



DOING BUSINESS in Georgia 2025

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General Information about the Country

Georgia: General Characteristics of the Jurisdiction

Capital: Tbilisi.

Official Language: Georgian.

Language: official language is Georgian

Population: 3.727 million.

Official Currency: Georgian Lari.

International Organizations and Economic Unions

Georgia is a member of several economic unions and has agreements with various international organizations, though it is not a full member of the European Union or other major economic blocs like the Eurasian Economic Union (EAEU).

It has signed a Deep and Comprehensive Free Trade Area (DCFTA) agreement with the EU as part of its broader association agreement with the former in 2014.

This agreement aims to create a free trade area, remove barriers to trade, and enhance political and economic cooperation. Georgia signed this agreement with the European Union as part of its broader association agreement with the EU in June 2014. This agreement aims to create a free trade area, remove barriers to trade, and enhance political and economic cooperation. On 14 December 2023, the Council of the European Union officially

granted Georgia the status of a candidate country for EU membership.

Georgia is a member of several international organizations, including:

- World Trade Organization (WTO). It has been a member of the WTO since 2000. As a member, it is committed to following international trade rules, which helps it access global markets and participate in multilateral negotiations;
- Black Sea Economic Cooperation (BSEC) This is a regional organization founded in 1992, which includes countries around the Black Sea, aimed at fostering economic cooperation;
- The Council of Europe;
- Georgia is a full member of BSEC;
- CEFTA, which promotes free trade between countries in the Central and Southeast European region;
- The United Nations (UN);
- Organization for Security and Co-operation in Europe (OSCE);
- International Monetary Fund (IMF);
- Applicable Law: Romano-Germanic legal system; Georgian law. Currency: Georgian Lari (GEL).

Developed Economic Sectors: Tourism, metallurgy, coal, and food industries. Construction is a key economic sector; for example, China Communications Construction Company Limited and the Singaporean company China Harbour Investment Pte. Ltd. are involved in the construction of the Anaklia Deepwater Port.

Political System

Georgia is a parliamentary republic with a clear separation of powers among three branches:

- Executive power is vested in the Prime Minister, who is the Head of State and Government.
- Legislative power is exercised by a unicameral Parliament.
- Judicial power is independent of the other branches.

Economy

Georgia's economy is diverse and growing, driven by key sectors like services, industry, and agriculture. Here's a snapshot of its economic landscape:

The Gross Domestic Product (GDP) and Economic Growth

Georgia's GDP has been steadily growing in recent years, with significant contributions from tourism, agriculture, and manufacturing. The country's economy saw a strong recovery post-pandemic, with a marked increase in tourism and remittances, which are important sources of income.

Agriculture

Agriculture remains an essential part of Georgia's economy, especially in

rural areas. The country is known for its wine production, with a long tradition in viticulture. Other key agricultural products include fruits, vegetables, nuts, and tea.

Tourism

Tourism has become a major contributor to the Georgian economy, with visitors drawn by the country's rich history, unique culture, and stunning landscapes. Popular tourist destinations include Tbilisi, Batumi, and regions like Kazbegi and Svaneti. The sector provides substantial employment and boosts the hospitality and retail industries.

Energy

Georgia's strategic location makes it an important player in regional energy transit, particularly through pipelines for oil and natural gas. The country also has a growing renewable energy sector, particularly hydroelectric power, which is a key source of energy production.

Industry and Manufacturing

Georgia has a burgeoning manufacturing sector, which includes food processing, chemicals, and textiles. Industrial production is concentrated in key areas such as Tbilisi, Rustavi, and Batumi. The government has been working to attract foreign investment and improve infrastructure to support industrial growth.

Trade and Foreign Investment

Georgia's economic policy focuses on creating a favorable environment for foreign

investment. The country has signed several free trade agreements, including with the European Union and neighboring countries. As a result, Georgia enjoys a relatively open and competitive market economy.

Future Prospects

The future of Georgia's economy looks positive, with the government focusing on attracting foreign investment, improving infrastructure, and expanding its digital and service industries. The emphasis on sustainable energy, digital innovation, and regional cooperation offers opportunities for long-term growth.

In summary, Georgia's economy is evolving with a combination of traditional sectors and emerging industries. The government's reforms and focus on openness to trade and investment are pivotal in positioning the country for future growth.

Regulatory Framework: Granting Georgian tax residency to an individual secured by significant assets:

- Tax Code of Georgia (Article 34, Paragraph 6).
- Order No. 60 of the Minister of Finance of Georgia dated 1 March 2023.

Criteria for Obtaining Tax Residency Based on significant assets.

If the applicant holds a Georgian residence permit, must meet one of the following criteria for receiving resident permit :

- Ownership of any assets valued at more than 3,000,000 GEL; or
- Annual income of at least 200,000 GEL for the last three years

- Assets in Georgia valued at over 500,000 USD, including:

- Real estate,
- Funds in a Georgian bank account,
- Shares,
- Dividends.

For applications submitted in 2024, income of 200,000 GEL must be demonstrated for 2021, 2022, and 2023 (Order No. 60 of the Minister of Finance of Georgia dated 1 March 2023, Clause 3).

If the applicant does not hold a Georgian residence permit, must meet one of the following conditions:

Ownership of assets valued at more than 3,000,000 GEL, regardless of the form or location of the assets, including assets in Georgia valued at over 500,000 USD, and income of at least 25,000 GEL received from a source in Georgia in the last tax year prior to submitting the application..

Annual income of at least 200,000 GEL for the last three years, assets in Georgia valued at over 500,000 USD, and income of at least 25,000 GEL from a Georgian source (salary, rental income, dividends).

Examples of tax residency eligibility combinations:

- Ownership of assets valued at more than 3,000,000 GEL, including assets in Georgia worth over 500,000 USD, and a Georgian residence permit/passport
- Ownership of assets valued at more than 3,000,000 GEL, including assets in Georgia worth over 500,000 USD, and income of at least 25,000 GEL received from a source in Georgia in the last tax year prior to submitting the application.

Annual income of at least 200,000 GEL for the last three years, assets in Georgia valued at over 500,000 USD, and income of at least 25,000 GEL from a Georgian source (salary, rental income, dividends).

Annual income of at least 200,000 GEL for the last three years, assets in Georgia valued at over 500,000 USD, and a Georgian residence permit/passport.

Types of Assets Considered eligible for Tax Residency:

- Real estate
- Funds in a bank account
- Bank deposits
- Shares
- Company ownership stakes.

Procedure for Obtaining a Georgian Tax Residency Certificate:

Where to Apply: Applications must be submitted online via the taxpayer's personal account with the Revenue Service of Georgia.

Required Documents:

- Passport. and
- Proof of ownership of assets valued at more than 3,000,000 GEL (Property Ownership Certificate/Bank Statement). or
- Proof of annual income of at least 200,000 GEL for the last three years (Salary Certificate, Dividend Distribution Order + Bank Statement). and
- Proof of assets in Georgia worth at least 500,000 USD (Property Ownership Certificate/Bank Statement).

Processing Time: 20 working days.

State Fee: None

Recognition of the Georgian Tax Residency Certificate in Other Countries

The Georgian Tax Residency Certificate is widely recognised by foreign tax authorities. This recognition is based on international double taxation treaties that Georgia has concluded with multiple countries, including Belarus. The full list of Double Taxation Avoidance Agreements (DTAAs) Georgia is a party to can be found [here](#).

Georgian tax law allows individuals to be recognised as tax residents even if they spend limited time in the country, provided they can demonstrate significant economic interests in Georgia.

Holding a Georgian Tax Residency Certificate, recognised under a DTAA, is sufficient grounds for tax residency recognition in other states. This creates additional opportunities for international tax planning.

Business Environment

Business Entities

Business Formats: Company, Branch, Representative Office

Georgia offers several business forms for entrepreneurs and investors to establish their operations. Each form comes with its own set of characteristics, advantages, and regulatory requirements. The most common business forms in Georgia are:

1. Limited Liability Company (LLC): The most popular choice for small and medium-sized businesses due to its simplicity and flexibility. LLC can be established by a single founder and do not require a minimum capital investment. Shareholders have limited liability, meaning they are not personally responsible for the company's debts.

2. Joint Stock Company (JSC): Typically used for larger businesses, particularly those seeking to raise capital from the public or trade shares on stock exchanges. A JSC can be formed by a single shareholder and offers limited liability protection. The company must have authorized share capital, and there are more complex regulations, especially for public companies.

3. Individual Entrepreneur (IE): Ideal for sole proprietorships, an Individual Entrepreneur is a simple business format with fewer administrative requirements. The owner has personal liability for the business's debts but enjoys straightforward

tax filings and less formal management.

4. Branch of a Foreign Company: A foreign company can establish a branch in Georgia to operate its business without incorporating a new legal entity. The branch is not a separate legal entity and operates under the control of the parent company.

5. Representative Office: A non-commercial entity that foreign businesses can use to promote and manage relationships in Georgia. It cannot engage in direct profit-making activities but serves as a liaison for market research, promotion, and business development.

Each business format provides different levels of flexibility, liability protection, and tax advantages, allowing entrepreneurs to choose the most suitable option based on their needs and goals in Georgia's business environment.

Types Of Legal Entities: LLC, JSC

The most common forms of business in Georgia include:

- Sole Proprietorship;
- Limited Liability Company (LLC);
- Joint-Stock Company (JSC).

Sole Proprietorship

An individual entrepreneur is considered a natural person under Georgian law. This form of entrepreneurship is one of the most common and advantageous.

An individual entrepreneur enjoys tax benefits such as:

■ Income tax:

- ◆ Rate: 1% (if annual turnover is up to 500,000 GEL) or 3% (if turnover exceeds 500,000 GEL).
- ◆ Payment deadline: monthly, by the 15th of the following month.

■ Value Added Tax (VAT):

- ◆ The obligation arises if the annual turnover exceeds 100,000 GEL.
- ◆ Rate: 18%
- ◆ Payment deadline: monthly, by the 15th of the following month.

■ Property tax:

If one uses the property for business activities.

- ◆ Rate: Maximum 1% of the property value.
- ◆ Payment deadline: once a year, by November 15.

Limited Liability Company (LLC)

The Limited Liability Company (LLC) is the most common form of business entity. This is primarily due to its simple organizational and management structure compared to joint-stock companies, along with fewer formalities for establishment and operation, making it a more affordable and efficient choice.

Key Advantages of an LLC in Georgia:

- **Single Founder Option:** An LLC can be founded by just one individual or legal entity.
- **No Restrictions on Number of Directors:** An LLC can be managed by a single director or multiple directors, with no upper limit on the number of directors.

■ **No Minimum Capital Requirements:**

There is no requirement for a specified minimum or paid-up capital to establish the LLC.

- Shareholders do not bear personal liability for the activities of the company.
- There are no restrictions concerning the nationality or residency of shareholders or company directors. Additionally, they are not required to obtain a work permit or an insurance number.

