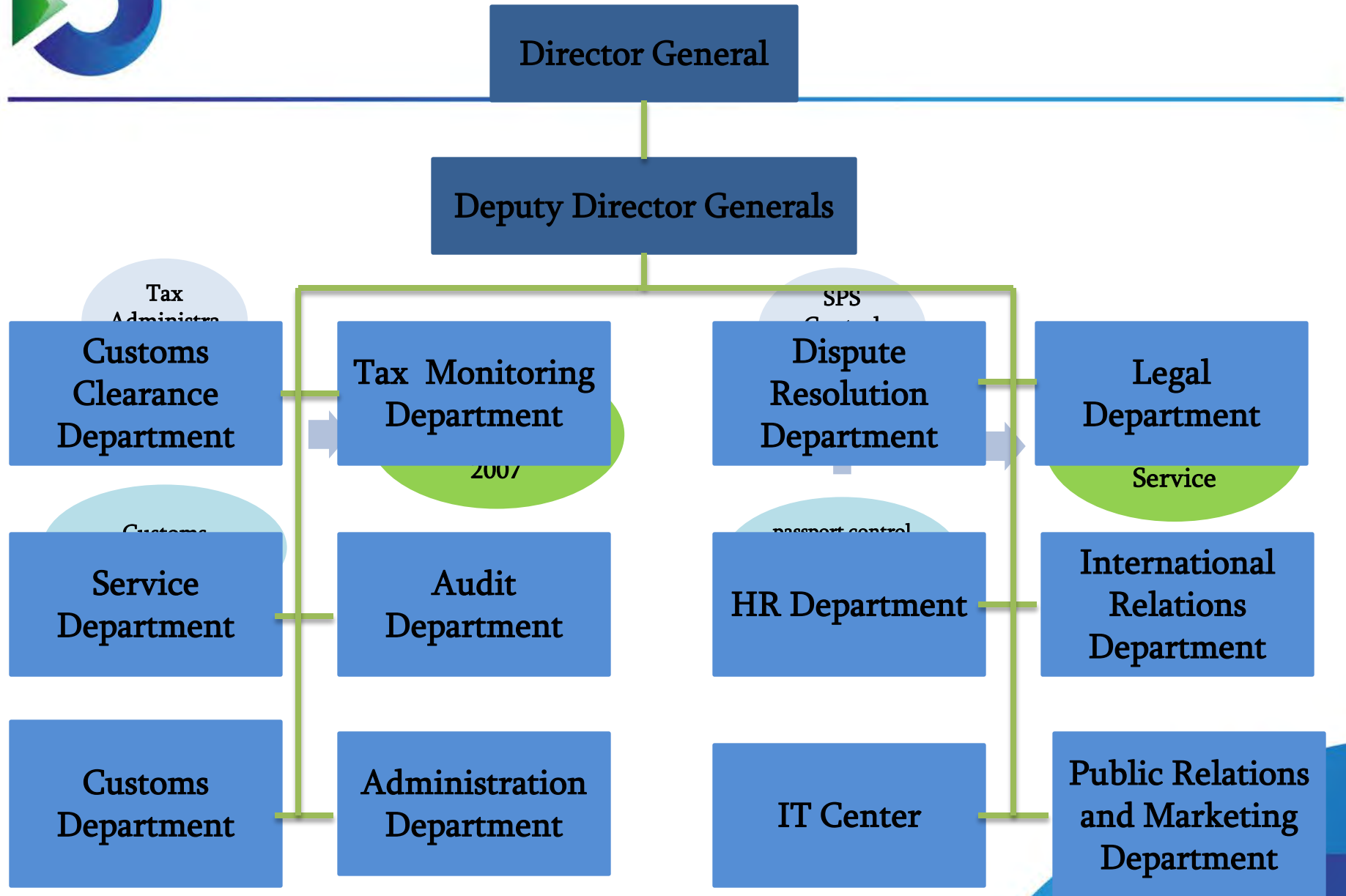




**GEORGIA**  
**REVENUE**  
**SERVICE**

*Tax and Customs Administration of Georgia*

# **Institutional Reforms in Georgian Customs**





CCZ



CCPs on the occupied territories



Sea Port BCPs



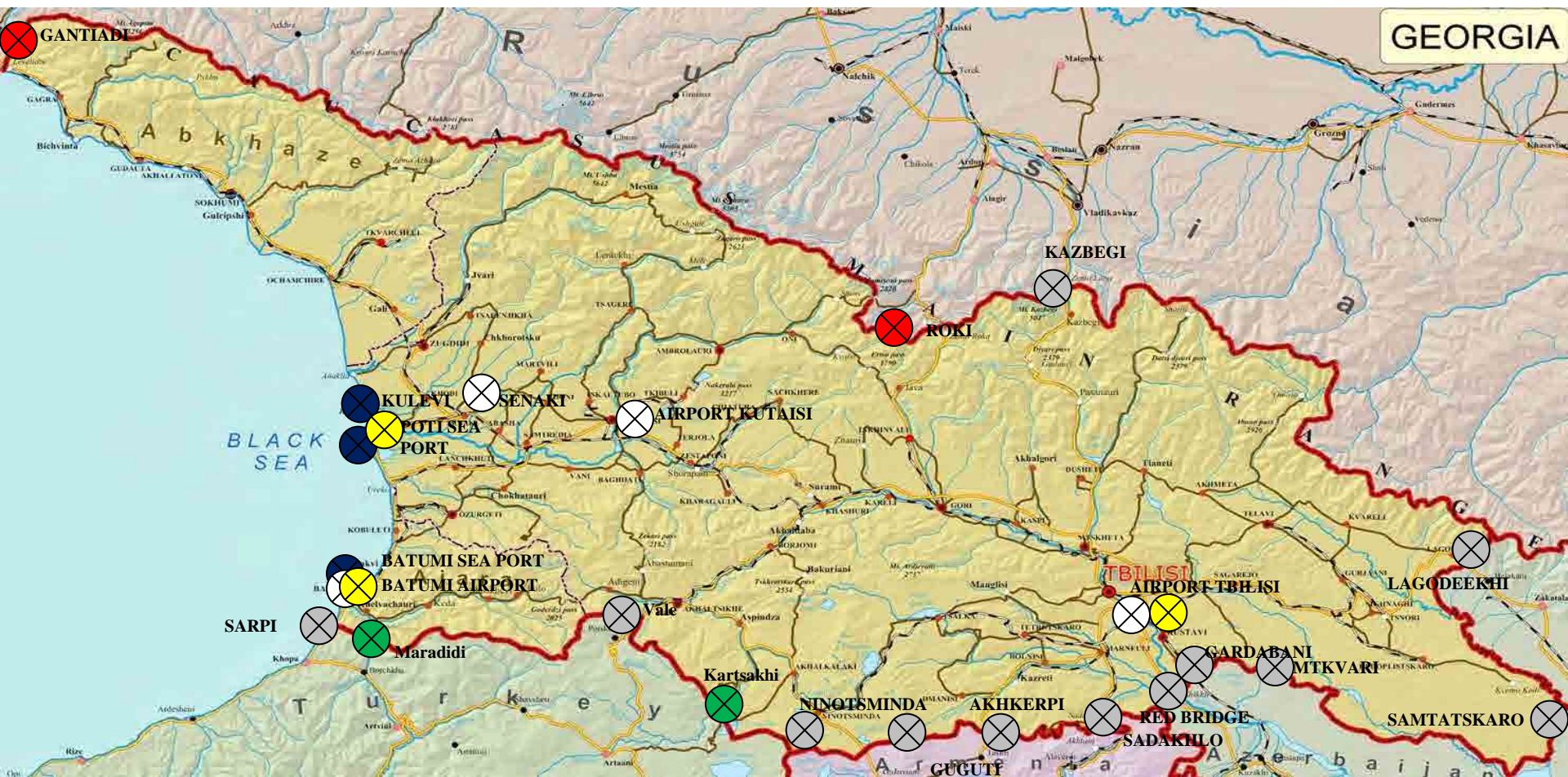
land and/or railway CCPs



