

*The Consulting Firm “Dikke International” Ltd.*

**Decree  
of the Republic of Georgia  
“Concerning Customs Tariffs”**

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**Decree  
of the Republic of Georgia "Concerning Customs Tariffs"**

**Chapter 1. General Provisions**

**Article 1. Aims and Field of Application of Decree**

The present Decree determines the order of forming and application of the customs tariff. The customs tariff is a system of rules applicable for the customs duties and customs fees when importing goods and other items to, and exporting them from the customs area of the Republic of Georgia.

The effect of the present Decree covers the whole customs area of the Republic of Georgia.

**Article 2. Customs Tariff of the Republic of Georgia**

The customs tariff of the Republic of Georgia is a classified collection of the rates of those customs duties according to which the goods and the other items imported to, and exported from the customs area of the Republic of Georgia are taxed.

The customs tariff of the Republic of Georgia is to be formed in accordance with the internationally adopted rules and principles of the customs activity and, is based upon the harmonised system of the characterisation and coding of goods.

The customs tariff of the Republic of Georgia is to be approved by the Government of the Republic of Georgia. The authority of making amendments to the customs tariff nomenclature and of establishing the rates for special types of the customs duties is placed on the Council for customs and tariffs at the Government of the Republic of Georgia.

**Article 3. Taxation of Goods and Other Items Moving on the Customs Area of the Republic of Georgia**

The goods and the other items imported to, and exported from the customs area of the Republic of Georgia are liable to duty, if it is not otherwise determined by the present Decree.

**Article 4. Council for Customs and Tariffs**

The Council for customs and tariffs at the Government of the Republic of Georgia carries out its activity in accordance with the Regulations on the Council for customs and tariffs approved by the Government of the Republic of Georgia.

## **Chapter 2**

### **Article 5. Types and Rates of Customs Duties**

The following types of customs duties are used in the Republic of Georgia:

- advaleric, which is added, in per cents, to the customs value of goods and other items liable to duty;
- special, which is added to per unit of goods and other items liable to duty by the fixed amount;
- combined, which covers the both above-mentioned types.

Establishing, cancellation and changing of the customs duties, on the personal consumer goods included, are carried out in accordance with the present Decree and with the order stated by the Government of the Republic of Georgia.

### **Article 6. Customs Duties on Imports**

The customs duties on imports are differentiated:

- towards the goods and other items imported from the countries or their allies with the Most Favourite Nation Treatment (MFN) in the Republic of Georgia the minimum rates of customs duties specified by the customs tariff of the Republic of Georgia are used;
- towards the other goods and other items the maximum rates of customs duties specified by the customs tariff of the Republic of Georgia are used.

### **Article 7. Customs Duties on Exports**

The customs for export of goods and other items are to be added to the customs duties by the rates in accordance with the customs tariffs of the Republic of Georgia

### **Article 8. Season Customs Duties**

The inwards- and the outwards season duties on separate types of goods and other items may be determined with the validity term not exceeding four months from the date of their establishing.

### **Article 9. Special Types of Customs Duties**

In special cases, when importing to, or exporting from the customs area of the Republic of Georgia the goods and other items, the following may be used:

- special customs duties;
- anti-dampening customs duties;
- compensative customs duties.

## **Article 10. Special Customs Duties**

The special customs duties are used:

- as a defensive measure, in cases when the goods are imported to the customs area of the Republic of Georgia in such amount or with such terms and conditions those damage or, threaten to cause damage to the local producers of similar or competitive goods;
- as a preventive measure against the participants of the foreign economic relationships who violate the interests of the Republic of Georgia in this sphere, and as the measure of preventing dishonest competitiveness, within the limits of legislation of the Republic of Georgia;
- as a return measure on a discrimination activities of separate countries and their allies against the Republic of Georgia.

The rates of the special customs duties are to be established by the Council for customs and tariffs at the Government of the Republic of Georgia, for any separate case.

## **Article 11. Anti-dampening Customs Duties**

Anti-dampening Customs Duties are used:

- in cases when importing goods to the customs area of the Republic of Georgia at the considerable lower prices than their competitive prices are in the country-origin at the moment of importing and, when such import damages or threatens to cause damage to the local producers of the similar or competitive goods, or blocks the organisation or expansion of producing the similar goods by the local enterprises;
- in cases when exporting goods from the customs area of the Republic of Georgia at the considerable lower prices than the prices on similar or competitive goods are fixed by other exporters at the moment of exporting and, such export damages or threatens to cause damage to the interests of the Republic of Georgia.

The rate of anti-dampening customs duty should not exceed the difference between the wholesale price of the dampening object in the country of export at the moment of exporting and the importing price of the said object to the customs area of the Republic of Georgia or, the difference between the price of the dampening object at the moment of exporting from the Republic of Georgia and the average exporting price of similar or competitive object at the same period.

The rate of anti-dampening customs duty is to be established by the Council for customs and tariffs at the Government of the Republic of Georgia, for any separate case.

