



# Ministry of Finance of Georgia State Treasury



## TAX AND NON-TAX REFUND MECHANISMS IN THE GEORGIA TREASURY SERVICE

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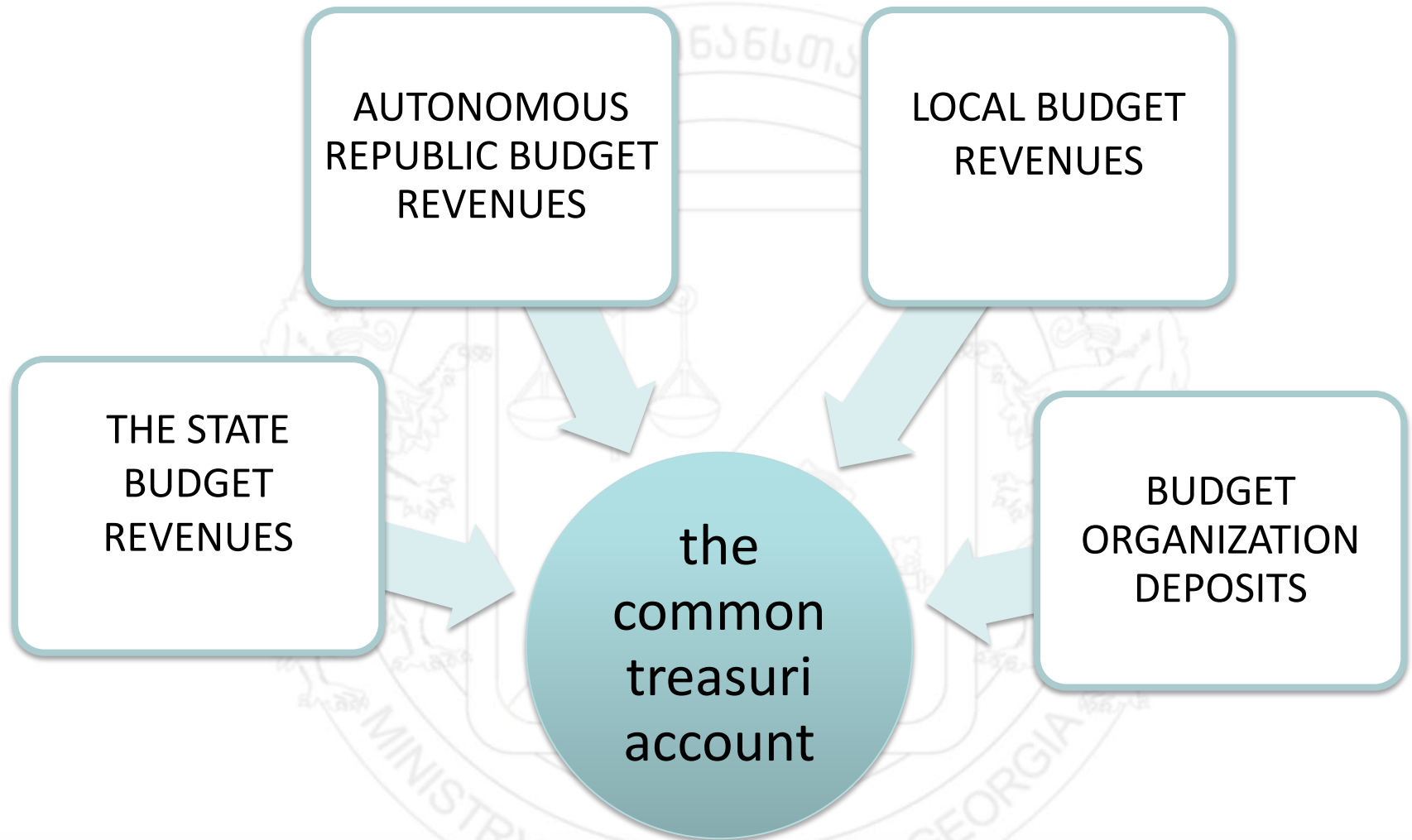
# TAX AND NON-TAX REFUND MECHANISMS IN THE GEORGIA TREASURY SERVICE



- Refund of excessive payments made to the budget;
- Refund of excessive non-tax payments made to the budget;
- Management of deposits placed on the Common Treasury Account.



# THE COMMON TREASURY ACCOUNT





# IDENTIFICATION OF TRANSFERS MADE TO THE COMMON TREASURY ACCOUNT



- Transfers made to the Common Treasury Account are identified by means of treasury codes.
- Treasury codes are special codes developed based on the budget revenue classification system.
- While making a transfer, a payer must specify the treasury code in the payment order.
- Each treasury code contains full information about the payment (information on who collects the payment, the territorial unit and the type of payment)



# THE TREASURY CODE FORMATION PRINCIPLES



- A treasury code consists of 9 symbols, where:
  - The first symbol indicates the agency collecting the payment;
  - Symbols from 2 through 5 indicate the self government unit
  - The last 4 symbols show the type of budget payment

Example:

Treasury Code 100771089 – VAT from sale of products on the territory of Georgia.