airport CCPs



future CCPs





# 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

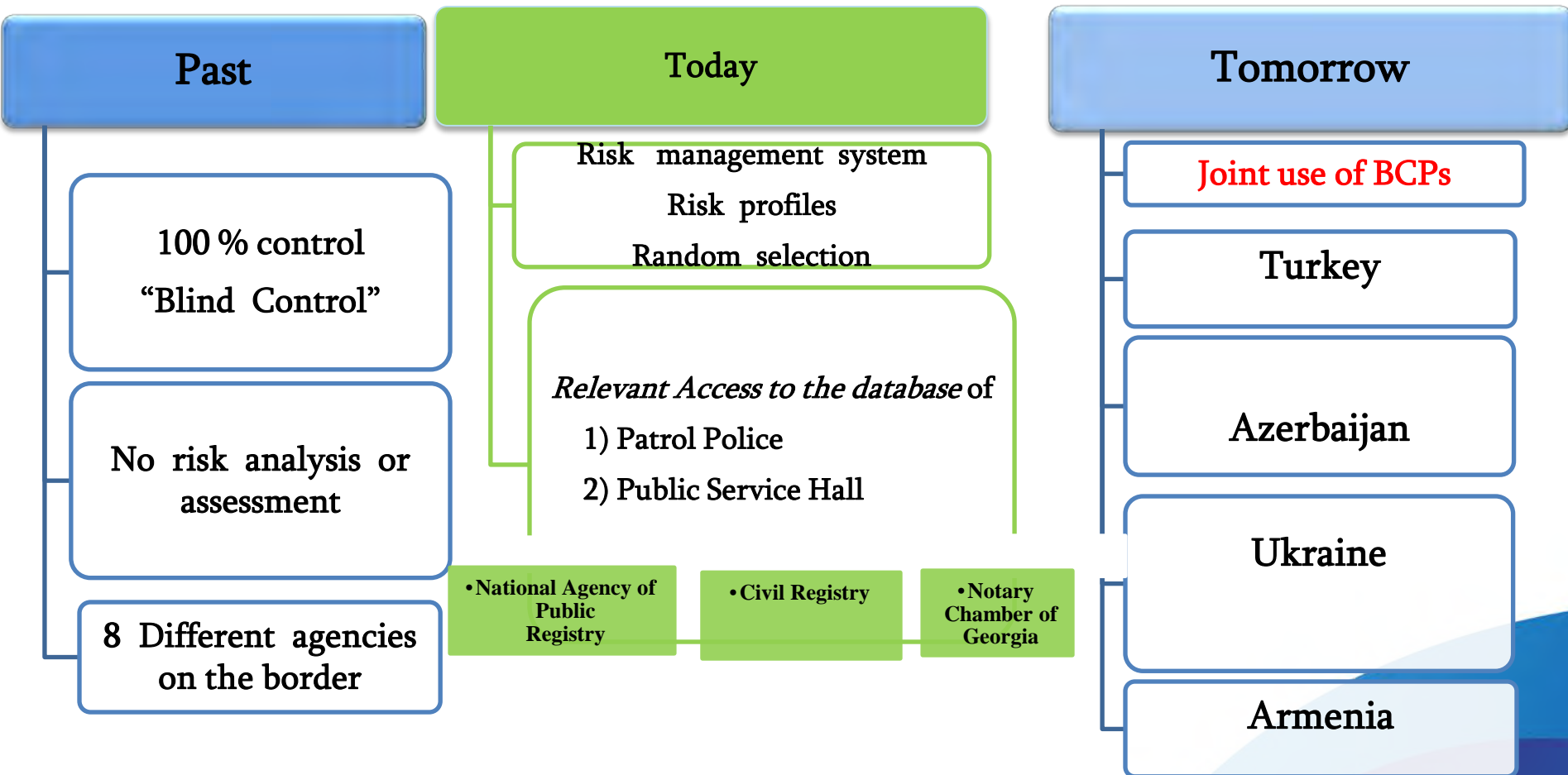
## Today

Revenue Service

Patrol Police



# Control System







# Infrastructure









უკომენტაროდ





04-Jan-05 11:23



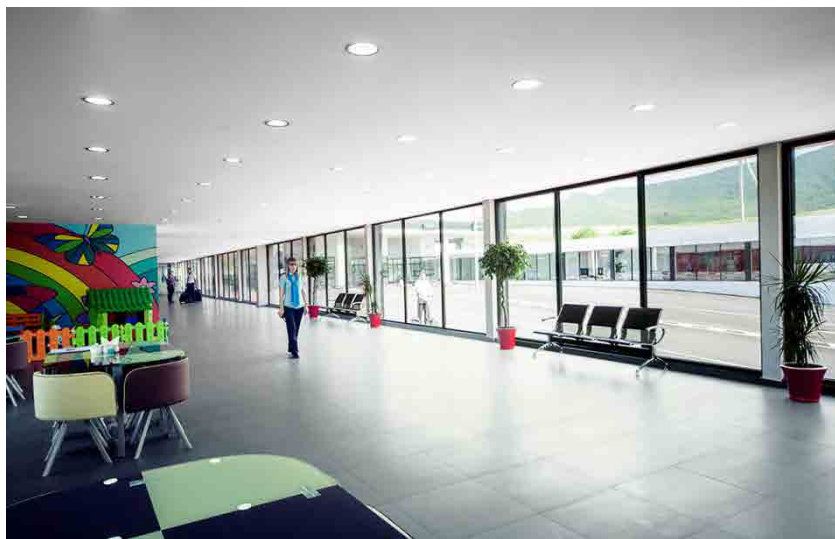
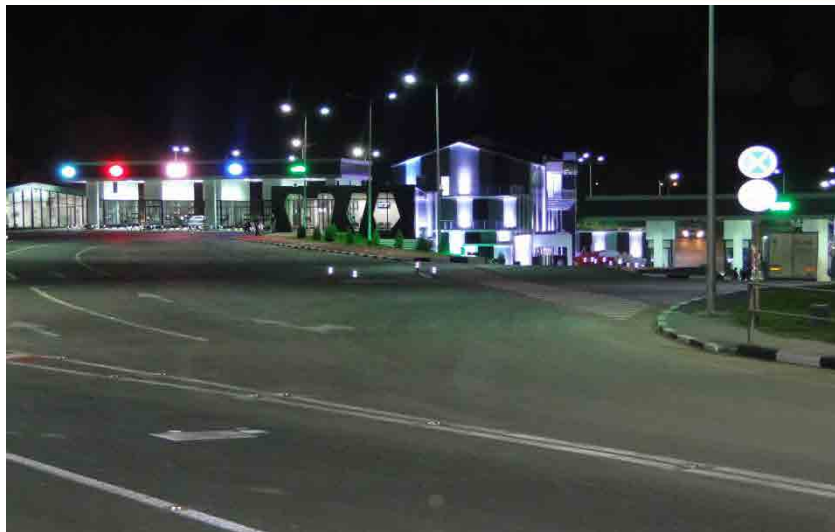
## CCP Red Bridge Georgia – Azerbaijan Border Before Reconstruction



- The most important operating Land BCP 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





## CCP Sadakhlo Georgia – Armenia Border Before Reconstruction



- 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.





