

19 March 1998

Law of Georgia on Customs Tariffs and Duties

Chapter I. General Provisions

Article 1. Goals of the Law and the Scope of Application

1. This law establishes the formation and application of a customs tariff, as an instrument for state regulating of Georgia's domestic goods market and conducting the foreign economic policy as well as the rules of taxation with customs duty when goods are crossing the customs border.
2. The principal goals of the Law are as follows:
 - a) structural rationalization of goods import to Georgia;
 - b) reaching the optimum proportion between the goods import to and export from Georgia as well as between foreign currency revenues and expenditures.
 - c) creating favourable conditions for advancing changes in organization of goods production and consumption on the territory of Georgia.
 - d) Protection of the Georgian economy from the unfavourable influence of foreign competition;
 - e) ensuring proper conditions for the effective integration of the Georgian economy in the world economy.
3. This law is applicable to Georgia's entire customs territory.

Article 2. Definition of Customs Duty

1. Customs tariff is a systemized set of customs duty rates, which shall be applied to all goods exported from or imported to the customs territory of Georgia for the purpose of increasing or reducing the goods' customs value proceeding from Georgia's economic and/or political interests.

Article 3. Definition of Customs Duty

1. Customs duty is a mandatory payment to the state budget for the movement of goods at the customs border.

Chapter II. Customs Duty

Article 4. Types of Customs Duties

1. The following types of customs duties are applied in Georgia:
 - a) ordinary;
 - b) seasonal;
 - c) extraordinary.

Article 6. Ordinary Customs Duty

1. An ordinary customs duty is a permanent duty the application of which is temporarily stopped in the period of application of seasonal and extraordinary duties.

Article 6. Seasonal Customs Duty

1. A seasonal customs duty is a duty established for a specific period of time for the purpose of regulating the goods export from and import to the customs territory of Georgia taking into consideration the seasonal peculiarities of the goods production and consumption.
2. Seasonal customs duties shall not be applied for longer than six months per year.
3. The basis for introducing seasonal customs duties is the analysis conducted systematically by the relevant executive authorities, proceeding from the requirements stipulated in part 1, Article 6 of this law.

Article 7. Extraordinary Customs Duty

1. An extraordinary Customs Duty is a duty applied in extraordinary cases as a protective and responsive measure against those states and individuals whose activities during the goods import to or export from the customs territory of Georgia impair or may impair the economic interests of Georgia.
2. Extraordinary customs duties may be:
 - a) special;
 - b) antidumping; or
 - c) countervailing;
3. Special Customs duties are applied:
 - a) as a protective measure, in case the goods are imported to the customs territory of Georgia in such amount and with such terms which is or may be harmful to the local producers of similar or same goods;

- b) as a responsive measure to discriminative or other activities on the part of other states or their alliances, which will impair the interests of Georgia;
 - c) as a protective measure in extraordinary cases for the purpose of temporarily limiting the export of specific types of strategically significant goods.
4. An antidumping customs duty is applied in the case that the goods are imported to the customs territory of Georgia at a price lower than its fair value and the export of such goods is harmful or may cause material damage to the local producers of goods or such export hamper the organisation and/or expansion of the production of similar goods in Georgia.
 5. Countervailing customs duty is applied to the goods imported to the customs territory of Georgia, in the process of production or import of which direct or indirect subsidies were applied and such import causes material damage or may cause such damage to the local producers of similar goods, or hinders the organisation and/or expansion of production of similar goods in Georgia.
 6. The basis for introduction of extraordinary (special, antidumping, countervailing) customs duties is the analysis systematically conducted by relevant executive authorities and the requirements stipulated by sections 3, 4, and 5 of this law.

Chapter III. Customs Duty Payers and Taxable Objects

Article 8. Customs Duty Payers

Customs Duty payers are those entities who cross the customs border of Georgia carrying goods.

Article 9. Taxable Object

The object taxable with customs duty is the customs value of the goods crossing the customs border of Georgia.

Chapter IV. Customs Value of Goods and Determination of the Country of Origin

Article 10. Customs Value of Goods

1. The customs value of goods is the value of goods at the moment of crossing the customs border of Georgia. Customs value shall be the basis for computation of customs duty.
2. The customs value of goods comprises the negotiated price for purchasing the goods, including expenses incurred for the transportation of the goods to the point of crossing the customs territory of Georgia, loading and unloading, as well as

insurance, commission and broker service costs, also licensing and other fees incurred directly or indirectly by the purchaser for the use of objects of intellectual property.

3. Customs value of goods is calculated applying the principles and methods recognized by international customs practices and is regulated by the regulatory enactments.

Article 11. Declaration of the Customs Value of Goods

In accordance with the procedure established by the Georgian Customs Code, the customs value of goods is declared at the customs office by an entity importing or exporting goods (a declaring person) at the moment of crossing the customs border of Georgia.