# FUND DISTRIBUTION BETWEEN THEIR OWNERS



- All budget payments are directed to the **Common Treasury Account**, regardless whether they belong to the central budget, a local self government budget or a regional budget.
- Fund owners are identified based on the information shown in the treasury codes.
- After identification, the Treasury Service transfers received funds to relevant budgets.

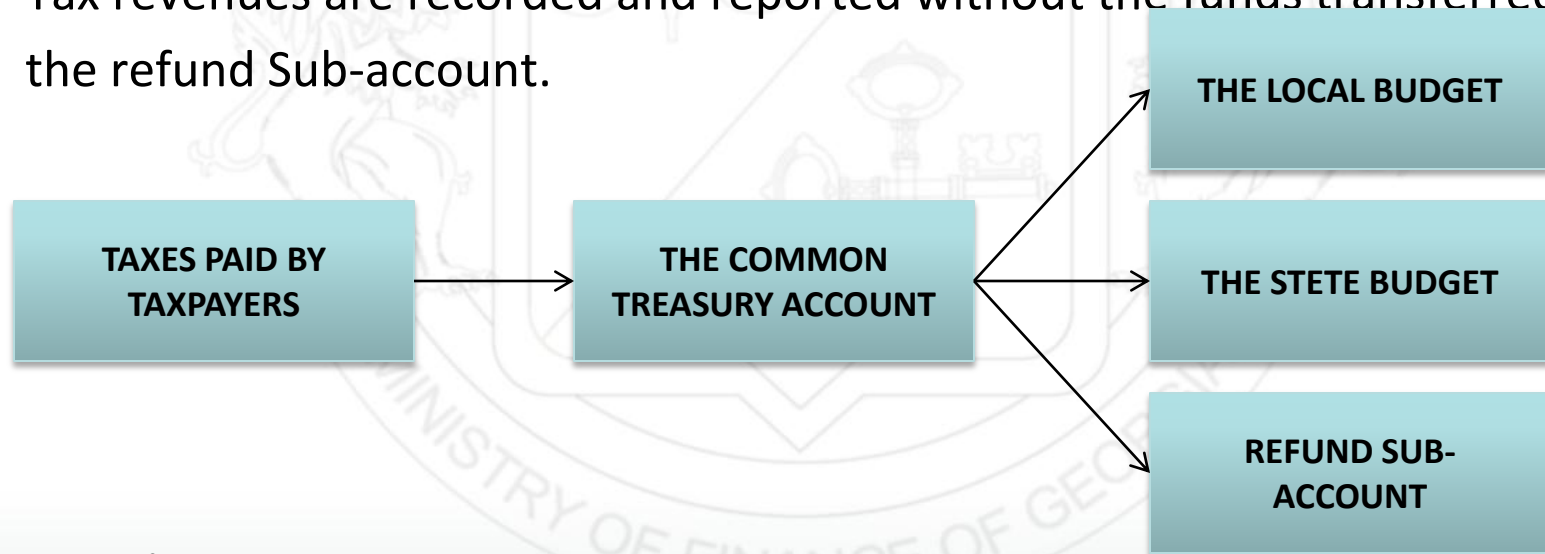




# THE REFUND SUB-ACCOUNT AND ITS SOURCES



- **The refund sub-account** is a provision account for accumulation of funds used for reimbursement of excessively paid payments made to the budget.
- **The sources funding this account** are taxes and duties administered by the tax and customs authorities.
- Tax revenues are recorded and reported without the funds transferred to the refund Sub-account.