Management Structure:

- **Day-to-Day Management:** The LLC can be managed by either a single director or a board of directors. However, it's important to note that having a board of directors is not mandatory.
- **Shareholders' Meeting:** The company's activities are governed by decisions made in shareholders' meetings, where significant matters related to the company's operations are resolved.

Director's Role:

- **Authority of Directors:** The director(s) of the company represent the LLC and have the authority to enter into contracts, represent the company before third parties, and perform other executive functions.
- **Shareholders' Restrictions:** Shareholders have the right to limit the director's authority in certain matters. For instance, they may restrict the director's ability to encumber company assets (such as mortgaging assets) and may require consent from partners for major decisions like mergers, acquisitions, or real estate transactions. These provisions are typically set out in the LLC's Articles of Association.

Liability:

- **Limited Liability:** The major advantage of an LLC is that members are not personally liable for the company's obligations or debts.

Shareholder and Director Nationality:

- **No Nationality or Residency Restrictions:** There are no specific requirements regarding the nationality or residency of shareholders and company directors. However, foreign shareholders and directors who intend to stay in Georgia for more than 90 days must obtain a residence permit, which is a straightforward process.

Registration Process:

- **Incorporation:** To establish an LLC in Georgia, registration with the Entrepreneurial and Non-Entrepreneurial Legal Entities Registry in the Public Registry of the Ministry of Justice is required. This registration process includes both state and tax registration.
- **Required Information:** During registration, details about the directors and shareholders must be provided, including legal and alternative addresses, email addresses, and information about the director's authority to represent the company.

Articles of Association:

- **Defining Governance:** The Articles of Association govern the internal rules of the LLC, covering the management structure, procedures for holding partners' meetings, governance of the board of directors (if applicable), voting and dividend rights, and more. These

documents also define rules for capital increases and shareholders' rights to control and monitor the company's operations.

Director Responsibilities:

- **Duty of Good Faith:** Directors are obligated to act in good faith and in the best interest of the company. Should a director breach this duty and cause a loss to the company, they are fully and jointly liable to the shareholders for the damages.

Capital Requirements:

- **Flexible Capital Requirements:** An LLC may have share capital. Shareholders are free to determine the amount of capital and can set their own timeline for contributions.

Shareholder Rights:

- **Dividends and Voting:** Shareholders are entitled to dividends and voting rights based on their shareholding. However, shareholders may agree to different proportions for dividend distribution or voting rights, which should be reflected in the company's charter.

Registration Timeline:

- **Quick Process:** Incorporating an LLC in Georgia is a fast process, typically taking just one day.

Overall, the limited liability company in Georgia provides flexibility, simplicity, and legal protections, making it an attractive option for entrepreneurs looking to establish a business in the country.

Joint-Stock Company (JSC)

Joint Stock Company (JSC) is a flexible and widely used legal structure for both local and foreign entrepreneurs.

A Joint Stock Company is a legal entity whose capital is divided into shares that can be bought, sold, and transferred. Shareholders in a JSC are liable only for the amount of capital they have invested, meaning that the company's liability is separate from the personal assets of its owners. This form of company is particularly attractive to businesses planning to raise capital from multiple investors, as shares can be freely traded or transferred under certain conditions.

Legal Framework for a JSC in Georgia

The establishment and operation of Joint Stock Companies are governed by the Entrepreneurial Law and other relevant regulations. A JSC can be established by one or more individuals or legal entities, both domestic and foreign, which provides flexibility for foreign investors looking to set up a business in the country.

Key Features of a Joint Stock Company in Georgia

- Shareholders:** A JSC in Georgia can have a minimum of one shareholder, who can be either an individual or a legal entity. There is no upper limit on the number of shareholders, making it suitable for both small and large enterprises.
- Share Capital:** The minimum share capital for a Joint Stock Company in Georgia is GEL 100 000 (Georgian Lari), which is a very low threshold compared to many other jurisdictions. The capital can be in the form of cash or assets.

- Liability of Shareholders:** Shareholders in a JSC are only liable to the extent of their share capital contribution. This limited liability protection is one of the key reasons why JSCs are attractive to investors.
- Shares:** The capital of the JSC is divided into shares. These shares can be either ordinary or preference shares, with different voting rights and dividends, depending on the structure established by the company.
- Management Structure:** A JSC in Georgia must have a Board of Directors and an Executive Body (either a director or management team). The board is responsible for overseeing the management and direction of the company, while the executive body handles day-to-day operations.

- ◆ **Board of Directors:** The board is typically responsible for strategic decision-making, including approving financial statements, mergers, acquisitions, and major investments. The number of directors is decided by the company's charter.
- ◆ **Executive Body:** The executive body manages the day-to-day operations and implementation of the board's decisions. The executive body can be a single director or a team, depending on the company's organizational structure.
- General Meeting of Shareholders:** This is the highest governing body in a JSC. Shareholders gather annually to vote on important matters, including the approval of financial statements, election of board members, and decisions regarding the allocation of profits.

Steps to Establish a Joint Stock Company in Georgia

Setting up a JSC in Georgia is a relatively straightforward process, especially given the country's commitment to simplifying business procedures. The main steps involved in registering a JSC are as follows:

1. Choose a Company Name

The first step is to choose a unique name for the company. The name must not be similar to any existing company name registered in Georgia. This is important to ensure that the business can operate without confusion with others.

2. Draft the Company Charter (Articles of Association)

The company must have a charter (or articles of association) that outlines the company's governance structure, including the rights and obligations of shareholders, the responsibilities of the board, and the management structure. This document must be signed by the founders.

3. Register the Company

To register a Joint Stock Company in Georgia, you need to submit the following documents to the National Agency of Public Registry (NAPR):

- Application form;
- Company charter (articles of association);
- Copy of the identification documents of the company's directors and shareholders;
- Proof of the company's registered office address in Georgia.

Once the documents are submitted, the company will be officially registered, and a registration certificate will be issued. The entire registration process can be completed in a matter of days.

4. Obtain a Tax Identification Number (TIN)

After registration, the company needs to obtain a Tax Identification Number (TIN) from the Revenue Service of Georgia. This is necessary for the company to comply with tax obligations.

5. Open a Corporate Bank Account

A corporate bank account must be opened in Georgia to handle the company's finances. It is also necessary to deposit the minimum share capital into this account.

Registration procedure for commercial entities

Company Registration Procedure (Substance, Remote Business Establishment Possibilities)

The registration of an LLC in Georgia takes no more than two days. The timeframe primarily depends on the speed of document submission. The standard registration process includes:

1. Choosing a Company Name

- The name must comply with naming rules and must not be registered by another legal entity.
- The availability of the chosen name can be checked on the "Business Registry"

online platform.

2. Preparing the Necessary Documents

- Articles of Association and Incorporation Agreement (these documents outline the company structure, business purpose, and rights and obligations of its members; they must be in Georgian, though a bilingual version is allowed).
- Identification documents of founders and directors (passport copies). Foreign founders and directors must provide a notarised translation of these documents.
- Company address details (if the director owns a property, its address can be used; otherwise, a third-party property owner must provide written consent for its use as a registered address).

Corporate Bank Account Opening Procedure

The process typically includes:

- Visiting a bank (TBC, Bank of Georgia, Liberty, Credo are the most common options);
- Completing the KYC process and submitting the required documents (can be sent electronically);
- Ongoing communication with the bank (the bank may request additional documents over several weeks);
- Bank's decision on account opening (if approved, the company's director must visit the branch to sign the necessary documents).

Required Documents for Opening a Corporate Bank Account:

1. Business activity description;

2. Contracts with partners (if available);

3. Details of expected transactions (amounts, counterparties, destination countries);

4. Office lease agreement;

5. Employee information, job postings, employment contracts;

6. Company website;

7. Bank statements for the past six months showing transactions and counterparties.

Additional Requirements:

- All documents must be translated into Georgian and notarised;
- Bank statements must clearly show the company's full name, transaction sources, and purposes;
- Banks typically refuse account opening for businesses involved in cryptocurrency, gambling, or transit transactions without actual business operations in Georgia.

Registration costs for commercial entities and representative offices

The costs associated with registering commercial entities and representative offices in Georgia are relatively low compared to many other countries. Below are the typical registration fees for various entities:

Limited Liability Company (LLC)

- **State Registration Fee:** The cost for registering an LLC is:

- ◆ 1 working day – 200 GEL (Georgian Lari).
- ◆ On the day of application submission – 400 GEL

- **Additional Costs:** There may be minor additional costs, such as for obtaining notary services for the company's Articles of Association (if necessary), English language extract (26 GEL) or for legal consultation.
- **Payment:** The fee is usually paid at the time of submission through the Public Registry's system.

Joint Stock Company (JSC)

- **State Registration Fee:** The registration fee for a JSC is:
 - ◆ 1 working day – 200 GEL (Georgian Lari).
 - ◆ On the day of application submission – 400 GEL
- **Additional Costs:** As with an LLC, costs may arise for notarizing documents, English language extract (26 GEL) or legal consultation.
- **Payment:** The fee is paid at the time of registration via the Public Registry's online platform.

Individual Entrepreneur (IE)

- **State Registration Fee:** The cost for registering as an Individual Entrepreneur is:

- ◆ 1 working day – 26 GEL (Georgian Lari).
- ◆ On the day of application submission – 75 GEL

- **Additional Costs:** There may be additional small costs depending on the type of business activity or necessary legal consultations, but no significant fees are typically required.

Branch of a Foreign Company

- **State Registration Fee:** The fee for registering a branch of a foreign company is:
 - ◆ 1 working day – 200 GEL (Georgian Lari).
 - ◆ On the day of application submission – 400 GEL
- **Additional Costs:** Costs may arise if notarization or legal services are required to authenticate documents or agreements.

Representative Office

- **State Registration Fee:** The fee for registering a representative office is:
 - ◆ 1 working day – 200 GEL (Georgian Lari).
 - ◆ On the day of application submission – 400 GEL
- **Additional Costs:** As with other business types, additional legal consultation or notarization fees might apply.

Additional Registration Costs

- **Tax Registration:** This is automatically included in the state registration process and is free of charge.
- **Social Security Registration:** Free of charge, if applicable.
- **Licensing Fees:** If a business requires specific licenses (e.g., financial institutions, medical services), additional

fees may apply depending on the type of license.

Reorganization of legal entities

Reorganization of a legal entity refers to the process by which a company or other legal entity undergoes structural changes. These changes may include mergers, acquisitions, spin-offs, transformations, or divisions. The reorganization of legal entities is primarily governed by the Georgian Civil Code and the Law on Entrepreneurs.

Types of Reorganization

- **Merger:** Two or more companies combine to form a single entity, with one surviving while others cease to exist.
- **Acquisition:** One company purchases another, resulting in a change in control of the acquired entity.
- **Spin-off:** A segment of a company is separated to form a new, independent entity.
- **Transformation:** A company changes its legal structure (e.g., from a limited liability company to a joint-stock company).
- **Division:** A company splits into multiple entities, with the original company dissolving and its assets and liabilities distributed among the new entities.