## CCP Vale Georgia – Turkey Border After Reconstruction (from 02/2012)



- 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.



## CCP Sarpi After Reconstruction (May 2011)



- 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 04/2013)

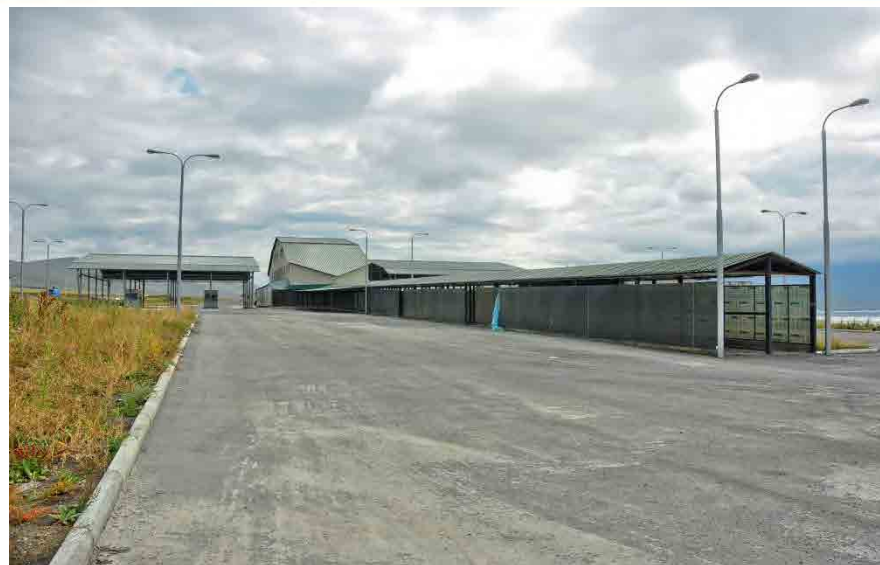


- Reconstruction will end in April 2013
- BCP will be furnished and equipped with high quality and standard furniture and technic.
- Children area and cafeteria will be presented as on all other newly reconstructed BCP





## CCP Kartsakhi Georgia – Turkey Border Before Reconstruction



- Important operating Land BCP 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





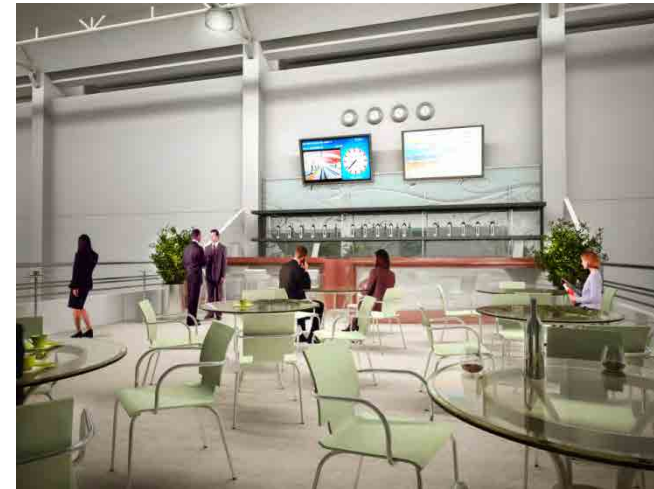
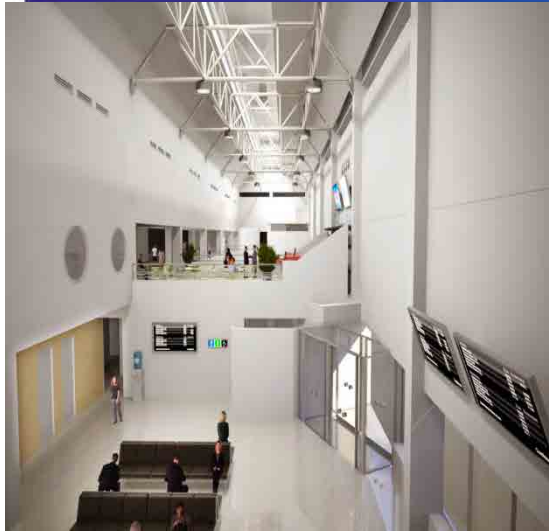
## CCP Kartsakhi Georgia – Turkey Border After Reconstruction (from 05/2013)



- Reconstruction will end in May 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



## CCP Kartsakhi





## CCP Ninotsminda Georgia – Armenia Border Before Reconstruction



- Important operating Land BCP located at the border with Armenia
- Total land plot 115,000 sq.m.





