



On 3 June 2010 the Georgian Prime Minister Nika Gilauri introduced a new Tax Code to businessmen at Tbilisi Marriott Hotel.

"I want to say some prelims and advise you how the idea of drawing up a new TaxCodeappeared.

It is well known that the main objective of the Government is support of private sector. Our economic policy is directly oriented and built thereon - support of the private sector, maximum effective government and private sector which is effective, investors who are active, who make profit in Georgia and create jobs, employ our co-citizens. This is our simple philosophy. We did much to achieve such goals during the last years.

We suggest a new Tax Code. I want to listen to your remarks to the maximum extent. The web-page will be available where everyone will be able to look through the changes made to the Tax Code. We'll create a Task Group to be working together with the private sector. I want to introduce Giorgi Pertaia to you. He was appointed to the position of the Prime-Minister Adviser, Business-Ombudsman. When the discussion touches your views concerning the Tax Code, he will be the only contact person in relation with the private sector", said Nika Gilauri.

According to the Prime-Minister, the New Tax Code provides that no tax will be imposed to businessmen with turnover less than 30 thousand lari. And those who have turnover less than 200 thousand lari, they'll have to pay only freight turnover tax less other taxes.

According to Nika Gilauri, the said amendments aim at simplification of business representatives' relation with tax authorities. Businessmen will be able to pay 3 or 5 percent of freight turnover. If a businessman duly keeps accounting he will pay a 3% tax, and in other cases - a tax will be 5%.

One of the main novelties is that no penalty will be imposed to a person who assesses taxes in line with instructions of the administrative authority.

In compliance with the new Code, a particular penalty will be imposed for a detected

non-registered unit whereas in case of a violation detected by the tax authority during stock-taking the tax authority was entitled to protract a penalty for two years.

As the Prime-Minister says the Customs Code and the Tax Code will be embodied. And sums will be returned automatically if payment is effected via any electronic system.

Board of Auditors consisting of five members will be created presided over by the Finance Minister. According to the Prime-Minister, a tax authority should get permission from the Board of Auditors to impose a new tax. VAT will be paid on quarterly basis. This is similar to a two month interest-free loan. For the first time this new Tax Code will enable a taxpayer to write off a damaged product.

"We want to increase dues for gambling business and tighten control over alcoholic beverage. We are trying to build a fair policy. We want to simplify a tax life of business and, on the other hand, equally allocate a tax burden among all business sectors", added the Prime-Minister of Georgia.