

The Consulting Firm “Dikke International” Ltd.

**Law
of Georgia
“On Customs Duty”**

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Law of Georgia On Customs Duty

Article 1. General Provisions

The customs duty is the mandatory contribution to the state budget for movement of goods at the customs border of Georgia.

Article 2. Customs Duty Payer

A person moving goods at the customs border of Georgia is a payer of customs duty.

Article 3. Subject of Duty

The customs value of goods having been moved at the customs border of Georgia is subject to duty.

Article 4. Customs Duty Exemption

The following is exempted from the customs duty:

- a) export of goods;
- b) re-export of goods; when bringing goods subject to re-export to the territory of Georgia the payer shall pay the customs duty on them, or the Customs Department of Georgia shall leave the bank guarantee, or the imported goods of the appropriate value as the safeguard against those goods; when exporting those goods from the territory of Georgia the bank guarantee shall be null and void, the amount paid for the customs duty shall be paid back to the payer, or the goods with respect of the value of the actually exported goods, shall be returned to the payer;
- c) goods going as transit via the territory of Georgia;
- d) imported goods when being placed in customs warehouses. Duty shall be imposed in accordance with the established procedure after the goods are put from the customs warehouses into free circulation, in terms of other customs regime - in accordance with that regime;
- e) goods having been imported for the purpose of liquidation of natural calamities, accident and disaster and for humanitarian aid;
- f) import of goods provided by the agreements on grants in accordance with procedure determined by the edict of President of Georgia;
- g) import of goods being financed at the expense of grants or at the expense of soft credits issued by a foreign government or international organization, where the grant element makes up at least 25%. The grant element shall be determined by the Ministry of Finance

of Georgia under consent of the President of Georgia with respect of the rate of discount in the limits of credit and terms of credit as well;

- h) import of goods meant for official use of the diplomatic missions and representations equated with them and import of goods meant for the personal use of diplomatic and administrative and service staff (including members of their families residing with them) of the said missions;
- i) temporary import of goods to the territory of Georgia;
- j) import of raw materials and semi-products meant for preparation of export products in limits of amount of final products to be exported actually. When importing the said raw materials and semi-products to the territory of Georgia the customs duty shall be paid or the bank guarantee shall be left and when exporting the final goods from the territory of Georgia, the amount paid for the customs duty shall be repaid to the payer and the bank guarantee shall be null and void with respect of the value of the actually exported final goods;
- k) goods of value up to 300 laris being imported by a natural person from abroad at each entry, in accordance with the list determined by Resolution N 273-II of the Parliament of Georgia of June 13, 1996;
- l) import of wheat products, baby's and diabetic food;
- m) import of creative and scientific works of Georgian classics and citizens of Georgia published abroad;
- n) import of pharmaceutical products of 16 nominations as per the list approved by the Ministries of Finance, Health Care and Agricultural and Food of Georgia;
- o) aircraft fuel, lubricants and other technical applications when carrying out international air transportation, in accordance with the international rules of the civil air fleet.

Article 5. Rates of Customs Duty and Rule of Its Entering in the Budget

1. The customs duty is differentiated in Georgia and shall be determined by percentage with respect of the customs value of goods.
2. The customs duty shall be paid at the rate of 5 and 12 per cent.
3. The following items shall be subject to the rate of 5% of the customs duty:
 - a) import of pharmaceutical products under Chapter 30 of the Range of Goods of Foreign Economic Activity, except those items specified by Clause 14 of Article 4 of the present Law;
 - b) import of fixed assets, their spare and completing parts under Chapters 84, 85 and 90 of the Range of Goods of Foreign Economic Activity;
 - c) import of goods for production purposes under the following reference numbers in the Range of Goods of Foreign Economic Activity:

3808 10 000

- insecticides;

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| 3808 20 | - fungicides; |
| 3808 30 100 | - herbicides; |
| 3808 90 000 | - seed treating preparations; |
| 3904 10 000 | - polyvinylchloride without admixture of other substances; |
| 4001 | - natural rubber; |
| 4702 00 000 | - wood cellulose, soluble properties; |
| 5001 | - silkworm cocoon fit for winding; |
| 5101 | - wool not combed; |
| 5106 and 5107 | - worsted for retail trade; |
| 5203 00 000 | - cotton fibre, combed; |
| 5204 | - synthetic complex thread for retail trade; |
| 7207 | - semi-products of plain steel and iron; |
| 7208 | - sheet steel; |
| 7216 | - plain steel and iron angle bars, sections and special profiles; |
| 7408 | - copper wire; |
| 7606 | - sheet aluminium; |
| 8713, 8714 20 000 | - carriages for invalids and their spares. |
4. Import of other goods in subject to the rate of 12% of customs duty, the same rate shall be applied to the import of oil products, including import from CIS-countries.
 5. The customs duty shall be paid before the customs clearance of goods.
The customs declaration shall be the ground for payment of customs duty.
When determining the amount of duty the foreign currency shall be converted into the national currency of Georgia at the rate of the National Bank of Georgia fixed by the day of issuance of the goods and customs entry.
 6. Customs value of imported goods shall be determined for imposition of the duty with respect of the contract amount but not less than world-wide average value established by the Ministry of Economy and agreed by the Parliamentary Committees for Finance & Budget and Economic Reforms & Policy.
 7. Customs duties are levied by the customs bodies of Georgia.
 8. Amount of customs duty shall totally enter the state budget of Georgia.

Article 6. Responsibility of Payers and Customs Bodies Control

The customs bodies shall bear the responsibility for providing the proper protection of the applicable law on customs duty by payers and for control over its use.

President of Georgia

Eduard Shevardnadze

Tbilisi

December 27, 1996