## CCP Ninotsminda Georgia – Armenia Border After Reconstruction (from 12/2013)



- 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

# ASYCUDA World

Risk Criteria

Random Selection Module

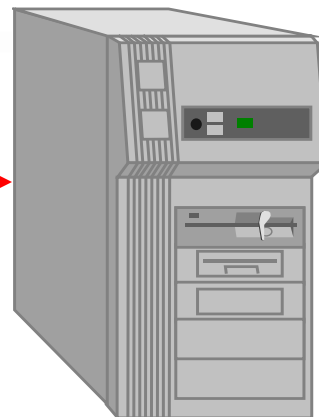
REVENUE  
SERVICE

Red channel  
(Physical inspection)

Yellow channel  
(Documentary check)

Green Channel  
(No prerelease check)

Blue Channel  
(post clearance audit)



**"ASYCUDA"**  
Automated System of Customs Data

A. Գնահատման հանրույթ	
1. Գնահատման հանրույթի համար	2. Գնահատման հանրույթի անվանում
3. Գնահատման հանրույթի անվանում	4. Գնահատման հանրույթի անվանում
5. Գնահատման հանրույթի անվանում	6. Գնահատման հանրույթի անվանում
7. Գնահատման հանրույթի անվանում	8. Գնահատման հանրույթի անվանում
9. Գնահատման հանրույթի անվանում	10. Գնահատման հանրույթի անվանում
11. Գնահատման հանրույթի անվանում	12. Գնահատման հանրույթի անվանում
13. Գնահատման հանրույթի անվանում	14. Գնահատման հանրույթի անվանում
15. Գնահատման հանրույթի անվանում	16. Գնահատման հանրույթի անվանում
17. Գնահատման հանրույթի անվանում	18. Գնահատման հանրույթի անվանում
19. Գնահատման հանրույթի անվանում	20. Գնահատման հանրույթի անվանում
21. Գնահատման հանրույթի անվանում	22. Գնահատման հանրույթի անվանում
23. Գնահատման հանրույթի անվանում	24. Գնահատման հանրույթի անվանում
25. Գնահատման հանրույթի անվանում	26. Գնահատման հանրույթի անվանում
27. Գնահատման հանրույթի անվանում	28. Գնահատման հանրույթի անվանում
29. Գնահատման հանրույթի անվանում	30. Գնահատման հանրույթի անվանում
31. Գնահատման հանրույթի անվանում	32. Գնահատման հանրույթի անվանում
33. Գնահատման հանրույթի անվանում	34. Գնահատման հանրույթի անվանում
35. Գնահատման հանրույթի անվանում	36. Գնահատման հանրույթի անվանում
37. Գնահատման հանրույթի անվանում	38. Գնահատման հանրույթի անվանում
39. Գնահատման հանրույթի անվանում	40. Գնահատման հանրույթի անվանում
41. Գնահատման հանրույթի անվանում	42. Գնահատման հանրույթի անվանում
43. Գնահատման հանրույթի անվանում	44. Գնահատման հանրույթի անվանում
45. Գնահատման հանրույթի անվանում	46. Գնահատման հանրույթի անվանում
47. Գնահատման հանրույթի անվանում	48. Գնահատման հանրույթի անվանում
49. Գնահատման հանրույթի անվանում	50. Գնահատման հանրույթի անվանում



## Customs duty

**Before 2007  
(16)**



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



**5% 6% 7%  
8% 10%**



**4% 0%**

**After  
2007**



**12%**



**5%**



**0%**

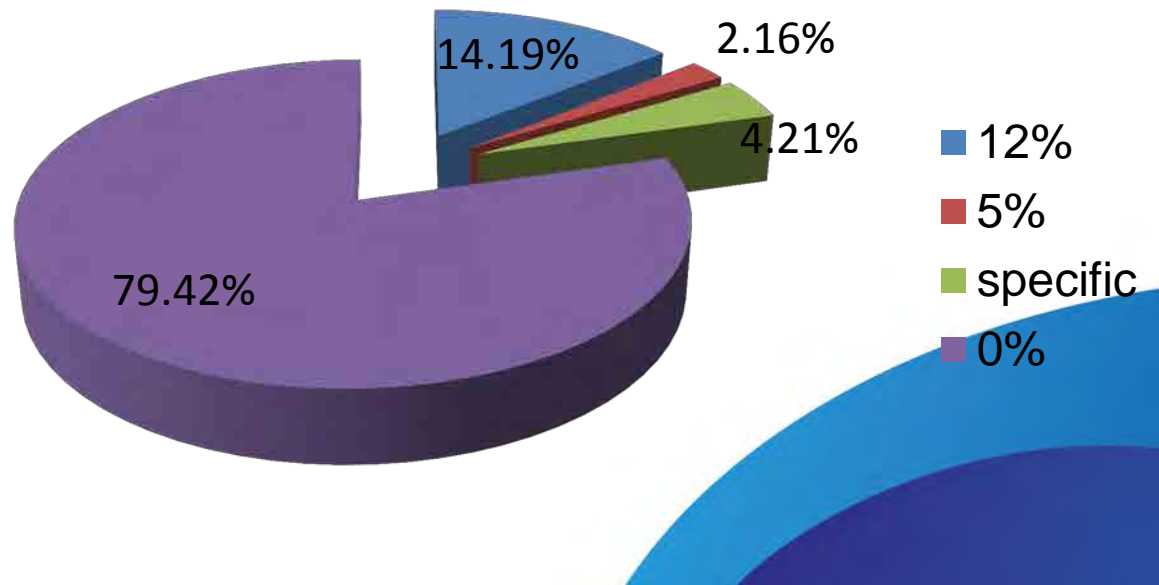




## Tariff lines

- 1 503 – 12% ad valorem
- 229 – 5% ad valorem
- 466 – specific
- 8 410 – 0%

In total 10 608





# Customs Reforms

*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 2005 import and export procedures required