The customs value of goods is determined by the declaring person in compliance with this law.

The procedures, for the determination of the customs value of goods, as well as the declaration format shall be established by regulatory enactments.

Control over the correctness of the determined customs value of goods shall be the responsibility of the customs office, at which the registration of customs documents of the goods takes place.

Article 12. Country of Origin of Goods

1. A country of origin of goods shall be determined upon the goods' import to and export from the customs territory for the purpose of implementing tariff and non-tariff activities.
2. The country of origin of goods is considered the country in which the goods were completely originated or processed.
3. A country of origin of goods may be considered a group of countries, customs unions, a region or a part of a country, if such differentiation is necessary for determination of a country of origin.
4. Criteria and rules for determining a country of origin are based on international experience and are established by regulatory enactments.

Article 13. Confirmation of the Origin of Goods

1. In order to confirm that the goods originate in a given country, Georgia's customs bodies, in accordance with the acting Law, shall ask for a certificate of origin of the goods.

2. When exporting goods from the customs territory of Georgia, a certificate of origin of the goods shall be issued by an authorized body if required by the importing country's rules, the relevant contract, or an international commitment of Georgia.
3. The quality of goods imported to Georgia shall be adequate to the applied state and/or international standards and shall be confirmed by a quality correspondence certificate in accordance with the acting legislation.

Article 14. Certificate of the Origin of Goods

1. Certificate of the origin of goods shall confirm the origin of goods in a given country and shall comprise the following data:
 - a) a written statement of the sender stating that the goods meet the relevant criteria of origin;
 - b) a written confirmation of a competent body of the country issuing the certificate confirming that the data provided in the certificate are truthful.
2. A certificate of origin of the goods shall be presented during the customs registration of the goods together with the customs declaration.
3. If the truthfulness of a certificate of origin of goods or the data presented therein are doubtful, a customs body of Georgia may file a request to the country issuing the certificate or to any other competent agency of that country asking for additional or more accurate data.
4. Goods, the origin of which is not accurately identified, shall be let cross the customs border in accordance with the import customs regime at a maximum rate calculated after payment of customs duties.

Chapter V. Rates of Customs Duties

Article 15. Types of Customs Duty Rates

The following types of customs duty rates are applied in Georgia:

- a) *ad valorem* - charged as percentage from the customs value of goods;
- b) specific - charged in Lari for a unit of goods;
- c) combined - comprises both types of rates.

Article 16. Customs Duty Rates

1. Customs duty rates are uniform on the entire territory of Georgia and are not subject to change, without regard to the identity of the importer or exporter, content provisions or other factors, except in cases stipulated by this law.
2. Customs duty in Georgia is differentiated and is defined by percentage to the customs value of goods, except cars imported to Georgia, the customs duty of which is defined

as 0.05 Lari per each cubic centimeter of the car engine space reduced 5 percent of the customs duty amount for each year of the car exploitation.

3. Customs Duty rates are 5 and 12 percent.
4. Five-percent customs duty is levied on:
 - a) import of pharmaceutical products, in accordance with chapter 30 *the foreign economic activity goods nomenclature*, except the cases envisaged in item n, Article 19 of the present law.
 - b) Import of fixed assets, their spare and comprising parts, in accordance with chapter 84, 85 and 90 of *the goods nomenclature of the foreign economic activities*;
 - c) import of goods having industrial designation, in accordance with the following items of *the goods nomenclature of the foreign economic activities*:

3808 10 000 - insecticides;

3808 20 - fungicides

3808 30 100 - herbicides;

3808 90 000 - seed spray preparations;

3904 10 000 - Polyvinyl chloride, free of other substances;

4001 - natural rubber;

4702 00 000 - wood cellulose, soluble grades;

5001 - cocoon ready for filament;

5101 - wool, except combed;

5106 and 5107 - unpacked, uncombed and combed yarn for retail sale;

5203 00 000 - wool fiber, combed;

5402 - unpacked synthetic complex thread for retail sale;

7207 - unalloyed steel and iron semi-products;

7208 - steel sheets;

7216 - angular, shaped and special profiles of unalloyed steel and iron;

7408 - copper wire;

7606 - aluminium sheets;

8713; 8714 20 000 - armchairs for cripples, and spare parts;

5. Import of the rest of goods is taxable with 12 percent customs duty rate. The same rate is applied for import of oil products (except mazout), including the CIS countries.

Chapter VI. Duty Preferences

Article 18. Tariff Preferences

1. Tariff preferences applied to goods are established by this law and shall not have individual nature.

2. Tariff preferences envisage granting unilateral or bilateral preferences to goods upon crossing the customs border of Georgia in the process of carrying out trade economic relations with foreign countries.
3. The types of tariff preferences are as follows:
 - a) refund of the paid customs duty;
 - b) exemption from payment of customs duty;
 - c) reducing the customs duty rate.