## **Article 12. Compensative Customs Duties**

The compensative customs duties are used:

- in case of importing such kinds of goods to the customs area of the Republic of Georgia those were subsidised at the moment of their exporting or producing and, such import damages or threatens to cause damage to the local producers of the similar or competitive goods, or blocks the organisation or expansion of producing the similar goods by the local enterprises;

- in cases when exporting such kinds of goods from the customs area of the Republic of Georgia those were subsidised at the moment of their exporting or producing and, such export damages or threatens to cause damage to the interests of the Republic of Georgia.

The rate of the compensative customs duties must not exceed the amount of the revealed subsidies.

The rate of the compensative customs duties is to be established by the Council for customs and tariffs at the Government of the Republic of Georgia, for any separate case.

### **Article 13. Procedures to Apply Special, Anti-dampening and Compensative Customs Duties**

Before applying the procedures for the special, the anti-dampening and the compensative customs duties, corresponding researches must be done by the Council for customs and tariffs at the Government of the Republic of Georgia.

The special, the anti-dampening and the compensative customs duties are to be established on the grounds of researches of the Articles 10,11 and 12 of the present Decree.

The researches are to be done by the request of the Georgian and foreign official bodies, institutions and organisations as well as by the initiation of the Council for customs and tariffs at the Government of the Republic of Georgia. All the decisions are to be based on the quantitative data.

### **Article 14. Customs Value**

14.1. Addition of the customs value to the goods and the other items subject to customs duty is to be performed according to their customs value, i.e. according to their cost actually paid at the moment of crossing the customs frontier. The customs value includes the price of goods that is specified in the accounting cheque, as well as the actual expenditures those may not be included in the accounting cheque. Those are:

- expenditures on transportation, shipment, loading, unloading and insurance, before reaching and crossing the customs frontier of the Republic of Georgia;
- commission and broker expenditures;
- expenditures on applying the objects of intellectual property those belonging to the given goods and items. The above expenditures are to be paid by importer /exporter/ directly or indirectly, as the term of the goods' import /export/.

The customs value is to be declared at the moment of moving the goods and other items at the customs frontier of the Republic of Georgia

If the declared customs value of the goods and other items differs evidently, from the value determined by the present Articles or, if it is impossible to verify its calculation, the customs bodies of the Republic of Georgia should determine the above-mentioned value on the grounds

of prices or calculated value of identical or similar goods and other items in accordance with the order established by the Government of the Republic of Georgia.

#### **Article 15. Additions to and Payments of Customs Duty**

15.1. Additions to the customs duties are to be carried out by the Customs body of the Republic of Georgia according to the provisions of the present Decree and the rate customs tariffs of the Republic of Georgia being in force at the date of presenting the customs declaration. Payments can be made in roubles as well as in foreign currencies purchased by the bank institutions of the Republic of Georgia.

The customs duties are to be transferred to the state budget of the Republic of Georgia.

While determining and paying the customs duty, the foreign currency should be re-calculated in roubles according to the exchange rate fixed by the National Bank of the Republic of Georgia and used for the foreign-economic operations at the date of presenting the customs declaration.

The customs duties are to be paid to the customs bodies of the Republic of Georgia; the customs duties on goods and the other items transferred by means of the international communications are to be paid to the communication bodies not later than 30 days from the date of presenting the corresponding application. Permission on postponing the payment of customs duty is to be issued by the Customs Department of the Republic of Georgia.

#### **Article 16. Definition of Country-Origin of Goods**

A country is considered the country-origin of goods if the goods are produced completely or are fairly worked out or processed there.

The following goods are considered produced completely in the given country:

- a) mineral resources extracted from its territory or its economic zone;
- b) vegetable products cultivated on its territory;
- c) animals reared there;
- d) products made by the reared animals;
- e) goods of hunting and sea fishery produced there;
- f) products of oceanic fishery earned by means of its own or leased trawlers;
- g) by-raw materials and their waste earned by the industrial and other operations in the given country;
- h) goods produced in the given country, and made by the products only, listed in the points /a - f/ of the present Article.

The goods are considered fairly worked out or processed in the given country, if:

- the declared goods are classified by quite another tariff position than those of materials and items produced in the third countries and used for manufacturing of the declared goods;

- the value of the declared goods by the fixed volume exceeds the value of materials and items produced in the third countries and used for manufacturing of these goods;
- technological operations according to the fixed list have been done towards the materials and items produced in the third countries and used for manufacturing of the declared goods;

The following technological operations cannot be considered fairly processed:

- storage and keeping of goods during their transportation;
- preparation of goods for selling and transportation /distribution of goods' batches, registration of transfer operations, classification and re-packing/;
- simple assembling operations;
- mix of goods /components/ without characteristics of manufactured products by which they largely differ from their initial components.

The sufficiency criteria of processing of goods shall be used according to the order established by the government of the Republic of Georgia.