Legal Process and Requirements

The reorganization process varies depending on the type of reorganization and the legal structure of the entities involved. Common steps include:

- **Board and Shareholder Approval:** Re-

organization typically requires approval from the board of directors and/or shareholders, as outlined in the company's governing documents.

- **Agreement Drafting:** A formal agreement is required to specify the terms of the reorganization, including the allocation of assets, liabilities, and shares.
- **Notification to Authorities:** In certain cases, such as mergers or transformations, notification to the Georgian National Agency of Public Registry is necessary. Filing and Registration: The reorganization must be registered with the National Agency of Public Registry to reflect the updated legal status of the involved entities.

Tax Considerations

Reorganization may have tax implications, including but not limited to: Value-Added Tax (VAT), Income Tax, or Property Tax may be applicable depending on the nature of the transaction.

Employee and Labor Considerations

During reorganization, it is essential to address employees' rights, especially in cases involving the transfer of business or ownership changes. Typically, employees' contracts will be transferred to the new entity, but it is critical to ensure compliance with labor laws. Employees may also be entitled to severance, compensation, or other benefits.

Regulatory Approvals

Certain reorganizations may require regulatory approval, particularly for industries such as banking, insurance,

and telecommunications. Compliance with these industry-specific regulations is necessary.

Post-Reorganization Steps

After the reorganization, it is essential to update corporate documents such as shareholder registers, financial statements, and tax registrations. New corporate tax numbers, licenses, and other regulatory updates may also be required.

Legal entities registered before the entry into force of the new Law on Entrepreneurs are required to bring their charters and registration data into compliance with the new law by 1 April 2026. Failure to comply may result in restrictions on corporate actions and potential suspension of registration.

Risks and Challenges

- **Legal Risk:** Failure to comply with legal requirements can result in disputes or the invalidation of the reorganization.
- **Financial Risk:** Reorganizations may involve complex financial arrangements, including the restructuring of debts and obligations.
- **Operational Disruption:** Reorganization can temporarily disrupt business operations, which requires careful management to minimize impact.

For businesses considering reorganization in Georgia, it is recommended to consult with legal and tax professionals specializing in corporate law to ensure compliance with all regulatory requirements and to mitigate potential risks.

Liquidation of legal entities

The Georgian Law on Entrepreneurs regulates the issues of liquidation of an enterprise. One of the grounds for initiating the liquidation process is the decision of the partners of the entrepreneurial society, in which the issue of liquidation of the enterprise is discussed and which is adopted by a $\frac{3}{4}$ majority of votes. The representative of the enterprise submits this decision to the registering authority (Register of Entrepreneurs and Non-Entrepreneurial (Non-Commercial) Legal Entities of the National Agency of Public Registry) for registration of the initiation of the liquidation process.

Upon registration of the commencement of the liquidation process, the liquidator publishes an announcement on the dissolution of the enterprise on the unified electronic portal of the registering authority or on its website.

The registering authority shall send information about the registration of the commencement of the liquidation process to the Revenue Service via electronic communication, and the Revenue Service shall, within 10 days, provide the registering authority with information on the existence of possible/existing tax liabilities, with an indication of the period for conducting a tax audit, which shall not exceed 90 days from the registration of the commencement of the liquidation process of the enterprise, and if necessary, the period may be extended once, for no more than 2 months.

Liquidator's responsibilities

The liquidator may be either the managing person(s) of the enterprise or another

person(s) (if the charter or the decision of the general meeting provides for this). The managing person is obliged to apply to the registering authority with an application for registration of the liquidator(s) in the register.

Protection/satisfaction of creditors during the liquidation process

During the liquidation process of an entrepreneurial company, the protection of the interests of creditors is of paramount importance, therefore, the law stipulates that the distribution of property among the partners may only take place after the company's obligations have been paid and 5 months have passed since the publication of the application for liquidation of the company, unless there is a court decision based on the conclusion of an independent auditor that all obligations have been fulfilled.

During the liquidation process, the company may also have a disputed obligation or claim, the fulfillment of which will not be due at the end of the liquidation process. Accordingly, in this case, the property may be distributed among the partners only if other security equivalent to the obligation is presented to the creditor.

Distribution of property to partners

The property that remains after the company's obligations are paid/creditors are satisfied, is distributed to the partners in accordance with the rights associated with their shares, and in the event that any partner has not made a full contribution, the contributions or their value will be returned initially and the remaining property

will be distributed in accordance with the rights associated with the shares.

In the event that the remaining assets are not sufficient to repay the partners contributions, the remaining assets will be distributed in accordance with the rights attached to the shares.

Canceling the registration of the society

Deregistration of a company is the final stage of liquidation/termination of the existence of a company, which occurs after the payment of liabilities and the distribution of remaining assets to the partners. Deregistration of a company is also carried out by the Public Registry, based on the application of the liquidator. The liquidation of a company must be completed no later than 4 months from the registration of the start of its liquidation process, and it is extended by 1 month if the tax audit period continues.

Redomiciliation

Redomiciliation is a procedure that allows the "relocation" of a legal entity from one country to another, preserving its assets, business relationships, and ensuring the continuity of its operations.

One of the possible jurisdictions for such relocation is Georgia, where this procedure is regulated by law. The registration of the relocating legal entity is possible only in an organizational and legal form provided by the legislation of Georgia (such as a limited liability company, joint-stock company, etc.).

The redomiciliation procedure must not be prohibited by the law of the foreign state

from which the entity is relocating, nor by any international agreement between Georgia and that state.

Procedure

Submission of an application with the necessary documents (listed below) to the National Agency of the Public Registry of Georgia (hereinafter referred to as the "Registry") to initiate the procedure.

Based on the submitted documents, the Registry makes a decision to commence the redomiciliation process, which can be checked through the publicly accessible application number. If necessary, the Registry may request additional documents/information.

The Registry makes a decision on the redomiciliation of the company, which can also be checked through the publicly available application number.

Within 6 months from the date of the Registry's decision to register the redomiciliation, the company must submit a properly certified document issued by the authorized body/person of the relevant foreign state, confirming the completion of the redomiciliation in that state and the removal of the company from the foreign registry.

Required Documents

Information/certificate issued by the competent authority of the foreign state confirming that the legislation of that state provides for the possibility of redomiciliation.

- A document confirming the company's registration in the foreign state.

- The founding documents of the foreign (relocating) company.
- A certificate issued by the competent authority of the foreign state stating that no litigation or bankruptcy proceedings are underway against the company, the company is not in the process of reorganization/liquidation, and no criminal proceedings are being conducted against the company or its directors/representatives, and the company has no outstanding tax liabilities.
- A certificate from the relocating company confirming that it is solvent and has no debts/executory obligations to creditors.
- A decision of the relocating company on redomiciliation, specifying the organizational and legal form in which the company will continue its operations.

All the documents listed above must be duly legalized and translated into Georgian (the translation must be notarized by a Georgian notary).

Options for foreign entities operating in Georgia

Business operations through a permanent establishment

A foreign enterprise is considered to be conducting business in Georgia through a permanent establishment (PE) when it maintains a fixed place of business

within the country through which its core commercial activities are carried out, either wholly or in part. The definition of a PE under Georgian law is consistent with international standards, including OECD guidance. Common examples include a branch, office, factory, workshop, or any site of management.

When a PE is triggered, the foreign entity becomes liable for taxation in Georgia on profits attributable to the activities conducted through that establishment. Georgia's corporate tax system applies to permanent establishments under the same rules that govern resident companies. As of 2025, the country follows a profit distribution-based taxation model, under which retained earnings are not taxed. Instead, corporate income tax is assessed only at the point when profits are distributed, whether in the form of dividends or deemed distributions, such as fringe benefits or non-arm's length payments to related parties.

A foreign entity with a PE in Georgia must register with the Revenue Service upon establishing the PE. Following registration, it must maintain accounting records in compliance with Georgian tax regulations, reflecting only the income and expenses attributable to the PE's activity in Georgia. Profits are calculated using standard accounting principles and must be adjusted for tax purposes where required under Georgian law.

Corporate income tax is charged at a flat rate of 15 percent on distributed profits. In addition to CIT, withholding tax obligations may arise when the PE makes certain payments to non-residents, including dividends, interest, royalties, and service fees. The applicable withholding tax rates may

be reduced under an existing double tax treaty, provided that the recipient supplies a valid certificate of tax residency.

A PE must file its annual tax return by March 31st of the calendar year following the reporting year. Monthly or quarterly advance payments are not required under the current tax regime, as tax is assessed only upon profit distribution. Value-added tax registration is required once annual taxable turnover exceeds GEL 100,000, and VAT must be accounted for at the standard rate of 18 percent unless an exemption applies.

Transfer pricing regulations apply to transactions between the PE and related parties. In such cases, transactions must be conducted at arm's length, and the taxpayer must be able to substantiate pricing with appropriate documentation upon request from the tax authorities. Non-compliance may result in adjustments and associated penalties.

Georgia does not impose capital duty, stamp duty, or net worth taxes. Furthermore, most capital contributions are tax-neutral. Foreign investors operating through a PE can benefit from Georgia's broad network of double tax treaties, which provide relief from double taxation and may facilitate repatriation of profits at reduced tax costs.

Business operations through a dependent agent

A non-resident enterprise may be deemed to have a **permanent establishment (PE)** in Georgia not only through a fixed place of business but also through the activities of a **dependent agent**. Under the Georgian

Tax Code, a dependent agent is an individual or legal entity operating in Georgia who acts on behalf of a foreign enterprise and habitually exercises authority to conclude contracts or plays a principal role leading to the conclusion of contracts that are routinely finalized without material modification by the foreign enterprise.

The existence of a dependent agent PE is determined based on substance-over-form principles. A key criterion is whether the agent habitually negotiates and/or concludes contracts on behalf of the foreign enterprise related to the sale of goods, provision of services, or transfer of rights. It is not necessary for the agent to formally sign contracts if their involvement effectively binds the enterprise.

If the agent is legally and economically dependent on the non-resident enterprise—meaning they work exclusively or almost exclusively for it—and does not bear entrepreneurial risk, the agent is classified as dependent. Conversely, independent agents acting in the ordinary course of their business, particularly brokers or general commission agents acting for multiple principals, do not trigger a PE under Georgian law.

Once a dependent agent PE is recognized, the foreign enterprise becomes subject to **Georgian taxation** on income attributable to the business activities carried out through that PE. The tax treatment mirrors that of resident companies and fixed-place PEs. Under the current corporate income tax system, profits are taxed only when distributed or deemed distributed. Until then, retained earnings are not subject to tax.

Upon recognition of a PE via a dependent

agent, the foreign entity must register with the Georgian Revenue Service and maintain separate accounting records for the PE's activities. The calculation of taxable profit involves identifying the income generated through the agent's actions and deducting directly attributable expenses. All intercompany transactions between the foreign enterprise and its PE, including commission fees or service charges, must comply with Georgia's transfer pricing regulations.

