customs duties when crossing the Customs frontier with goods.
2. Purposes of Law (The law effects only settlements that took place after April 1, 1999):
 - a) the rationalization of the structure of goods importation to Georgia;
 - b) the assurance of the optimum ratio of imports and exports of goods as well as of currency incoming and outgoing in Georgia;
 - c) the creation of favorable conditions for progressive changes in the structure of manufacture and consumption of goods in Georgia;
 - d) the protection of Georgian economy from unfavorable impact of foreign competition;
 - e) the securing of conditions for effective integration of Georgian economy into world economy.
3. This Law shall be valid throughout Georgia.

Article 2. Concept of a Customs Tariff

A Customs tariff is a systematized entity of Customs duty rates applicable to the imported to and/or exported from the Customs territory of Georgia goods with the purpose of its Customs value increase or decrease as proceeding from the economic and/or political interests of Georgia.

Article 3. Concept of a Customs Duty

A Customs duty is a compulsory payment to the state budget for conveying goods on the Customs frontier of Georgia.

CHAPTER II. CUSTOMS DUTY

Article 4. Kinds of a Customs Duty

The following Customs duties are applied in Georgia:

- a) ordinary;
- b) seasonal;
- c) extraordinary.

Article 5. An Ordinary Customs Duty

An ordinary Customs duty is a permanent tax which effect is temporary suspended during the action of the seasonal and extraordinary duties.

Article 6. A Seasonal Customs Duty

1. A seasonal Customs duty is a duty fixed for a certain period of time which purpose is the regulation of bringing in and/or taking out goods to and from the Customs territory of Georgia with taking into consideration the seasonal peculiarities of the manufacture and consumption thereof.
2. The duration of a Customs seasonal duty shall not exceed six months per annum.
3. The basis for introducing the Customs seasonal duty is a regular analysis carried out by appropriate bodies of executive authority in Georgia in compliance with the provisions of section 1 of this Article.

Article 7. An Extraordinary Customs Duty

1. An extraordinary Customs duty is a duty applicable in special cases as a protective and retaliatory measure to the states and persons whose activities during bringing in and/or taking out goods to and from the Customs territory of Georgia damage or may damage the economic interests of Georgia.
2. The following extraordinary Customs duties are applied in Georgia:
 - a) specific;
 - b) antidumping;
 - c) countervailing.
3. The specific Customs duties are applied as:
 - a) a protective measure where goods are brought in to the Customs territory of Georgia in the amount and under terms which damage or may damage manufacturers of such or alike goods;
 - b) a retaliatory measure against a discriminatory or alike action on the part of other states or their associations which damage the interests of Georgia;
 - c) a protective measure in extraordinary cases with the purpose of temporary restriction of exports of individual kinds of the strategically significant goods.
4. The antidumping Customs duty is applied in the case when goods are brought in to the Customs territory of Georgia at the price below their actual value and the bringing in thereof damages or may damage local manufacturers of goods, or impedes the organization and/or expansion of manufacture of related goods in Georgia.

5. The countervailing Customs duty is applied to the brought in to the Customs territory of Georgia goods during the manufacture or importation of which direct or indirect subsidies were applied and the importation of the goods damages or may damage local manufactures of the related goods, or impedes the organization and/or expansion of manufacture of related goods in Georgia.
6. The basis for introducing the extraordinary (specific, antidumping, countervailing) Customs duties is a regular analysis carried out by appropriate bodies of executive authority of Georgia pursuant to the provisions of sections 3, 4 and 5 of this Article.

CHAPTER III. CUSTOMS DUTY PAYERS AND OBJECT OF TAXATION

Article 8. Customs Duty Payers

Payers of Customs duty are persons crossing the Customs frontier of Georgia with goods.

Article 9. Object of Taxation

The object of taxation for Customs duty is the Customs value of the goods crossing the Customs frontier of Georgia.

