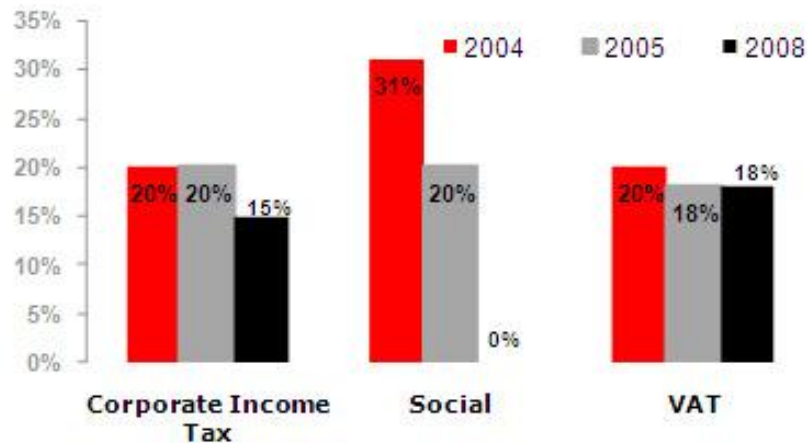




## Low and Simple Taxes

In 2005, Georgia enacted a new Tax Code that introduced lower, flat-tax rates and significant procedural and institutional innovations. The number of taxes and total tax rate were further decreased starting January 1, 2008. Major features of the current tax regime include:



- Currently, five of the six taxes are State taxes - **personal income tax (20%)** , **corporate income tax (15%)**, **value added tax (18%)**, **excise and customs tax**. **Property tax** is a local tax established by local self-governing bodies within marginal rates regulated by the Tax Code of Georgia.
- 20% social tax was abolished. 12% personal income tax increased to a flat 25% rate, which has been decreased to 20% from 1 January, 2009

Corporate income tax was reduced from 20% to 15%. Corporate income tax is paid by Georgian enterprises on their worldwide income and by foreign enterprises on their Georgian-sourced income, except as otherwise provided by double taxation treaties with various countries.

- An 18% value-added tax is compulsory for taxpayers whose turnover exceeds 100,000 Georgian Lari in any 12-month period and for importers.
- VAT paid for the purposes of investments in fixed assets, construction and export is refunded to the entrepreneur within 1 month and in all other cases within 6 month.