Profits distributed by the PE are subject to a flat corporate income tax rate of 15 percent. Additionally, if the PE makes payments to non-resident entities—such as service fees, royalties, or interest—applicable withholding tax rules apply. These rates may be reduced or eliminated under Georgia's extensive network of double tax treaties, provided proper documentation is submitted.

The PE is required to file an annual tax return by March 31st following the end of the reporting year. If the PE reaches the VAT registration threshold of GEL 100,000 in taxable turnover during a calendar year, it must register for VAT and comply with VAT reporting obligations. The standard VAT rate is 18 percent.

To mitigate the risk of unintended tax exposure, non-resident companies are advised to carefully structure the roles and authority of their representatives in Georgia. Legal and tax review of agency contracts and operational practices is essential, particularly where agents play a role in negotiation or client relationship management.

Conducting business through a dependent agent in Georgia can lead to the creation of a permanent establishment and trigger

corporate tax obligations. Foreign enterprises should assess their business models against Georgian tax rules to ensure compliance and manage potential liabilities.

Establishment of a representative office of a foreign entity

A foreign legal entity may establish a **representative office** in Georgia to carry out non-commercial support activities, such as marketing, liaison, information gathering, or coordination. Unlike branches or subsidiaries, a representative office is **not allowed to engage in profit-generating activities** or sign contracts on behalf of the parent company, except for internal administrative needs.

The establishment of a representative office does not, in itself, create a permanent establishment (PE) under Georgian tax law, provided that its activities remain limited to preparatory or auxiliary functions. However, if the representative office engages in core business operations—such as negotiating and concluding contracts or providing services—it may be reclassified as a PE, thereby triggering tax obligations.

Registration Process

To establish a representative office in Georgia, a foreign entity must register with the **National Agency of Public Registry (NAPR)**. The registration process typically includes the following steps:

1. Application Submission – The foreign entity must submit an application for registration of a representative office, signed by an authorized representative.

2. Supporting Documentation

All documents issued outside Georgia must be **apostilled or legalized**, and accompanied by a Georgian translation certified by a local notary.

3. Review and Registration

Once the application and documents are submitted, NAPR reviews the submission, and if all requirements are met, registration is typically completed within **one to two business days**.

Upon registration, the representative office receives an identification number and may proceed to open a local bank account, hire employees, and enter into contracts for administrative purposes (e.g., office rental, utilities, and employment agreements for local staff).

Tax and Reporting Obligations

Because a representative office is not intended to generate income, it is generally **not subject to corporate income tax**. However, it must still register with the **Revenue Service** if it employs staff or engages in transactions that create tax obligations, such as payroll taxes or VAT (in the rare case it engages in taxable supply, which may trigger reclassification as a PE).

Employers must withhold and remit personal income tax, social contributions, and pension contributions on behalf of employees. The representative office must also file monthly tax declarations related to payroll, even if no profit tax applies.

Operational Limitations and Risks

A representative office must strictly limit

its activities to support functions. If it engages in revenue-generating activities or exercises authority to conclude contracts, it risks being classified as a PE. In such cases, the foreign enterprise will be required to register for corporate income tax, file annual returns, and comply with transfer pricing regulations for any intercompany transactions.

The representative office provides a low-risk, low-cost presence in Georgia for foreign entities seeking to explore the market or manage relationships. However, it does not permit direct commercial activity, and foreign entities must monitor the office's functions to avoid unintended tax consequences.

Branch (subsidiary)

Foreign companies may establish a long-term commercial presence in Georgia either through a **branch office** or a **subsidiary company**, depending on the intended level of independence, control, and business activities. Both structures are recognized under Georgian law and enable foreign entities to conduct full-scale business operations, including sales, contracts, employment, and service delivery.

Branch Office

A branch office is an extension of a foreign legal entity and **does not have a separate legal personality**. It operates on behalf of the parent company, which remains fully liable for the branch's obligations. The branch is permitted to engage in all forms of commercial activity in Georgia, provided it is authorized by the parent company.

To register a branch, the foreign company

must submit an application to the **National Agency of Public Registry (NAPR)**. All foreign documents must be apostilled or legalized and translated into Georgian by a certified translator. Once the application is submitted, the branch is typically registered within one to two business days.

The branch must also register with the **Revenue Service** for tax purposes and obtain a tax identification number (TIN). It is subject to the same corporate tax obligations as resident companies, including the 15% corporate income tax on distributed profits, VAT (if applicable), and payroll taxes.

Subsidiary Company

A subsidiary is a **separate legal entity** incorporated under Georgian law. The most common form is a **Limited Liability Company (LLC)**, which offers limited liability protection and operational flexibility. A subsidiary is treated as a Georgian legal entity, even if it is 100% foreign-owned, and is fully entitled to engage in any lawful commercial activity.

To incorporate a subsidiary, the following steps must be completed:

1. Preparation of the Charter – The LLC charter must outline the company's structure, governance, and operational rules.

2. Appointment of Director(s) – At least one director must be appointed. There is no requirement for Georgian residency.

3. Shareholder Resolution – A resolution from the foreign parent company approving the incorporation and capital contribution is required.

4. Company Registration – The incorporation application, charter, and supporting documents are filed with NAPR. The process is usually completed within one business day.

5. Tax Registration – Upon registration, the subsidiary is automatically registered with the Revenue Service and issued a TIN.

There is no minimum capital requirement for LLCs. A local bank account must be opened, and the company must comply with Georgian accounting standards, submit annual returns, and maintain proper financial records.

Like branches, subsidiaries are taxed under the Estonian-style corporate income tax system, where profits are taxed only upon distribution. Subsidiaries are also subject to VAT at the standard rate of 18% if their annual turnover exceeds GEL 100,000.

Key Distinctions

While both branches and subsidiaries allow full operational capacity, the primary distinction lies in **legal liability and autonomy**. A branch's liabilities are legally inseparable from those of the foreign parent, while a subsidiary's obligations are limited to its own assets and structure. In addition, subsidiaries benefit from greater administrative independence and may find it easier to open local bank accounts, secure credit, or participate in tenders.

Establishing a branch or subsidiary in Georgia is a fast, straightforward process with minimal capital barriers. The choice between the two structures should reflect the parent company's long-term objectives, risk appetite, and operational strategy in the Georgian market.

Relationship with company's director

Regulation of the Relationship with the Company Director in Georgia

Director's Duty to Care for the Company – The director is obligated to act in relation to the company in a lawful manner and with the diligence of a good-faith manager. The director is liable to the company for any harm caused due to a violation of this duty.

The director will be released from liability if they acted based on a decision made by the general meeting of shareholders/members, unless the director misled the general meeting.

Liability for violation of this duty (except in cases of intentional violation) may be limited by the company's charter.

Non-Compete Clause

Without the company's consent, the director is prohibited from engaging in activities similar to those of the company or becoming a director of another organization operating in the same industry.

The employment contract with the director may include a provision that the non-compete obligation remains in force after the director leaves their position, but for no longer than 3 years.

Prohibition on the Use of Business Opportunities

The director is prohibited from using the company's opportunities (assets, information, etc.) for personal gain or the benefit of others without the company's consent, where these opportunities become available to the director in the course of fulfilling their duties and could be of interest to the company.

This obligation remains in force for 3 years after the director leaves their position. A shorter period may be established in the director's employment contract.

In case of violation of this obligation, the company may demand compensation for damages, including lost profits.

Major Transactions

If the value of a transaction exceeds 50% of the company's asset balance or a smaller amount specified by the charter, the transaction must be approved by the general meeting of shareholders/members before it is completed.

The company's charter may also require the director to seek approval from the general meeting of shareholders/members or the supervisory board for other transactions, such as transactions where there is a conflict of interest, the sale of fixed assets, real estate transactions, employee bonuses, etc.

Other matters related to the director's activities can be regulated in the employment contract.

When developing the company's charter, the founders should remember that if an independent person is hired as the director, they must retain autonomy in operational management, and their role should not be merely nominal. Significant control over the director's activities may complicate company management both in internal processes and may impose certain restrictions from banks when servicing the company's bank accounts. There are the key points that must be considered when appointing and terminating the powers of the director.

Appointment of the Company Director

The director of the company is appointed to and dismissed from office by the decision of the general meeting of shareholders/members, unless the company's charter specifies that decisions on these matters fall within the competence of the supervisory board.

The director is elected for a term not exceeding 3 years, with the right to be re-elected. If the director is not re-elected upon the expiration of their term, their powers are deemed extended indefinitely.

Conclusion of the Agreement with the Director

An agreement must be concluded with the director. By direct provision of the law, the provisions of labour legislation do not apply to this agreement.

The agreement is concluded on behalf of the company by the chairman of the general meeting or the supervisory board (if the director is appointed based on the decision of the supervisory board).

The agreement with the director must necessarily address the following issues:

- The rights and obligations of the director that will continue after the termination of their powers (e.g., the obligation not to compete with the company and not to use the company's business opportunities for 3 years after the termination of powers);
- Additional guarantees (e.g., health insurance, personal vehicle, compensations, etc.).

If the agreement with the director does not specify the amount of remuneration for the director, it is considered agreed that the director's powers will be exercised free of charge.

Termination of the Director's Powers

The general meeting/board of directors may at any time dismiss the director without providing any reasons. Any agreement that contradicts this rule is deemed invalid. Moreover, the company is not obliged to pay compensation for early termination of the agreement with the director unless otherwise specified in the agreement.

If the agreement with the director does not provide otherwise, the director has the

right to terminate the agreement and thus terminate their powers, provided that they give prior written notice (at least 1 month) to the company. Additionally, the director is legally obliged to convene a general meeting or a supervisory board meeting regarding this matter.

Changing the Director of a Georgian Company

Every company owner will, sooner or later, face the need to change the company director. The lawyers of our firm have developed a step-by-step algorithm for changing the company director and have outlined the key points to be considered.

1. Agreement Among the Company Participants on the Need to Change the Director.
2. Selection of the New Director by the Company Participants and Agreement with Them on the Possibility of Holding the Position.
3. Decision by the General Meeting of Participants on the Termination of the Powers of the Current Director and Appointment of the New Director.
4. Preparation of the Statement for the Change of the Director.
5. Submission of Documents to the Registry for the Director Change.

If the sole participant(s) of the Georgian company are foreign legal entities. Special attention should be paid to the requirements for apostilling or legalizing documents.

Labour Relations And Employment Conditions

Labor relations in Georgia are primarily governed by the Organic Law of Georgia – the Labor Code. The law ensures the protection of employees' rights while allowing flexibility for employers. Key principles include freedom of contract, non-discrimination, fair remuneration, safe working conditions, and the right to unionize. Employment agreements define terms like working hours, salary, leave, and termination.

The labor capacity of an individual arises from the age of 16. A minor under 16 can work with the consent of a legal representative or guardianship authority, as long as the job does not conflict with the minor's interests, harm their development, or interfere with compulsory education. This consent remains valid for future similar jobs.

An employment contract with a minor under 14 years old can be concluded only to carry out activities in the field of sports, art or culture or to perform advertising work.

There are two types of employment contracts: individual (between an employer and an employee) and collective (between an employer and multiple employees).