CHAPTER IV. CUSTOMS VALUE OF GOODS AND DEFINITION OF COUNTRY OF ORIGIN

Article 10. Customs Value of Goods

1. The Customs value of goods is the price of goods upon crossing the Customs frontier of Georgia on which basis a Customs duty is computed.
2. The Customs value of goods comprises the transaction price upon acquisition of goods, the cost of their transportation to the crossing point of the Customs frontier of Georgia, the loading-unloading, insurance, commission and brokerage charges, as well as direct and indirect license and other fees by the buyer for using intellectual property objects.
3. The Customs value of goods is computed by applying the principles and methods recognized in international Customs practice and is regulated under an appropriate subordinated legislative normative act.

Article 11. Declaring Customs Value of Goods

1. The declaration of the Customs value of goods is effected by a declarant to the Customs body upon crossing the Customs frontier with goods under procedure as stipulated by the Customs Code of Georgia.
2. The Customs value of goods is determined by the declarant pursuant to this Law.

3. The procedure for and terms of declaration of the Customs value of goods, as well as the form of declaration are defined under the appropriate subordinated legislative enactment.
4. The accuracy of determination of the Customs value of goods is controlled by the Customs body wherein Customs clearance takes place.
5. Other forms of control over determining customs value of goods according to the decree of the president of Georgia are also acceptable.

Article 12. Country of Origin of Goods

1. The country of origin of goods is determined upon admission and/or removal of goods to and/or from the Customs territory of Georgia with the purpose of accomplishment of tariff and non-tariff measures.
2. A country wherein goods were originated or processed in full is considered to be the country of origin of goods.
3. A group of countries, Customs unions, regions and part of a country may be considered to be the country of origin of goods if their (its) singling out is necessary for determining the country of origin of goods.
4. The criteria and procedure for determining the country of origin of goods are based upon international experience and are established under the appropriate subordinated legislative enactment.

Article 13. Confirmation of Origin of Goods

1. For the purpose of confirmation of the origin of goods in a given country the Customs body of Georgia shall demand the presentation of the certificate of origin.
2. Upon removal of goods from the Customs territory of Georgia the appropriate authorized body shall issue the certificate of origin provided it is necessary under regulations of the importing country and/or is stipulated by a corresponding contract as well as by an international liability of Georgia.
3. The quality of goods imported to Georgia shall comply with the effective state and/or international standard and be certified by the certificate of quality in accordance with law.

Article 14. Certificate of Origin

1. The certificate of origin shall expressly confirm the origin of goods in the given country for which purpose it shall comprise the following data:
 - a) a written statement of the shipper evidencing that the goods conform to the appropriate origin criterion;
 - b) a written confirmation by a competent body of the certificate-issuing country evidencing the reliability of data contained in the certificate.
2. The certificate of origin shall be presented during Customs clearance of goods together with the Customs declaration.

3. In the event of any doubt in regard to reliability of the certificate of origin or the data indicated therein, the Customs body of Georgia may address the certificate-issuing body or other competent agency of the certificate-issuing country with a request for additional or verified data.
4. The goods which origin has not been exactly established shall be released on the Customs frontier of Georgia under the Customs import procedure subject to payment of the Customs duties calculated at the highest rate.

CHAPTER V. CUSTOMS DUTY RATES

Article 15. Kinds of Customs Duty Rates

The following customs duty rates are applied in Georgia:

- a) ad valorem – quoted in percentage terms, in relation to the Customs value of taxable goods;
- b) specific – quoted in lari, in relation to a unit of taxable goods;
- c) combined – comprises both kinds of the rates;