**54 documents**

- In 2009-2010 import and export procedures required

**4 documents**

- Since 2011 import and export procedures required

**2 documents**



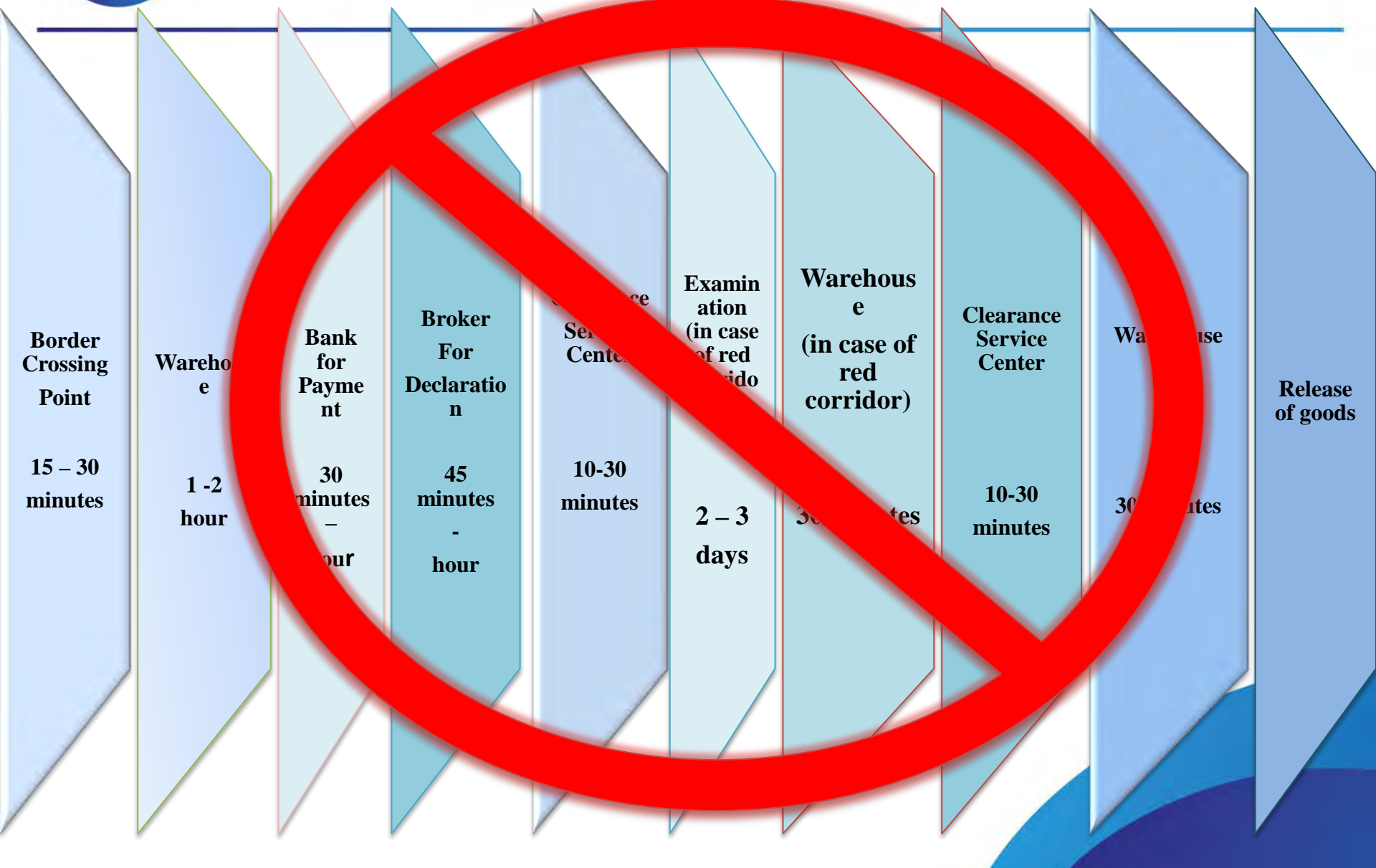
# Customs Reforms

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- Golden List
- Unified personal tax and customs liability account
- Clearance and registration of transport means in accordance with single window principle
- Creation of Customs Clearance Zones
- Authority of issuing permits related to customs procedures
- Certificate of origin
- Simplified export procedures



# Before Creation of Customs Clearance Zones



# After Creation Customs Clearance Zones

## Border Crossing Points

In case of standard procedures – in average 25 minutes

In case of red corridor – average one 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