Contracts can be:

- Oral or written;
- Fixed-term or open-ended

If the duration of the employment relationship exceeds 1 month, it is necessary to conclude an employment contract in writing. Fixed-term contracts are allowed only in specific cases outlined by the Labour Code, except when lasting one year or more.

A written employment contract must be in a language understandable to both parties and may be concluded in multiple languages. If so, it must state which language prevails in case of discrepancies between versions. In order to determine the suitability of a person for the work to be performed, by agreement of the parties, an employment contract may be concluded with the employee only once for a probationary period of no more than 6 months. An employment contract for a probationary period shall be concluded only in writing.

The working hours should not exceed 40 hours per week. Overtime is defined as work exceeding 40 hours per week for adults, 36 hours for minors aged 16-18, and 24 hours for those aged 14-16.

Work on official holidays also counts as overtime. Overtime must be paid at a higher rate or compensated with time off, based on mutual agreement.

Employees are entitled to 24 working days of paid annual leave and 15 days of unpaid leave per year. If granting paid leave disrupts work, it may be postponed to the next year with the employee's consent, but not for more than one year in a row. An employee is entitled to take leave after 11 months of employment. However, by mutual agreement, leave may be granted earlier.

Employees can request maternity, child care, or adoption leave. On the basis of his request, the employee is given paid leave due to pregnancy and childbirth in the amount of 126 calendar days, and in case of complications of childbirth or the birth of twins – in the amount of 143

calendar days. On the basis of his request, the employee is given leave for child care in the amount of 604 calendar days, and in case of complications of childbirth or the birth of twins – in the amount of 587 calendar days. 57 calendar days are paid from this vacation.

According to legislation, remuneration includes all forms of compensation-cash or in-kind-received by an employee from the employer for their work. The type and amount of remuneration are defined in the employment contract and must be paid at least once a month.

If an employee is unable to work due to reasons caused by the employer, they are entitled to full pay during that period unless otherwise stated in the contract. However, if the absence is due to the employee's own fault, no compensation is granted.

Employers are allowed to deduct overpaid amounts or any financial obligations related to the employment relationship from an employee's salary, but the total deduction cannot exceed 50% of the monthly salary.

Under Georgian labor law, the termination of an employment contract must follow legally defined procedures to ensure fairness and transparency. Termination may occur on various grounds, including mutual agreement, expiration of the contract, or the employer's or employee's initiative. Employers are required to provide written notice and, in most cases, a justification for termination. The notice period typically ranges from 30 calendar days, during which compensation may also be required. In certain cases, immediate termination is permitted for gross misconduct.

Labour Migration

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25+ years of legal experience

A foreigner legally residing in Georgia has the right to arrange labor relations with a local employer and carry out paid labor activities.

The employment contract must include:

- Full name, personal number and/or residence permit number and/or passport number of the labor immigrant;
- Name and identification number of the employer organization, or full name and personal number of the individual entrepreneur/natural person;
- Legal and actual addresses, and bank details of the employer;
- Start date and validity period of the employment contract;
- Workplace of the labor immigrant (including the name of the organization and department, if applicable);
- Full address of the workplace;
- Main rights, duties, and responsibilities of the labor immigrant;
- Main rights, duties, and responsibilities of the employer.

The employment contract is concluded only for a specified period, in writing, in the Georgian language and in the native language of the labor immigrant or in another language understandable to him / her.

For the arrangement of labor with the local employer of a labor immigrant and the use of his / her labor, the local employer is obliged to register a labor immigrant in accordance with the procedure established by the legislation of Georgia.

Employers in Georgia are required to register all foreign employees (excluding those with Georgian permanent residence) in a centralized online database managed

by the Ministry of Internally Displaced Persons from the Occupied Territories, Labour, Health, and Social Protection.

This registration must occur within 30 calendar days of signing the employment contract. Failure to comply can result in fines starting at GEL 1,000, with penalties increasing for repeated violations.

Proper registration of foreign employees is now a prerequisite for obtaining or renewing work residence permits and immigration visas. The Ministry of IDP will notify relevant authorities about the termination of an employee's registration, which may affect their visa or permit status.

The Labor Inspection Service is overseeing compliance with these regulations. Employers found in breach may face escalating fines, emphasizing the importance of adhering to the new requirements.

New rule to obtain work permit in Georgia from 1 March 2026

According to recent legislative amendments, from 1 March 2026, foreigners working for a local employer will be required to obtain permits to carry out work activities.

Who is a local employer?

- A legal entity
- An individual entrepreneur
- A partnership
- A representative office of a foreign organization registered in Georgia
- A person legally residing in Georgia who has the right to enter into employment relations with a foreigner without permanent residence and use their labor in Georgia.

Requirements for employers

- Minimum annual turnover for the last 12 months:
 - 50,000 Georgian lari –for all employers.
 - 35,000 Georgian lari –for educational or medical institutions
- The process of employing a foreigner

1. Work permit:

- The employer submits an application after concluding an employment contract.
- Processing time: up to 30 calendar days.
- The permit is tied to a specific employer (if the employer changes, a new permit is required).

2. Employee responsibilities after receiving a permit:

- If located in Georgia:
 - Submit an application for a residence permit (based on employment or IT residence permit) within 10 calendar days.
- If located outside Georgia:
 - Submit an application for a D1 visa within 30 calendar days.
- Exceptions:
 - A residence permit/D1 visa is not required if the foreigner already has a residence permit (on any basis) or works

remotely without entering Georgia. Please note: Entering Georgia while working remotely may result in the cancellation of the permit.

- Information about the employed foreigner is entered on the labourmigration.moh.gov.ge portal.

Transitional period: If foreigners are already working for a local employer until 1 March 2026 and they are registered on migration portal term for requesting resident permit is the end of 2026.

From 1 March 2026, foreign nationals conducting **entrepreneurial activity in Georgia**, including foreign individual entrepreneurs, will be subject to mandatory work authorization requirements. Individual entrepreneurial activity will no longer be permitted solely on the basis of visa-free stay or remote operation.

Foreign individual entrepreneurs will be required to obtain a work permit and an appropriate residence permit issued for entrepreneurial activity. The residence permit will be linked to the registered individual entrepreneur status. As part of the application process, the entrepreneur will generally be required to confirm business registration in Georgia, provide evidence of expected turnover (50 000 GEL annually for each foreign employee, including the individual entrepreneur himself or herself), demonstrate a lawful source of funds (GEL 13,300–14,000 in a bank account), maintain a registered address in Georgia.

Existing individual entrepreneurs registered prior to the reform are expected to benefit from transitional arrangements allowing continued operation for a limited period (until 1 January 2027) while their migration status is brought into compliance. For new individual entrepreneurs, obtaining a residence permit will become a prerequisite for long-term business activity, increasing upfront procedural requirements and limiting the use of fully remote business models without physical presence in Georgia.

5 Licensing



In accordance with the legislation of Georgia, the license/permit shall be subject to such activities or actions that are regulated by the state and are characterized by increased danger to human life or health, include particularly important state or public interests, or are related to the use of state resources. However, state regulation is carried out only if, by issuing a license or permit, it is actually possible to reduce said threat or take into account state or public interests.

License – the right of an administrative body to carry out a defined activity granted to a person on the basis of an administrative act on the basis of satisfaction of the conditions established by law.

Types of licenses

License of activity – a type of license by which a person is granted the right to carry out activities subject to licensing under the law "on licenses and permits". The license to operate is issued by the seeker after meeting the conditions established by law and is related to the subject. Transfer of the license of activity by inheritance or in other form is not allowed

Usage license – a type of license that grants a person the right to use state resources defined by the law "on licenses and permits". The license to use is attached to the object, and the license holder is entitled to divide the license to use and/or transfer all or part of it to another person, including by inheritance.

Permission – the right to carry out an action for a specified or indefinite period under the law" on licenses and permits", which is related to the object and confirms the compliance of this intention with the conditions established by law. It is possible to transfer a permit to another person if it is not prohibited by law or the permit is not substantially related to its owner.

List of licenses of activity

- Infant baby food production-packaging license
- Baby food production-packaging license
- Licence for nuclear and radiation activities
- Licence to use living genetically modified organisms in a closed system
- Licence for production of biological pesticides
- General licence for the production of military products
- General licence for repair of military products (including modernisation and on-site service)
- General licence to trade in military products
- Licence for brokerage of military products
- Licence for the manufacture (fabrication) of civilian weapons, basic elements of firearms, ammunition and basic elements of ammunition
- Licence for the repair of major elements of civilian and firearms
- Licence to trade in civilian arms, basic elements of firearms, ammunition and basic elements of ammunition
- Licence to manufacture, purchase, import or export electronic surveillance equipment
- Licence to manufacture, import or export electronic communications interception systems
- Licence for private broadcasting
- Licence for public broadcasting
- Licence for electricity generation
- Licence for electricity transmission
- Licence for electricity distribution
- Licence to operate in the electricity market
- Licence for natural gas transmission
- Licence for natural gas distribution
- Licence to operate a natural gas storage system
- Licence to operate natural gas liquefaction equipment
- Licence to operate on the natural gas market
- Licence for natural gas transportation
- Licence for oil refining
- Licence for reprocessing natural gas
- Licence for oil transportation
- Licence for educational activities
- Licence for life insurance
- Licence for insurance (not life)
- Licence for reinsurance
- Licence for bank industry
- Licence to operate by a microbank
- Non-bank deposit and credit licence
- Licence of the securities registrar
- Licence for broker industry
- Stock exchange licence
- Central Securities Depository Licence
- Licence for asset management
- Licence to provide emergency medical care
- Licence for forensic medical expertise
- Licence for forensic psychiatric expertise
- Licence for pathological anatomical activity
- Licence to work with highly dangerous pathogens
- Licence for industrial transfusiological activities

- Licence for private security activity
- Licence for law enforcement activities
- Licence for water supply
- Licence for export of state scrap metal and non-ferrous metals sunk in the territorial sea and internal waters of Georgia

List of Usage licenses

- Licence for mineral extraction
- Licence for the use of underground space
- General licence for the use of oil and gas resources
- Special licence for hunting
- Fishing licence
- Licence to use radio frequency spectrum
- Licence to use Sochi cones and whitefly bulbs and/or cochineal scrolls listed in the annexes of the Convention on International Trade in Endangered Species of Wild Flora and Fauna (CITES) for export purposes

List of Permissions

- Permission for transit of products under veterinary control
- Import permission for products under veterinary control
- Import permission for products of plant origin under phytosanitary control
- Permission for waste import, export and transit
- Permission to import, export, re-export and transit substances under the Montreal Protocol on Ozone Depleting Substances of 1987
- Permission to use industrial explosives

- Permission for acquisition and transfer of radioactive materials
- Import, export of radioactive materials, raw materials from which nuclear material can be obtained or produced, equipment containing radioactive substances, nuclear technology or know-how, as well as export, import and transit of radioactive sources
- Disposal of radioactive waste
- Permission to export, import, re-export and import species, their parts and derivatives from the sea included in the annexes of the Convention on International Trade in Endangered Species of Wild Flora and Fauna (CITES)

