

## **Law of the Republic of Georgia**

### **“Concerning Tax on Production and Realization of Unhealthy Produce”**

#### ***Article 1. General Provisions***

1. This Law has been worked out on the basis of conception of re-organization of health protection system of the Republic Georgia and in accordance with the Law of the Republic of Georgia “On Principles of Tax System”. It determines the order of imposing and application of the state tax on income gained from realization of unhealthy produce on the territory of the Republic of Georgia.
2. The tax on production and realization of unhealthy produce is an indirect republic target-oriented tax which shall be transferred to the state fund of health protection and is targeted at financing of arrangements stipulated by the republic programs of health protection.
3. That produce is considered unhealthy which production and (or) realization is allowed in the Republic of Georgia, but its use exerts harmful influence on human health and eradication of its results required fulfilment of additional medical prevention and treatment arrangements.
4. There is established the appropriate tax on production and realization of unhealthy produce within the Republic of Georgia which shall be transferred to the state fund of health protection.
5. All institutions, enterprises and organizations which are carrying out the said activity on the territory of the Republic of Georgia are subject to the tax on production and realization of unhealthy produce.

#### ***Article 2. Payers of Tax on Production and Realization of Unhealthy Produce***

Payers of tax on production and realization of unhealthy produce are as follows:

1. Enterprises and organizations, their branches and other structural units, located on the territory of the Republic of Georgia and producing the unhealthy produce.
2. All legal, physical and other persons carrying out realization of unhealthy produce on the territory of the Republic of Georgia.

#### ***Article 3. Object of Taxation***

Cost of unhealthy produce is taxable.

#### ***Article 4. Taxable Amount***

1. Tax on production and realization of unhealthy produce shall be determined in accordance with the fixed tariffs of a certain kind of the produce.

### **Article 5. Tax Rates, Order of Calculation and Payment**

1. The list of unhealthy produce and tax rate shall be fixed by the Ministry of Health Protection of the Republic of Georgia and approved by the Cabinet of Ministers of the Republic of Georgia.
2. An enterprise producing unhealthy produce shall pay the fixed tax once a month not later than 25th of the next month. The term of payment shall be fixed by the registration day of transfer. Every overdue day shall be paid in amount of 0,5% fine of tax amount. 100 overdue days are considered as tax evasion. In the event of tax evasion the enterprise shall be fined in 10-times amount of tax. Payment of fine shall not exempt the enterprise from the payment of tax.
3. An enterprise, institution and organization carrying out realization of unhealthy produce in Georgia shall pay the tax from the realization of taxable produce in the fixed amount within 1 month. The fine for every overdue day shall be determined at rate of 0,5% of taxable amount. The 100 overdue days are considered as tax evasion. If fixing the fact of improperly registered realization of unhealthy produce the total batch of goods shall be fixed as tax evasion. An enterprise, institution and organization evaded the tax shall be fined in 10-times amount of tax. Payment of fine shall not exempt the enterprise from the payment of tax.
4. Enterprise, organization and institution imported the unhealthy produce to the territory of Georgia for its re-export shall take the said produce out of Georgia within a month.

If produce, or its part, imported for re-export still remains in Georgia unrealized after 1-month term, the appropriate institution (enterprise, organization) having imported produce shall pay the fixed tax to the State Fund of Health Protection for total batch of the imported for re-export produce. In such event the payment of fine shall be made by order determined as for realisation of produce inside the country.

5. The unhealthy produce to be realized for a second time which has been taxed and paid for the prior realization, and this fact is certified, shall not be taxable.
6. Imposing of tax fixed for production and realization of unhealthy produce and its transfer to the State Fund of Health Protection shall be provided by the State Tax Inspection of the Republic of Georgia. For stimulation of efficient work of the Tax Inspection it is established that in event of overdue term of tax and fixing of the event of tax evasion, the tax inspection shall receive 50% of imposed fine.

### **Article 6. Responsibility for Tax Payment**

1. Responsibility for correctness of calculation of tax on unhealthy produce, timely transferring to the State Fund of Health Protection and submission of accounts to tax agencies in the fixed term shall be assumed by the payers and principals according to the tax legislation of the Republic of Georgia.

2. The tax agencies are responsible for control over providing of appropriate protection of legislation in force concerning taxation on production and realization of unhealthy produce and its application in accordance with the tax legislation in force.

*Chairman of the Parliament of Georgia,*

*Head of State*

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*Tbilisi*

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