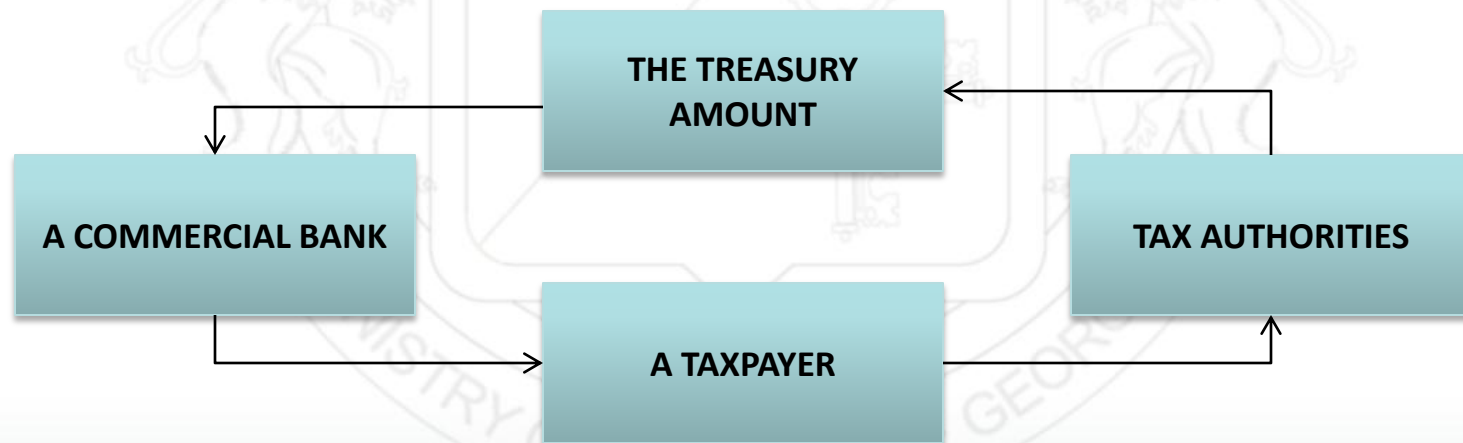




# REFUND OF EXCESSIVE PAYMENTS



- A **taxpayer** applies to the tax authorities with a request to refund a surplus amount.
- After verifying excessive payment, **the tax authorities** submit to the Treasury an order to refund the amount.
- **The Treasury** returns the amount to the taxpayer.
- Amounts refunded to taxpayers from the Refund Sub-account are not reflected in the Budget Implementation Report





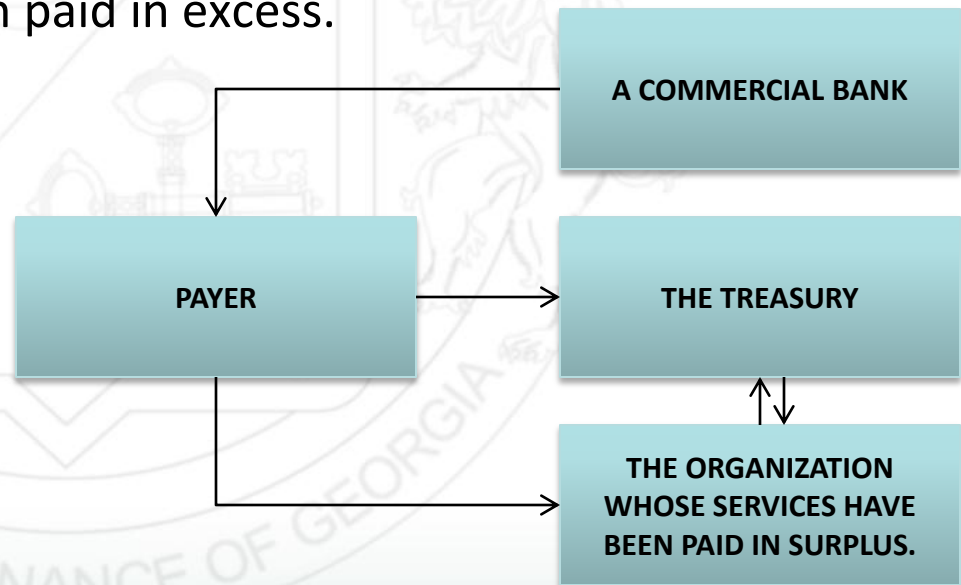


# REFUND OF NON-TAX PAYMENTS



- A person who has transferred a not-tax amount to the Common Treasury Account in excess or by mistake, applies to the Treasury with a request to refund the amount.
- Besides the refund Application, the payer must also submit to the Treasury a written consent of the executive, judicial or legislative authorities, as well as other relevant public and local self-government bodies whose services have been paid in excess.

- Refund of non-tax payments is made from the **current income** of the organization (owner of such funds) and the amount is shown in the national budget implementation reports.





# MANAGEMENT OF DEPOSITS PLACED ON THE COMMON TREASURY ACCOUNT



- **Each spending unit** (an organization of the first order defined in the annual Budget Law) has its own **deposit code** in the Common Treasury Account.
- Amounts are deposited based on the **deposit codes – treasury codes** (it is mandatory to specify the deposit code while making a transfer).
- Amounts transferred based on deposit codes are recorded according to the **spending units** - their central offices and subordinated organizations (the differentiation is made by means of sub-codes included into the deposit codes).
- Amounts transferred based on sub-codes are recorded according to their **payers**.
- Deposited amounts are disposed (refunded to the payer or transferred to the budget) **by budget organizations** for which purpose they submit payment orders to the Treasury.



# TAX AND NON-TAX REFUND MECHANISMS IN THE GEORGIA TREASURY SERVICE



**Thank You for Attention!**

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