Permission for aquaculture farming

- Extensive permission for aquaculture farming
- Permit for the acquisition (storage) by an individual of a short-barreled firearm for self-defence or a short-barreled sporting weapon
- Permit to an individual to purchase (keep and carry) defensive gas weapons, hunting firearms or sporting long-range firearms
- Permit to acquire (store and carry) civilian weapons
- Permit for the export from Georgia of civilian firearms and/or gas weapons purchased in Georgia by a foreign citizen
- Permit of a foreign citizen to bring hunting or sporting firearms and/or ammunition into Georgia and from Georgia outside Georgia
- Permit to open an indoor and/or semi-enclosed shooting range, firing range and/or shooting and hunting

- stand
- Permit to import hunting and/or sporting firearms, their main elements and/or ammunition into Georgia
- Permit for the temporary export and import from Georgia of hunting and/or sporting firearms, their main elements and/or ammunition thereof
- Permission to import, export, re-export or transit civilian arms, basic elements of firearms, ammunition and ammunition therefor
- Permission for import of military products
- Permission to export military products
- Permission for transit of military products
- Permission for brokering services in respect of military products
- Permission to provide technical assistance for military products
- Permission to collect and display weapons
- During the visit of representatives of foreign countries and international organisations, as well as other important persons accompanying them, a permit shall be issued for the import of arms and ammunition into Georgia, their export from Georgia and their movement into Georgia
- Permission to transport weapons and ammunition
- Permit of a citizen of Georgia to import or export civilian firearms and/or gas weapons, their main elements and/or ammunition into Georgia (except for transit and re-export)
- Construction permit (except for construction of radiation or nuclear facilities of special importance)
- Permit for construction of facilities of special importance (except for radiation or nuclear facilities)

- Permit for construction of radiation or nuclear facilities
- Permit for regular passenger transport within the administrative boundaries of the municipality
- Permit to drive a taxi car (category M1) in the capital of Georgia
- Permission for import of dual-use products
- Permission to export dual-use products
- Permission for transit of dual-use goods
- Brokerage permission for dual-use products
- Permission for technical assistance for dual-use products
- Permit to carry out specialised work (aviation work)
- Permission for irregular international air transport-shipping permit
- Permit for road passenger transport
- Permit for international road transport
- Permit for one-off international road transport of goods (in excess of the established quota) carried out by a foreign carrier from the territory of Georgia
- Permission to apply the free trade clause
- Permission to operate a customs warehouse
- Permission to open a casino
- Permit to organise a gambling club
- Permission to carry out gambling and/or profitable games
- Permit to organise casino games in system-electronic form
- Permit to organise a gaming machine parlour
- Permit to organise gaming machines in system-electronic form
- Permit to organise a betting shop
- Permit to organise betting shop games in system-electronic form
- Permission to hold a lottery
- Permission to organise a bingo game
- Permission to organise an incentive lottery
- Permission to organise a cigar bar
- Permission to import or export medicinal products under special control
- Permission to conduct clinical trials of a pharmacological product
- Permission for pharmaceutical production (of medicines, except narcotic drugs)
- Permission for a pharmacy industry
- Permit for import of non-iodised salt
- Permit to carry out works on a cultural heritage site
- Permission for archaeological works
- Permission for the export of Georgian cultural property from Georgia
- Permission to place outdoor advertising
- Permission to hold an hospital

6 Foreign Trade

General provisions on foreign trade/external economic activities of goods, works, and services

Georgia maintains a liberal, open trade regime that supports the free movement of goods, services, and capital in accordance with its commitments under the World Trade Organization (WTO) and regional trade agreements, including the EU-Georgia Deep and Comprehensive Free Trade Area (DCFTA). The country's legal and institutional framework facilitates external economic activity with minimal administrative barriers, encouraging private sector engagement in international trade and investment.

Foreign trade in goods, works, and services is governed by several key legislative acts, primarily the **Law of Georgia on Licensing and Permits**, the **Customs Code of Georgia**, the **Tax Code of Georgia**, and sector-specific regulations aligned with international standards. These laws set out the rights and obligations of domestic and foreign economic operators engaged in cross-border activities, while protecting the public interest through mechanisms such as technical regulation, sanitary and phytosanitary measures, and trade defense instruments.

As a general principle, Georgia does not impose export or import licensing requirements unless such measures are necessary to comply with international

obligations, ensure national security, protect public health, or safeguard natural resources. Where licensing is required for instance, for military goods, dual-use items, or certain agricultural products—the procedure is governed by specific regulations and typically involves coordination with relevant ministries or regulatory agencies. These procedures are publicly available, time-bound, and subject to appeal, ensuring transparency and predictability for businesses.

The Customs Code is in force since 2012 and regularly updated, governs customs clearance, classification, valuation, and origin of goods. Georgia applies the Harmonized System (HS) for tariff classification and adheres to WTO valuation rules. Most goods can be imported or exported without restriction, and customs duties are applied at low, uniform rates 0%, 5%, or 12% with no seasonal or variable duties. Preferential tariffs apply under Georgia's free trade agreements with the EU, EFTA, China, Turkey, CIS countries, and others.

Service exports and imports are largely liberalized. There are no general restrictions on the provision of services by foreign entities unless otherwise provided by law. Professional service providers may be subject to licensing or qualification requirements based on national standards or mutual recognition agreements. Cross-border supply, commercial presence, and temporary movement of service providers are permitted in accordance with Georgia's WTO commitments under the General Agreement on Trade in Services (GATS) and bilateral agreements.

Georgia does not impose currency controls or foreign exchange restrictions on current or capital transactions. Foreign investors

and exporters are free to repatriate profits, dividends, and other capital in foreign currencies without limitations. International contracts may be concluded in any currency, and payments may be made freely through licensed commercial banks.

Government policy actively supports foreign trade through simplified customs procedures, digital platforms (such as the Unified Electronic Window for trade operations), and trade promotion instruments administered by agencies such as Enterprise Georgia and Invest in Georgia. Dispute resolution mechanisms are available through national courts or international arbitration in accordance with applicable treaties and contracts.

Georgia's liberal trade regime, strategic location, and expanding network of trade agreements make it a competitive platform for accessing regional and global markets. The legal framework provides a stable, transparent, and business-friendly environment for companies engaged in external economic activities involving goods, works, and services.

Certification (declaration of conformity)

Certification and conformity assessment procedures are key components of the national quality infrastructure, ensuring that goods placed on the market—whether domestically produced or imported meet

established safety, health, and technical standards. These procedures are governed by the Law of Georgia on Product Safety and Free Movement of Goods, the Law on Technical Regulation, and the Law on Accreditation, with oversight from designated state bodies including the Market Surveillance Agency, the Georgian National Agency for Standards and Metrology (GeoSTM), and the Accreditation Center of Georgia (GAC).

For most regulated products, conformity with mandatory technical regulations must be demonstrated through either **certification** or a **declaration of conformity** before the product can be imported, marketed, or distributed within Georgia. The applicable conformity route depends on the risk category of the product and the specific requirements of the relevant technical regulation.

The **declaration of conformity** is a formal attestation by the manufacturer or importer that the product complies with the applicable Georgian technical regulations and safety requirements. It must be supported by a technical file, which includes test results, risk assessments, product specifications, and other relevant documentation. For lower-risk products, self-declaration is permitted, provided the technical file is complete and available for inspection upon request by the Market Surveillance Agency.

For higher-risk products, such as construction materials, gas appliances, electrical equipment, toys, and personal protective equipment—third-party certification by a **conformity assessment body (CAB)** accredited by the **Georgian Accreditation Center** is required. These bodies must operate in accordance with ISO/IEC 17065

(product certification) and be officially recognized by the state. In such cases, a certificate of conformity is issued following testing, inspection, and, if necessary, factory audits.

Foreign exporters wishing to place goods on the Georgian market must ensure compliance with these requirements. If a product has already been tested and certified in accordance with EU harmonized standards and bears the **CE marking**, and the relevant Georgian technical regulation is aligned with EU legislation, the Georgian authorities may accept the documentation as evidence of conformity. However, formal recognition is not automatic, and importers are responsible for verifying that the documentation meets national standards and submitting declarations or certificates accordingly.

In the absence of mutual recognition agreements, foreign conformity documents (e.g., ISO certifications or test reports from third countries) may be considered as supporting documentation, but they do not replace the requirement for conformity assessment under Georgian law. Where applicable, testing must be repeated by an accredited local body or an internationally recognized laboratory with mutual accreditation agreements (ILAC/MRA signatories).

Imported products subject to conformity assessment must be accompanied by the appropriate declaration or certificate at the point of customs clearance. The Georgian Revenue Service, in cooperation with the Market Surveillance Agency, may verify documentation during import procedures. Failure to provide valid conformity documents may result in suspension of customs clearance, administrative penalties, or denial of market access.

To reduce administrative burdens, Georgia has adopted digital systems for submitting and verifying conformity documentation. The **Unified Electronic System of Technical Regulation and Market Surveillance** allows importers and manufacturers to upload declarations, technical files, and certificates for review by regulatory authorities.

Customs measures for the protection of intellectual property objects (trademark registry, prohibition of parallel imports)

Georgia enforces a comprehensive framework of customs measures aimed at protecting intellectual property (IP) rights at the border, in accordance with the WTO Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS), its Free Trade Agreements, and domestic legislation. The legal basis for these measures is primarily established under the **Customs Code of Georgia**, the **Law on Trademarks**, and the **Law on Border Measures Related to Intellectual Property**.

Trademark Registry and Customs IP Recordation

To activate customs protection, rights holders must submit an application to

register their intellectual property with the **Customs IP Register**, maintained by the Revenue Service. The application must include details of the registered trademark, patent, or other protected IP object, a description of the genuine product, identifying features of infringing goods, and proof of ownership (such as a trademark registration certificate issued by the **National Intellectual Property Center of Georgia – Sakpatenti**).

Customs recording remains valid for one year and can be renewed upon request. During this period, customs officials are authorized to detain suspected infringing goods ex officio or upon detection during inspection. When a potential violation is identified, customs authorities notify the rights holder and suspend the release of the goods for a period of 10 working days (extendable to 20), allowing the rights holder to initiate judicial proceedings or request a further injunction.

Rights holders are required to cover the costs of storage and disposal of detained goods and may also be required to post

a security deposit to prevent abuse of the procedure. If no legal action is taken within the specified timeframe, the goods are released unless other legal grounds exist for continued detention.

Prohibition of Parallel Imports

Georgia does not prohibit parallel imports as a general rule. The country follows the principle of international exhaustion of rights, meaning that once a trademarked product has been lawfully placed on the market anywhere in the world by the rights holder or with their consent, it may be imported and resold in Georgia without constituting an infringement. This approach is intended to promote price competition and consumer access to legitimate goods.