Payment of Customs Duty, Import VAT and Import Excise can be deferred for 5 days

In case of advance declaration Customs Duty, Import VAT and Import Excise can be deferred for 15 days



# Meaning of Customs Clearance Zone (CCZ)



Place, where customs declarations are filled and goods/cargo are cleared



**CCZ – Centers for goods Clearance:**

- Located on several hectares
- With modern infrastructure, and
- With specially planned parking zone





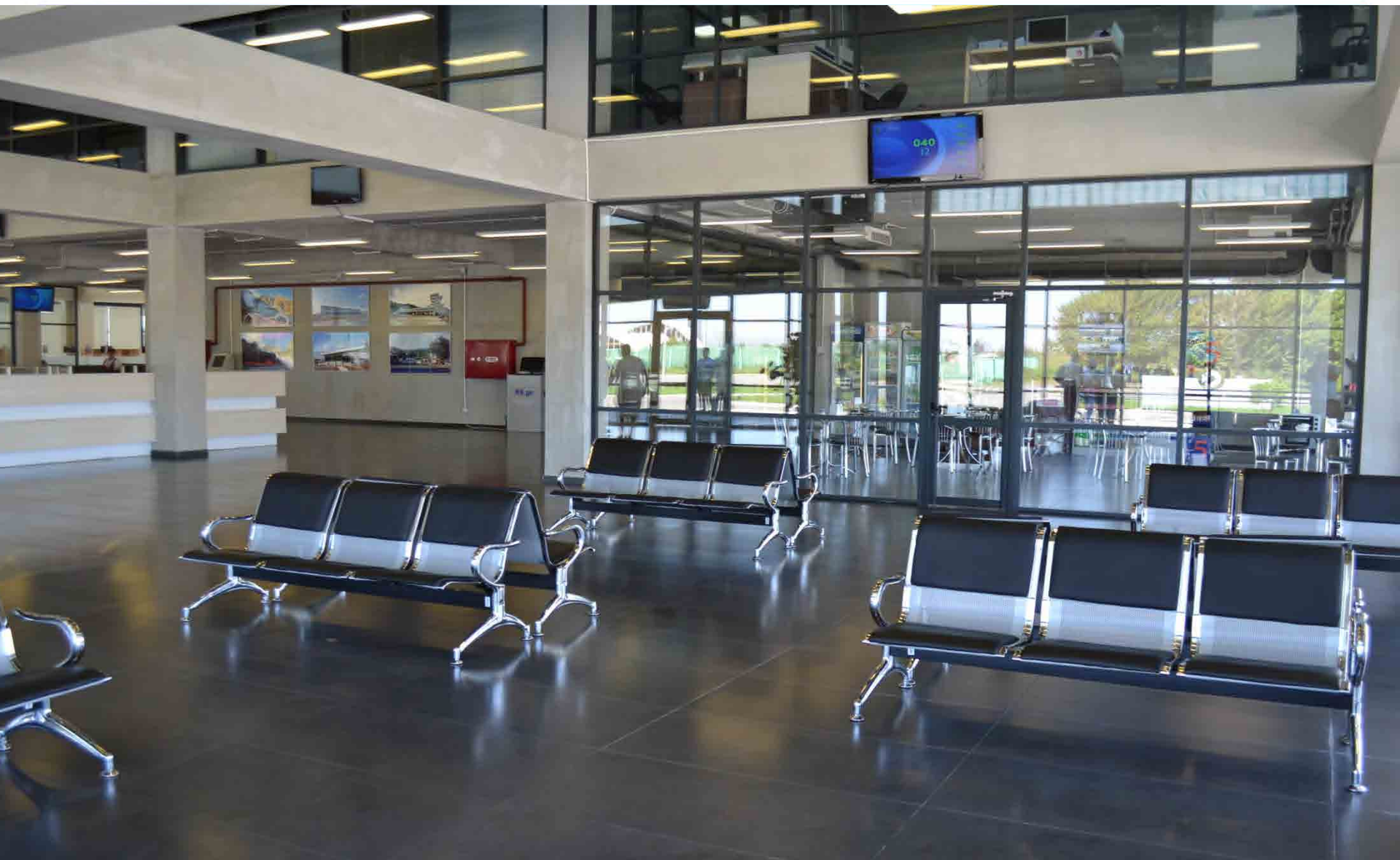


# CCZ “Tbilisi”





# CCZ “Batumi”







# CCZ “Poti”







# CCZ “Airport”





# CCZ “Batumi Port”





# Customs Clearance Zones







# Customs Clearance Zone – Clearance Options

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- **Clearance at CCZ**
- **Advance Declaration**
- **Distant Declaration**
- **Clearance of goods of single consignee/recipient**



## Clearance of Goods at CCZ

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- Submission of documents and presentation of transport means at CCZ
- Usually, 2 documents are required for clearance
- Service fees – 150, 300, 400 GEL
- Possibility of using 5 days deferred tax payment



