



AMERICAN CHAMBER OF COMMERCE IN GEORGIA

Giorgi Kvirikashvili, Prime Minister of Georgia  
Tbilisi, Georgia

4 March, 2016

Dear Mr Prime Minister,

I am writing to you following our recent meetings to highlight the feelings of the American Chamber of Commerce about the changes to Corporate Income Tax, the so called Estonian model, which is currently being discussed. First, let me say again, that we are incredibly enthusiastic to see these reforms. We share your hope that these changes will stimulate investment and vastly simplify the tax administration system, in a way that will offer huge comfort to our members and the business sector more generally. More than that, we look forward to helping you promote these changes in the press and international business community and believe that this will be significant in helping to generate business interest and attract investment to the country.

We have, of course, met with members of our association to gain their insights into this exciting proposed reform. This has included discussion with our Commercial Law and Tax Committee, with the big international audit firms, other local business associations and with experts who experienced the implementation of the Estonian case first-hand, in Estonia. These experts, like us, are enthusiastic about the change. However, they have advised us that bringing the law into effect in the middle of the tax year will be quite problematic for implementation. Our concern is that this is simply too soon to allow companies to put in place the necessary changes in their accounting practices. There are also concerns that, in order for companies to be able to change to the new system half way through the year, they would have to 'close' their financial year in the summer and in the New Year. This would create large administrative burdens that may negate the benefits intended in the change for the current year.

We would therefore suggest that the law should be passed this year, but should not come into effect until 1st January 2017. This will allow the business community time to plan for the change in their procedures and to train staff. It will also allow the Revenue Service to prepare for an efficient and trouble free implementation. We will be eager to consult and provide whatever assistance we can in this process.

Once again, I don't want this request to detract from our general enthusiasm for this change. We look forward to its successful implementation and to working with your government to make that happen in the best possible way.

Yours sincerely,

Sarah Williamson  
President  
American Chamber of Commerce in Georgia