



Minister of Finance Machavariani
Tbilisi, Georgia

06 June, 2019

Dear Minister Machavariani,

On the 3rd June, 2019 the Ministry of Finance published a change to the procedures for payment of taxes on import that requires all companies to pay within 5 days of import, rather than the 30 days that many companies are currently allowed. This change has been brought-in with no consultation or notice and comes into effect for some of the companies next week.

This change will have a huge impact on the cash flow of importing companies, many of whom were already struggling with recent large increases in Excise Duty. As a result, many companies will have to take on loans, increase prices or even lay-off staff.

We are also very concerned about what this says about the predictability of the Georgian business environment. We have already expressed concern many times about the way in which problems in Georgia's judiciary create uncertainty facing Georgian businesses. If the government is going to make changes to tax policy without consultation or proper notification, then that is a terrible signal to investors and will undoubtedly negatively impact the business environment and investor confidence more generally. This can only hurt foreign investment inflow and the creation of new jobs.

We therefore, would request that this change is suspended to allow for appropriate discussion about the impact of such a change.

As always, we stand ready to meet and discuss these issues at your convenience.

Best regards

Yours sincerely,

R. Michael Cowgill
President
American Chamber of Commerce in Georgia

Zviad Chumburidze
Secretary General
EU-Georgia Business Council

Cc:
Prime Minister, Mamuka Bakhtadze
Business Ombudsman, Irakli Lekvinadze