Article 19. Exemption from Customs Duties

The following is exempted from customs duties:

- a) goods export;
- b) goods re-export. When importing goods to the territory of Georgia, designated for re-export either a customs duty shall be paid or a bank guarantee or imported goods with an equivalent value shall be left at the Georgian Customs Department as a guarantee; Upon the export of these goods from the Georgian territory, the bank guarantee shall be cancelled, the payer shall be refunded the amount paid as a customs duty, or the goods left as a guarantee returned according to the value of the actually exported goods;
- c) goods in transit on the territory of Georgia;
- d) imported goods upon their placement in customs warehouses. They are dutiable, in accordance with the established procedure, upon their removal from the warehouses, and under different customs regime terms - in accordance with the regime;
- e) import of goods for the purpose of elimination of the results of natural disasters, accidents and catastrophes, or for humanitarian aid reasons;
- f) import of goods financed at the expense of grants or favourable credits granted by a foreign governmental body or international organization, which includes a grant element of at least 25 percent. The grant element is defined by the Ministry of Finance of Georgia, in concurrence with the Parliament of Georgia, via discounting the fees within the credit, proceeding from discount rates, in accordance with the credit terms;
- g) import of goods designated for official use by foreign diplomatic and similar missions, also import of goods designated for personal use by diplomatic and administrative-technical personnel of the such missions (including family members of such personnel), also import of property of Georgia's diplomatic missions abroad.
- h) temporary import of goods to the territory of Georgia;
- i) import of raw materials and semi-finished products designated for the production of export products, also packaging materials within the limits of the volume of actually exported finished goods. Upon importing these raw materials, semi-finished goods, and packaging materials to the territory of Georgia, customs duty shall be levied or a bank guarantee shall be kept equivalent to the volume of actually exported finished goods;
- j) goods imported by a natural person, on each entry into the country, up to the value of 300 Lari, in accordance with the list defined by Resolution of the Parliament of Georgia N273-II of 13 June 1996;

- k) import of wheat, baby food and baby hygienic products as well as diabetic products which are labelled as such;
- l) import of Georgian classical literature and Georgian citizens' literary, art or scientific works published abroad;
- m) import of pharmaceutical products of sixteen denominations entered into the list approved by the Ministry of Finance of Georgia, the Ministry of Health and the Ministry of Food and Agriculture;
- n) Aviation fuel, lubricants and other consumables, in accordance with international aviation regulations;
- o) import of mazout.

Chapter VII. Imposing and Collecting Customs Duty

Article 20. Imposing and Payment of Customs Duty

1. Customs duty shall be imposed based on the customs value of goods, together with other customs fees, by the customs authorities on crossing the customs border of Georgia prior to the customs registration of goods.
2. A customs declaration serves as a basis for the customs duty payment.
3. When determining the duty amount, foreign currency shall be converted into the national currency of Georgia at the rate established by the National Bank at the date of the customs declaration registration.

Chapter VIII: Final and Transitional Provisions

Article 21. Transitional Provisions

1. For taxation reasons, the customs value of goods shall be determined in accordance with the contract cost, but using prices that are not lower than the world average prices approved by the Ministry of Economics and agreed with the Budget and Finance Committee and the Committee of Economic Reform and Policy of the Parliament.
2. Import of tobacco products (except tobacco raw materials) is not subject to payment of customs duty before 1 April 1998.
3. In order to implement item 3 of Article 6 and item 6 of Article 7, the Ministry of Finance, the Ministry of Economics, the Ministry of Trade and Foreign Economic Relations, the Ministry of Food and Agriculture, if required, jointly with other ministries and the Statistical Department of Georgia, on the basis of analysis conducted systematically, shall work out recommendations on the necessity of introducing seasonal and/or extraordinary customs duties and submit them to the

Finance and Budget Committee, the Committee of Economic Policy and Reforms and the Committee of Branch Economy and Agrarian Issues.

4. The draft resolution on introduction of seasonal and extraordinary customs duties, if necessary, will be submitted for consideration to the Parliament of Georgia without the established parliamentary procedures, on the basis of the Bureau resolution.

Article 22. Final Provisions

1. Upon enactment of this law, the following shall be deemed invalid:
 - a) Decree "On Customs Tariff" of 21 October 1992 adopted by the State Council of Georgia.
 - b) N556 Law of Georgia "On Customs Duties" adopted on 27 December 1996, except its sub-item p of Article 4, which is valid until 15 April 1998.
2. To execute this law, within two months as of its enactment, the Minister of Finance will approve regulatory enactments conforming to the requirements of this law.