### **Chapter 3. Exemption from Customs Duties, Favourable and Preferential Tariff Rates**

#### **Article 17. Exemption from the Customs Duties**

The following items shall be exempted from the customs duty:

- a) transport means carrying out regular international transportation of commodities and cargoes and passenger services; material and technical sources and equipment, fuel, foods and other items necessary for their normal exploitation when moving, those are acquired in the intermediate points in order to liquidate the results of accidents /faulty/;
- b) sources of material and technical supply and equipment, fuel, other items being exported from the customs area of the Republic of Georgia in order to
- c) ensure the industrial operating of trawlers leased /freighted/ by the sea fishery enterprises and organizations of the Republic of Georgia, as well as other fishery products entering the customs area of the country;
- d) rouble, foreign currency, securities;
- e) goods and other items subjected to be transferred to the state ownership in cases, established by the legislation of the Republic of Georgia;
- f) goods and other items which have become useless before crossing the customs border of the Republic of Georgia;
- g) Articles entering or leaving the Republic of Georgia for official or personal use of institutions and individuals which have the powers to bring into, and take out the said articles with exemption from the customs duties according to the international agreements and as stated by the legislation;
- h) goods and other items being originated at the customs area of the Republic of Georgia and re-imported to the country without working out and processing, as well as goods and items

of another origin, being re-exported from the customs area without working out and processing;

- i) the other goods and items being originated at another territory and re-imported to the customs area of the Republic of Georgia, customs duties of which had been already paid to the customs at their first appearance and, had been taken out from the customs area in temporary; the goods and items being originated at the customs area of the Republic of Georgia which shall be taken out from the said territory in temporary, customs duties of which had been paid at their first exporting to the customs area;

The other goods and items as stated by the legislation of the Republic of Georgia.

#### **Article 18. Reduction of Customs Duty Rate**

Reduction of the rate of customs duty while importing the goods to, and exporting from the customs area of the Republic of Georgia shall be allowed towards:

- the goods and other items being repaired and previously imported to, or exported from the customs area of the Republic of Georgia;
- the materials and articles which have been faulted but then have become available-for-use before moving on the customs area of the Republic of Georgia;
- other cases as defined by the legislation of the Republic of Georgia.

#### **Article 19. Customs Duties while Crossing Free Customs Zone Borders**

Free customs or their reduced rates shall be used towards the goods which:

- are imported to the free customs zones of the Republic of Georgia for their final consumption;
- are exported from the free customs zones of the Republic of Georgia for their consumption and are being originated in the said zones;
- are exported from the free customs zones of the Republic of Georgia and are being originated in the said zones;
- are exported from the customs area of the Republic of Georgia through the transit of the free customs zones and are being originated in the said territories.

The volume of favourable customs rates and the order of their granting shall be determined by the legislative acts of the Republic of Georgia.

#### **Article 20. Tariff Preferences**

Establishment of preferences on the customs tariff rates of the Republic of Georgia shall be allowed by means of quoting the preferential import of such goods and items which:

- are being originated in the countries those create the integrated customs union or free economic zone or intend to create such an union /zone/ with the Republic of Georgia;
- are being originated in developing countries which apply the general preference system;
- are circulating in at-border trade.

#### **Article 21. Conventional Duty Free Export and Import**

The goods and other items which are imported temporary to the customs area of the Republic of Georgia and subjected to be taken out in the fixed terms by the same conditions or as repaired, as well as the goods and items which are exported temporary from the customs area of the Republic of Georgia and subjected to be returned by the same conditions shall be taken out freely. The terms of the conventional duty free export and import shall be determined by the Customs Code of the Republic of Georgia.

#### **Article 22. Re-payment of Customs Duties**

The customs duty being paid on goods and other items which entered the customs area of the Republic of Georgia for assembling, erecting, working out or processing, on conditions that they shall be taken out in a year, may be returned to the owner fully or partially, while taking them out of the said territory. Here, a certificate approving that the goods had been used with the purposes described in the present Article, should be presented.

#### **Article 23. Return of Extra-paid Customs Duties and Payment of Deficit Sums of Customs**

Extra-paid customs duties shall be returned to the owner of goods and other items as requested, during a year from the moment of their registration at the Customs.

Customs duties those have not been paid in the terms covering the postponed period, or have not been paid because of some other reason, that results the creation of the deficit, should be paid by the order of the customs bodies of the Republic of Georgia without fail.

The payment of deficit sums is to be performed for the whole period of indebtedness before the budget, with addition of kinds on the rest sum fixed by the Ministry of Finances of the Republic of Georgia, for per postponed day including the day when the final payment is made.

#### **Chapter 4. Final Provision**

##### **Article 24. International Agreements of the Republic of Georgia**

If the international agreements of the republic of Georgia establishes the rules which are covered by the present Decree and by the other legislative acts of the Republic of Georgia concerning the Customs tariffs, the rules of the international agreements are in power.

*Chairman of the State Council  
of the Republic of Georgia*

*E. Shevardnadze*

*Secretary of the State Council  
of the Republic of Georgia*

*V. Gogvadze*

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