Article 16. Customs Duty Rates

1. The Customs duty rates are uniform on the whole territory of Georgia and shall not be changed by persons conveying goods on the Customs frontier of Georgia, due to the transaction nature and other factors except for other cases provided for in this Law.
2. The Customs duty in Georgia is differentiated and is defined in percentage terms in relation to the Customs value of taxable goods with the exception of passenger vehicles imported to Georgia on which the Customs duty shall be paid at the rate of 0,05 lari per each cubic centimeter of the automobile engine volume plus 5 percent for each year of operation of the car.
3. The Customs duty rates are 5 and 12 percent.
4. The following are taxed at the rate of 5 per cent of the Customs duty:
 - a) the importation of pharmaceutical products according to Chapter 30 of the Foreign Economic Activity Commodity Classification, except for those stipulated by paragraph “h” of Article 18 of this Law;
 - b) the importation of fixed assets, their spare and completing parts according to Chapters 84, 85 and 90 of the Foreign Economic Activity Commodity Classification;
 - c) the importation of industrial goods in accordance with the following codes of the Foreign Economic Activity Commodity Classification:
 - 3808 10 000 – insecticides;
 - 3808 20 – fungicides;
 - 3808 30 100 – herbicides;

- 3808 90 000 – seed chemicals;
- 3904 10 000 – polyvinyl chloride, non-mixed with other substances;
- 4001 – natural rubber.
- 4702 00 000 – wood cellulose, soluble degrees.
- 5001 – silk cocoons suitable for reeling.
- 5101 – wool other than carded.
- 5106 and 5107 – condensed and combed woolen yarn unpacked for retail trade.
- 5203 00 000 – cotton, combed.
- 5402 – synthetic complex filament unpacked for retail trade.
- 7207 – plain carbon steel and iron semi-products.
- 7208 – sheet steel.
- 7216 – plain carbon steel and iron shaped, angular and special shapes.
- 7408 – copper wire.
- 7606 – sheet aluminum.
- 8713 and 8714 20 000 – invalid wheelchairs and their spares.

5. The import of the rest of goods shall be taxed at the rate of 12 percent of the Customs duty. The same rate applies to imports of petroleum products (other than fuel oil), including from CIS countries.

CHAPTER VI. DUTY PREFERENCES

Article 17. Tariff Preferences

1. The tariff preferences for goods are established under this Law and shall not be individual.
2. The tariff preferences imply the grant of unilateral or bilateral preferences for goods upon crossing the Customs frontier of Georgia in the process of trade and commercial relations with foreign countries.
3. The kinds of tariff preferences are:
 - a) the return of the paid Customs duty;
 - b) the exemption from the Customs duty;
 - c) the reduction of the Customs duty.

Article 18. Exemption from Customs Duty

The following are exempt from the Customs duty:

- a) the export of goods other than the cases stipulated in the articles 6 and 7 of the given Law;
- b) the re-export of goods. In importing goods intended for re-export the payment of Customs duty, or the retention of a bank guarantee or goods of respective value is effected by the

Customs Department of Georgia, while in the case of export of said goods the Customs Department refunds the paid Customs duty, cancels the bank guarantee or returns the goods retained as a guarantee according to the value of the actually exported goods;