However, certain exceptions may apply. If the parallel-imported product materially differs from the product originally authorized for the Georgian market (e.g., due to differences in safety, labeling, or warranty terms), or if the import misleads

consumers regarding the origin, quality, or affiliation, such import may be challenged under the unfair competition or consumer protection laws. In such cases, customs authorities may take enforcement action upon request from rights holders.

Enforcement and Penalties

If the competent court confirms the infringement of intellectual property rights, infringing goods may be confiscated, destroyed, or otherwise disposed of without compensation to the importer. Repeat violations may lead to administrative or criminal penalties under Georgian law. Customs authorities are also empowered to exchange information with other enforcement agencies to combat counterfeit trade and protect public safety.

Georgia has taken steps to modernize its border IP enforcement system, including electronic tools for rights holder registration, risk-based targeting, and enhanced cooperation with Sakpatenti and international customs networks.

Investments



Special investment regimes

Georgia operates several special investment regimes aimed at promoting foreign direct investment, boosting exports, and encouraging innovation in strategic sectors. These regimes established through sector-specific legislation provide qualified investors with preferential tax treatment, customs exemptions, and simplified regulatory procedures. Key special regimes include Free Industrial Zones (FIZs), International Company Status, Virtual Zone Status for IT companies, and Special Trading Company Status.

Free Industrial Zones are legally defined areas within Georgia where companies benefit from significant tax exemptions and customs privileges. As of 2025, FIZs are operational in Poti, Kutaisi, and Tbilisi. Businesses licensed by zone administrators may operate under this regime, provided they engage in permitted activities such as manufacturing or export-oriented services. Companies within FIZs are exempt from corporate income tax, VAT on exported goods, and customs duties on goods brought into or shipped out of the zones. Authorization to operate in an FIZ is issued by the zone administrator, under the oversight of the Ministry of Economy and Sustainable Development.

The International Company Status was introduced under the Tax Code of Georgia to attract foreign companies in the information technology and maritime sectors. Eligible applicants must be registered in Georgia and demonstrate operational experience in the relevant

field through an affiliated foreign parent company. Once status is granted by the Revenue Service, the company becomes subject to a reduced corporate income tax rate of five percent and benefits from preferential rates on personal income and dividend taxes. This regime supports the relocation or expansion of high-value services into Georgia and aligns with Georgia's commitment to a competitive and innovation-driven economy.

The Virtual Zone Status applies specifically to companies operating in the information technology sector that export digital services. The regime allows for full exemption from corporate income tax on revenues derived from services delivered to non-resident clients. Eligible companies must apply to the Ministry of Finance and demonstrate that their services are rendered to clients outside of Georgia. The status is particularly attractive to software developers, cybersecurity firms, and remote digital service providers.

Special Trading Company Status is granted to companies engaged in the import and re-export of goods that are not substantially altered in Georgia. Such companies may be exempt from VAT on exported goods and may also benefit from favorable corporate income tax treatment, provided that they maintain appropriate documentation of export activity and are duly registered with the Revenue Service. This regime facilitates Georgia's role as a trade and logistics hub and reduces the tax burden on intermediary trade activities.

All companies operating under these special regimes are afforded the general legal protections granted to investors in Georgia, including national treatment,

non-discrimination, repatriation rights, and access to international dispute resolution under applicable investment treaties. Legal guarantees are further supported by Georgia's Law on Promotion and Guarantees of Investment Activity and the network of bilateral and multilateral trade and investment agreements.

These regimes are administered by respective government bodies, including the Revenue Service, the Ministry of Finance, and the Ministry of Economy and Sustainable Development, and operate through established application and monitoring procedures. Georgia's special investment frameworks are designed to ensure transparency, regulatory clarity, and predictability for foreign investors.

In addition to the above regimes, Georgia provides targeted incentives for innovation-driven businesses under the Law on Innovation of Georgia (2025).

Companies developing innovative products, services, or processes may obtain innovative startup status, which allows access to state-supported acceleration programs and innovation grants administered by the Georgian Innovation and Technology Agency. Companies registered in the Innovation Registry may be eligible for preferential tax treatment, including a reduced personal income tax rate of five percent on remuneration paid to employees directly engaged in research and development activities, subject to statutory conditions.

Georgia's distributed profit tax model also applies, under which corporate income tax is levied only upon profit distribution. Separate legislation further provides for the status of an innovative small or medi-

um-sized enterprise, granted to qualifying companies with significant research and development expenditure, which is not subject to a time limitation.

Investment protection under local legislation (regulatory framework) and international treaties

The regulatory framework governing investment protection is primarily defined by the **Law of Georgia on Promotion and Guarantees of Investment Activity**, supplemented by provisions in the **Civil Code**, **Tax Code**, and relevant sector-specific laws. These protections are further underpinned by Georgia's commitments under bilateral investment treaties (BITs), multilateral conventions, and free trade agreements.

Under the Law on Promotion and Guarantees of Investment Activity, investors are granted national treatment, meaning foreign investors are treated no less favorably than domestic investors under similar circumstances. The law prohibits arbitrary or discriminatory measures against

investors and ensures full protection of lawful property rights. Expropriation of investment is prohibited except in cases of public necessity, as defined by law, and only when conducted in a non-discriminatory manner, under due legal process, and against prompt, adequate, and effective compensation.

The law guarantees the unrestricted repatriation of profits, dividends, proceeds from the sale of an investment, capital, and other financial assets in a freely convertible currency. Investors are also entitled to convert and transfer their capital without delay, in accordance with the rules established by the National Bank of Georgia. Currency convertibility and transfer rights are protected both under national law and international agreements.

Investors have the right to appeal any unlawful or damaging act of a Georgian authority before the national courts of Georgia. Additionally, foreign investors are entitled to resolve disputes through international arbitration if such a right is provided under an international treaty or an agreement with the host state. Georgia is a party to the **Convention on the Settlement of Investment Disputes between States and Nationals of Other States (ICSID Convention)**, and accepts the jurisdiction of international arbitration forums such as the **International Centre for Settlement of Investment Disputes (ICSID)** and **UNCITRAL**, subject to prior agreement.

Georgia has concluded over 30 bilateral investment treaties, including with key economic partners such as the United States, Germany, the United Kingdom, China, and Turkey. These treaties typically provide for protection against expropriation, most-favored-nation and national treatment, free transfer of funds, and access to investor-state arbitration. Additionally, Georgia is a member of the **Energy Charter Treaty**, which provides similar guarantees for investments in the energy sector.

In the framework of the EU-Georgia Association Agreement and the Deep and Comprehensive Free Trade Area (DCFTA), Georgia has committed to maintaining high standards of investment protection, regulatory transparency, and non-discriminatory treatment of investors from EU Member States. These obligations are incorporated into domestic legislation and monitored through regular EU-Georgia cooperation mechanisms.

Georgia does not impose mandatory local ownership or joint venture requirements in most sectors, and there are no limitations on the acquisition of real estate or shares by foreign investors, except for certain restrictions on agricultural land ownership. These restrictions are governed by the Constitution of Georgia and implemented through relevant statutory instruments.

8 Real estate



Top 8 Features of Real Estate Transactions in Georgia

1. Simple Written Form: Purchase and lease agreements for real estate are required to be in a simple written form.

2. Registration of Purchase Agreements: Real estate purchase agreements must be registered and entered into the state registry by submitting the relevant documents to the National Agency of the Public Registry of Georgia.

3. Registration of Lease Agreements: Real estate lease agreements are also subject to state registration if the following conditions are met:

- One of the parties to the contract is a legal entity;
- The contract is concluded for a term of more than one year

4. Foreigners' Rights to Purchase Property: Foreign nationals are entitled to purchase any real estate in Georgia, except for agricultural Land (which can only be acquired by Georgian citizens).

5. Investment Residence Permit: The purchase of real estate in Georgia for an amount exceeding \$300,000 (value confirmed by an appraisal) provides grounds for obtaining a short-term investment residence permit valid for 1 year, with the possibility of extension.

6. Purchasing Property Under Construction: Georgian legislation also allows the purchase of real estate under construction, and this is a common practice in the construction industry.

7. Joint Property of Spouses: Property acquired in Georgia by one of the spouses (non-citizens of Georgia) generally becomes the joint property of both spouses.

Important Note: It is crucial to verify the legal status of the property and the parties involved, as well as to ensure that the agreement is correctly drafted. Otherwise, there is a risk that the transaction may be declared invalid, resulting in additional unplanned costs and losses.

- The Law of Georgia on State Registration of Rights to Immovable Property and Transactions Therewith: Specifically governs the registration process for real estate and property rights.
- National Agency of Public Registry (NAPR): The central government body responsible for the registration of real estate transactions, rights, and encumbrances.

The Real Estate Registration Process

The process of registering real estate in Georgia involves the following steps:

- Application for Registration
- Title Verification & Due Diligence:
- Registration Entry:
- Issuance of Certificate

Types of Real Estate Rights

Georgia recognizes several types of real estate rights, including:

- Ownership Rights: The right to possess, use, and dispose of the property.
- Lease Rights: The right to lease or rent real estate.
- Mortgage Rights: Rights granted to lenders to secure a debt via real estate.
- Servitude Rights: Rights for specific property uses, such as access or utilities.
- Usufruct Rights: The right to use and benefit from the property, typically for a specified period.

Legal Framework for Real Estate Registration in Georgia

The registration of real estate in Georgia is governed by several key legal acts:

- The Civil Code of Georgia: Establishes the foundation for property rights and transactions.

Real Estate Transactions

Real estate transactions in Georgia, including buying, selling, leasing, and mortgaging, must follow legal procedures to ensure their validity:

- **Contract Signing:** A legally binding contract must be signed by all parties involved (buyer, seller, lessor, etc.), outlining the terms of the transaction.
- **Notarization:** Certain transactions, such as real estate sales, may require notarization to validate the contract.
- **State Registration:** The transaction must be registered with NAPR to ensure legal recognition of the transfer of rights.
- **Payment of Fees:** Fees, including registration costs and taxes, must be paid as part of the process.

Mortgage Registration

When real estate is mortgaged:

- **Agreement:** A loan agreement is signed between the borrower and the lender, detailing terms such as the loan amount, repayment schedule, and interest rate.
- **Mortgage Registration:** The mortgage agreement is registered in the public registry, providing legal protection to the lender in the event of default.
- **Enforcement Rights:** If the borrower defaults, the lender may enforce the mortgage and, through judicial procedures, sell the property to recover the debt.

Public Access to Real Estate Information

The real estate registry in Georgia is publicly accessible, ensuring transparency:

- **Online Access:** NAPR provides online services where individuals and legal entities can search real estate records, request certificates, and perform other tasks.
- **Documents Available:** Information about property ownership, encumbrances, and restrictions can be easily accessed by anyone, reducing the risk of fraudulent transactions.

Electronic Registration

Georgia has modernized its registration process through electronic systems, making it quicker and more efficient. Applications, fee payments, and certificate issuance can all be completed online through the NAPR digital services

Tax Considerations

Engaging in real estate transactions in Georgia may have tax implications:

- **Property Tax:** Property owners are subject to taxation, which varies based on the value and location of the property.
- **Income Tax:** Income generated from the sale or rental of real estate is subject to taxation.