# Advance Declaration

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- In case of advance declaration, goods are in importer's disposal directly from the **border**
- In case of advance declaration:
  - ✓ **15 days deferred payment** of taxes and service fees is in place
  - ✓ Service fees are not doubled in case of off hours

## **3 possibilities** of advance declaration:

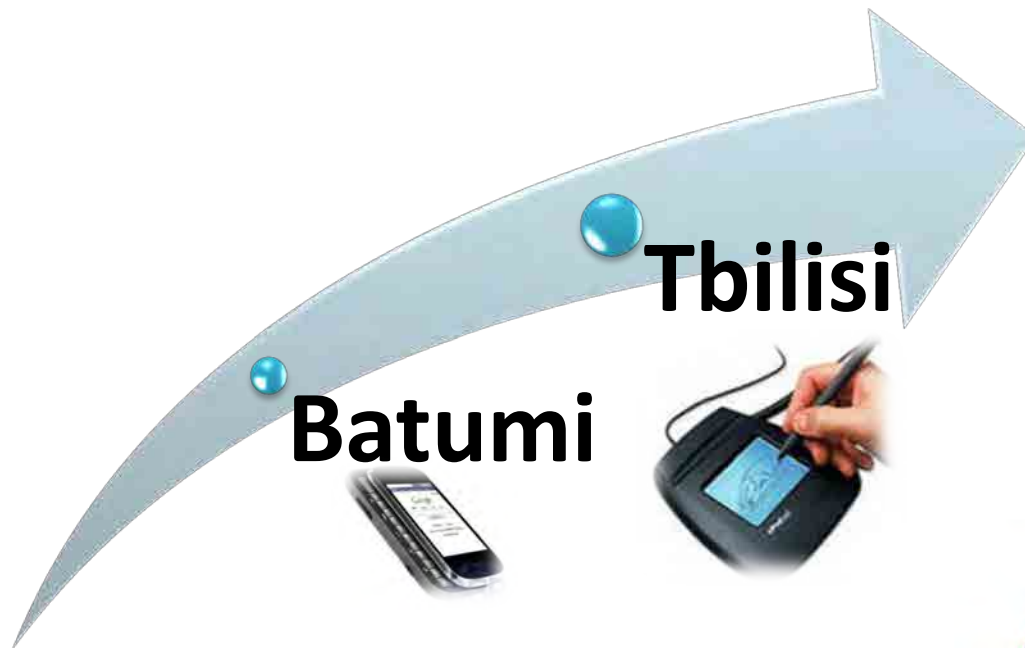
1. by submission of documents to CCZ
2. by sending documents via [www.rs.ge](http://www.rs.ge)
3. by submission of already filled declaration (service fees: **100, 200, 300 GEL**)





# Distant Declaration

- Declaration might be cleared from any place, despite the goods location
- If goods are located in Tbilisi, and importer is in Batumi, importer can clear goods in Tbilisi via electronic signature





# Clearance of Single Consignee Goods

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- **Single consignee goods can be cleared in the place (non-control zone) indicated by importer**
  
- **4 different ways of declaration**
  - Importer submits documents at CCZ
  - Importer electronically sends documents via [www.rs.ge](http://www.rs.ge)
  - Importer submits declaration through ASYCUDA
  - **Clearance in the premises of importer: Clearance group (CCZ officer and “red corridor” officer) visits premises of importer and clears goods. No service fee is applicable for this additional service.**



# Benefits for importers/exporters

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- ✓ Simplified import/export procedures
- ✓ Eliminated corruption
- ✓ Time saving
- ✓ High quality service





# Integrity Policy

## I step



Customs - bastion of corruption

Customs officers' and brokers' "institute of friendship bribery"

Overlapping of responsibilities - "bribery chain"

Customs Code - general provisions lacking the detailed customs procedural manuals

Discretion policy

recruitment of staff - non-transparent having in result inexperienced and uneducated staff



## II step



- In 2006 the new Customs Code
    - ❖ brutal reality conveying in itself the fighting against the corruption and the detection of corruption schemes, eradication of crime and punishment
    - ❖ modernised system: the new Customs Code with the corresponding secondary legislations providing with the detailed customs procedures
  - Customs duties – elimination of 16 customs duty rates, replacing them with a zero rate for 79. 42% of imports and two other rates (5 percent and 12 percent)
  - intensive searches, inspections, and passport checks - this strict approach created frictions that eventually led to confrontations.
  - Border control- Georgia Revenue Service and Border Police (Border Police later replaced by Patrol Police)
  - non-existence of the qualified staff
  - unhealthy environment for the business sector
- important obstacles for the business sector - the absence of advance ruling practice



## III step



- **Consolidation of Primary Legislation**
- **fair, simple and reliable customs system:**
  - ❖ Electronic administration system
  - ❖ Modern infrastructure
  - ❖ personal tax and customs liability account
  - ❖ Simplified customs procedures and target customs control
  - ❖ First generation of non-corrupted customs officers  
24 hours supporting toll free
  - ❖ Liberalized trade

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*Thank you for your  
attention*

Georgia Revenue Service  
(Tax and Customs Administration)

[www.rs.ge](http://www.rs.ge)