- c) the goods in transit on the Customs territory of Georgia;
- d) the import of goods upon warehousing. These goods are taxed under established procedure upon their release in free circulation from the Customs warehouse, while under other Customs procedure – according to that procedure;
- e) the import of goods for liquidation of natural disasters, accidents and catastrophes, or for the purposes of humanitarian assistance;
- f) the import of goods contemplated by contracts on grants under the procedure specified by order of the President of Georgia;
- g) the import of goods financed by grants or preferential credits issued by a foreign country's state body or international organization which comprise at least 25 percent element of the grant. The grant element is defined by the Ministry of Finance of Georgia in coordination with the Georgian Parliament by means of discounting of charges within the credit limits proceeding from the discount rate and credit terms;
- h) the import of goods intended for the official use of foreign diplomatic and similar representative offices, and also for the personal use of diplomatic, administrative and technical personnel of these representative offices (including family members living with them), as well as the import of goods of Georgian diplomatic representatives outside Georgia;
- i) the temporary import of goods to the territory of Georgia;
- j) the import of raw materials and semi-finished goods intended for the manufacture of export goods as well as the import of packaging material to the extent of actually exported finished products. Upon importing said raw materials, semi-finished goods and packaging material the payment of Customs duty or the retention of a bank guarantee is effected to the extent of the actually exported finished goods;
- k) the import of goods by a natural person upon each entry with the value of up to 300 lari in accordance with a list specified by the Georgian Parliament's Decree No. 273-II of 13 June 1996;
- l) Import of baby food and diabetic food marked as such for sale through retail and wholesale network. Import of x-ray tapes, insulin syringes, diagnostic test-systems, glucometers;
- m) the import of Georgian classical literature published abroad and books and journals on science, art and fiction, the authors of which are Georgian citizens;
- n) the import of 16 kinds of pharmaceutical products according to the list approved by the Ministries of Finance, Health Care, Agricultural and Food of Georgia;
- o) aviation fuel, lubricants and other auxiliary means supplied on board for international flights. Customs duties are paid, or bank guarantee is left at the customs organization when bringing these goods into the country, and the importer is refunded the paid amount or the bank guarantee is annulled according to the actual volume of these goods supplied on board of the international flights;

- q) import of excise stamps by the Ministry of Finance of Georgia.

CHAPTER VII. CUSTOMS DUTY ASSESSMENT AND COLLECTION

Article 19. Customs Duty Assessment and Payment

1. A Customs duty shall be assessed according to the Customs value of goods and it shall be collected upon crossing the Customs frontier of Georgia by the Customs bodies prior to Customs clearance together with other Customs fees.
2. The grounds for collecting the Customs duty is a Customs entry of goods.
3. In assessing the Customs duty amount foreign currency shall be recalculated into the Georgian national currency at the rate of exchange of the National Bank of Georgia ruling at the day of filling the Customs entry of goods.

CHAPTER VIII. CONCLUDING AND TRANSITIONAL PROVISIONS

Article 20. Transitional Provisions

1. Before enactment of the normative act stipulated by section 3 of Article 10 of this Law, the Customs value of imported goods for the purposes of taxation shall be determined according to the contract value thereof.
2. Until July 1 1999, the import of tobacco products (other than tobacco raw material) shall be the Customs duty exempt.
3. With the purpose of implementing section 3 of Article 6 and section 6 of Article 7 the Ministries of Finance, Economy, Trade and Foreign Economic Relations of Georgia with other Ministries, the State Department for Statistics and other agencies – where necessary – shall, on the basis of a regular analysis, work out recommendatory proposals on the necessity for introducing seasonal and/or extraordinary Customs duties and submit them to the Parliamentary Committees for Finance and Budget, Economic Policy and Reforms, Agricultural Problems, and Branch Economy.
4. Where necessary, the draft decision on the introduction of seasonal and/or extraordinary Customs duties shall be submitted to the Parliament of Georgia for consideration under the procedure established by the Parliament, without undergoing the mandatory Parliamentary procedure, on the basis of the Parliamentary Council's decision.
5. With the purpose of implementing this Law, the Minister of Finance of Georgia shall issue subordinated normative acts stipulated by this Law within two months from its enactment.

Article 21. Concluding Provisions

1. This Law is put into effect as of the date of its publication.
2. Upon enactment of this Law, the following shall be deemed null and void:
 - a) "On Customs Tariff", Decree of the State Council of the Republic of Georgia dated 21 October 1992 (Collection of Normative Acts of the State Council of the Republic of Georgia, vol. 2, Art. 185);

- b) "On Customs Duty", Law of Georgia dated 27 December 1996 (The Georgian Parliamentary Gazette, Nos. 1-2 (33-34/7), 1997), except for paragraph "p" of Article 4 which is valid until 15 April 1998.

President of Georgia

Eduard Shevardnadze

Tbilisi,

20 March 1998