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GEORGIA

BEFORE & AFTER A Tax Fairy Tale Comes True

Streamlined procedures simplify tax registration and bring transparency

Tariel Chanturia, one of Georgia's most renowned poets, faced an unexpected obstacle to publishing his newest poems. David Gotsiridze, director of the printing house Kedeli, explained that Chanturia would have to first register as an individual entrepreneur before publishing his new volume. Despite Gotsiridze's assurance that the process would be fast and simple, Chanturia expected the worst – confusing procedures, long lines, multiple visits, and unofficial payments. When he walked into the tax inspectorate, Chanturia thought that he must have come to the wrong place. Delighted, Chanturia said that instead of chaos, there was no line “and the official asked how he could help me.” Registered immediately, Chanturia reached his hand into his pocket to pay the expected “gratuity.” The tax inspector refused and told him the service was free. “A fairy tale!” Chanturia said. “How could registration happen so easily? A couple of years ago, it would have taken all my lifetime, nerves, and half of my honoraria,” he said.

Telling Our Story

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Photo: BCR support project

BEFORE Disorder, delay, and confusion reigned when Georgians tried to register their businesses legally. Bribery was a common way to cut through the chaos. Another response was to simply stay in the shadows and avoid registering altogether.

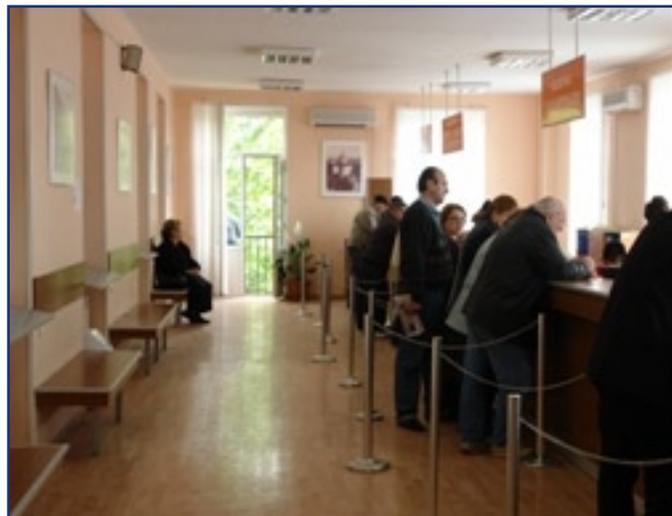


Photo: BCR support project

AFTER “One-window” service has reduced the time required to register to do business in Georgia from days to minutes. A series of reforms implemented with USAID support have streamlined procedures and reduced costs, both for individual entrepreneurs and new companies. Now, just one visit to the local Tax Inspectorate is required for all. Following the reforms, taxpayer registration rose 269 percent from 2005 to 2007, while total tax revenues collected in 2007 equaled \$3.15 billion, an 82 percent increase over 2005.