Land rights and transactions: ownership rights of foreign nationals

Acquisition of Land for Construction in Georgia

The construction sector is one of the most profitable and rapidly developing industries in the Georgian economy. The interest of investors in this field has led to increased demand for land plots intended for construction.

However, land acquisition transactions have specific characteristics, and ignoring these may pose certain risks for investors.

Acquisition of Land in Georgia

As a general rule, land acquisition in Georgia can be carried out through the following methods:

- Sale and purchase agreement or any other transaction that is not prohibited by law, entered into with the previous owner (such as gifting, exchange, or other transactions);
- Auction;
- Inheritance.

Points to Consider While Acquiring Land in Georgia:

To check for encumbrances on the land plot being acquired through the website www.my.gov.ge;

To verify the permitted use of the land plot (via www.tas.ge), as changing this designation may involve both financial and time-related costs;

Foreigners are prohibited from acquiring agricultural land. The only way for a foreigner to obtain such land is through inheritance. Renting agricultural land is permitted for foreign citizens. In case of a legal entity acquiring such land, more than 50% of the shares/ownership interests of the entity must be owned by Georgian citizens;

Sale and purchase agreement must be registered and included in the public registry by submitting the relevant documents to the National Agency of Public Registry of Georgia.

Residence permits based on property ownership in Georgia

Georgia provides two main residence permit options linked to property ownership, that are often relevant to foreign entrepreneurs planning to live and do business in Georgia: a **short-term residence permit based on property ownership** and a **residence permit based on investment**. Although both rely on real estate or capital investment, they differ significantly in thresholds, legal effects, and strategic use.

The **short-term residence permit based on property ownership** is granted to foreign nationals who own non-agricultural real estate in Georgia with a minimum market value established by law and confirmed by a certified Georgian appraiser. This permit is typically issued for one year and may be renewed annually as long as ownership of the qualifying property is maintained. As part of the recent migration reforms, the minimum property value required for this short-term permit has been increased. Previously set at USD 100,000, the threshold

has been raised to **USD 150,000**, which materially increases the entry cost for this residency route.

The **investment-based residence permit** represents a separate and more capital-intensive pathway. It is designed for foreign investors who make a significant investment in Georgia, commonly at a level of **USD 300,000 or more**, either through real estate, a Georgian company, or other qualifying economic assets (excluding agricultural land). This type of permit is usually granted for a longer initial period and may serve as a step toward permanent residence, provided the investment is maintained and additional conditions are fulfilled. Compared to the short-term property permit, the investment residence route is more demanding in terms of documentation, source-of-funds verification, and economic substance, but it offers greater stability for long-term business planning.



Banks and finance

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Opening Bank Accounts in Georgian Banks: Current Offers from Georgian Banks

Georgia is among the countries whose banks offer attractive financial conditions for foreign nationals.

- Presence of major banks that continuously expand their product offerings
- Possibility of remote account opening
- Provision of high-quality banking services for Wealth Management clients, specifically:
 - ◆ Private banker services;
 - ◆ Commission-free cash withdrawals;
 - ◆ Various investment options, including bonds on European and US stock markets.
- Ease of account opening (in many cases, only a passport and proof of income are required);
- Multi-currency banking options (most Georgian banks provide services for transactions in multiple currencies, which is beneficial for individuals engaged in cross-border financial operations);
- Low initial deposit requirements (in some cases, no initial deposit is required);
- Low fees and interest rates;
- Favourable interest rates on bank deposits.

Minimum Document Requirements for Account Opening

In Georgia, premium banking services are available to clients who meet certain financial thresholds. These services typically include exclusive account packages, premium cards delivered by courier, and access to personal bankers.

Eligibility often requires a monthly income starting from ₾3,000–₦4,000, or maintaining deposits or credit balances of ₾100,000 or more. Wealth management services are also offered to high-net-worth individuals, providing tailored investment options, attractive deposit terms, and specialized financial solutions.

Domestic settlements, conditions for currency transactions

Georgia maintains a liberal and transparent legal framework for currency operations and domestic financial settlements, aimed at supporting free trade, investment, and the movement of capital. All currency and settlement rules are governed by the **Law of Georgia on the National Bank**, overseen by the **National Bank of Georgia (NBG)**. The system is characterized by low restrictions, market-determined exchange rates, and full current account convertibility.

Domestic Settlements

All transactions between Georgian residents (individuals and legal entities) must be conducted in the **national currency, the Georgian lari (GEL)**. This requirement applies to:

- Sale and purchase of goods or services within Georgia;
- Payment of wages, rent, dividends, and interest;
- Financial obligations and contracts concluded between residents.

Even if parties agree to peg contract values to a foreign currency (such as USD or EUR), the actual payment must be executed in lari for transactions within the country. Non-compliance may result in administrative sanctions.

Exceptions to this rule apply only in narrowly defined cases, such as:

- Foreign currency-denominated loans issued by licensed financial institutions;
- Transactions involving certain state obligations;
- Currency exchanges conducted by licensed entities.

Use of Foreign Currency in Georgia

Foreign currency transactions are permitted primarily for **international dealings** and are freely conducted between residents and non-residents or among non-residents. Key points:

- There are **no capital controls** on the inflow or outflow of foreign currency;
- Residents can hold and maintain **for-**

Currency Exchange and Banking Operations

Currency exchange in Georgia is handled through a **network of licensed banks and currency exchange bureaus**. Exchange rates are market-driven and not fixed by the central bank. Individuals and companies may freely convert GEL into foreign currencies and vice versa.

The National Bank of Georgia operates a **real-time gross settlement (RTGS)** system for large-value interbank transfers, and businesses can settle both GEL and foreign currency transactions through commercial banks, subject to banking regulations and anti-money laundering (AML) compliance.

Foreign Currency Accounts and Payments

Both residents and non-residents may open **multi-currency bank accounts** in Georgia. International wire transfers are not restricted but must comply with local

- **foreign currency accounts** with Georgian banks;
- Imports, exports, foreign investments, and cross-border services can be settled in foreign currencies;
- Businesses may price goods or services for export in any convertible currency.

AML rules and be processed through licensed financial institutions.

Businesses engaged in frequent cross-border operations typically maintain **foreign currency accounts** to facilitate supplier payments, dividend repatriation, or loan servicing in foreign currency.

Currency Control and Reporting Obligations

While Georgia does not impose capital controls, certain currency operations are subject to **reporting requirements**, especially those involving large sums or international transfers. Financial institutions must:

- Monitor transactions for AML and anti-terrorism financing compliance;
- Report suspicious or unusually large transfers to the **Financial Monitoring Service of Georgia**;
- Conduct due diligence for non-resident account holders.

Currency regulation

The framework is governed primarily by the **Law of Georgia on the National Bank** and supervised by the **National Bank of Georgia (NBG)**. The current system imposes minimal restrictions and allows broad use of foreign currency under defined conditions.

Strict lending rules: Restrictions on foreign currency loans

On 1 August 2025, changes entered into force imposing significant restrictions on foreign currency lending.

Essence of the regulation

Loans issued in Georgia for up to 750,000 lari to Georgian citizens and resident legal entities must be issued ONLY in Georgian lari.

When restrictions do NOT apply (exceptions):

These rules do not apply to the following cases

- Large obligations: The borrower's total obligations to a single lender exceed 750,000 lari (obligations secured by cash/guarantees are not taken into account).
- Non-residents: Loans/credits are issued to persons who do not have Georgian citizenship and/or legal entities that are not registered in Georgia.
- Foreign currency income: The borrower receives sufficient income in the currency of the loan (the income must be independent of currency fluctuations and related to the country where that currency is the national currency).
- Currency collateral: The loan/credit is fully secured by cash in the same currency.
- Refinancing/restructuring is carried out in the same currency without increasing the amount of existing obligations.

Core Features of the Currency Regulation Framework

1. Free Convertibility

Georgian law allows for the free conversion of national currency (GEL) into foreign currencies and vice versa. There are no restrictions on current account operations

or foreign exchange availability for legal or natural persons.

2. Market-Based Exchange Rate

The lari operates under a **floating exchange rate system**, with rates determined by supply and demand in the interbank currency market. The NBG may intervene to reduce volatility but does not fix the rate.

3. Mandatory Use of GEL in Domestic Transactions

Residents must conduct domestic transactions – including sales, salaries, leases, and services – **in Georgian lari (GEL)**. Contracts may express amounts in foreign currency, but the actual settlement must occur in GEL unless a specific legal exemption applies.

4. Permitted Use of Foreign Currency in Cross-Border Transactions

Transactions involving non-residents (e.g., imports, exports, foreign loans, investments) **can be denominated and settled in foreign currencies** without restriction.

5. Freedom to Hold Foreign Currency Accounts

Residents and non-residents may open and operate **multi-currency accounts** with Georgian banks. These accounts can be used for foreign trade settlements, investment flows, and repatriation of profits.

6. No Restrictions on Repatriation

There are **no currency controls on repatriating profits, dividends, or capital**. Foreign investors may freely remit income abroad, subject to proper tax compliance

and banking documentation.

7. Currency Exchange Licensing

Currency exchange operations are allowed only through **licensed commercial banks and exchange bureaus**. Rates are set freely and vary across providers.

8. Reporting Obligations and Oversight

While no prior approval is required for most currency transactions, **banks and financial institutions are required to report** large or suspicious operations under **anti-money laundering (AML) and financial monitoring laws**. Transactions exceeding GEL 30,000 (or equivalent) are subject to enhanced scrutiny.

9. Cross-Border Loan Regulations

Foreign currency loans from abroad are permitted. However, **resident borrowers must register loan agreements** with the National Bank of Georgia if the loan exceeds certain thresholds or is granted for a prolonged term.

10. Capital Account Liberalization

There are **no restrictions on capital transfers**, including foreign direct investments, portfolio investments, or property purchases by non-residents. However, certain sectors may be subject to regulatory review under investment or licensing laws, not currency control rules.

Cryptocurrency circulation in Georgia

Georgia does not yet have a comprehensive law specifically regulating cryptocurrency, but its current legal and regulatory approach is broadly permissive. While cryptocurrencies like Bitcoin and Ethereum are **not recognized as legal tender**, their circulation, exchange, and use for investment or business purposes are **not prohibited**. The government applies a **light-touch regulatory framework**, with oversight primarily concentrated on taxation, anti-money laundering (AML), and consumer protection.

Legal Status

Cryptocurrencies are classified as **intangible assets**, not as a means of payment or official currency. This means:

- They are **not backed or issued by the state**;
- They may be held, transferred, bought, or sold freely by individuals and businesses;
- They **cannot be used for payments between residents** in domestic transactions (which must be settled in GEL).

Mining Activities

Georgia has become a regional hub for cryptocurrency mining due to its low electricity costs and open policy environment. Mining is **legal and treated as a commercial activity**:

- Entities engaged in mining must register as businesses and pay taxes accordingly;
- No specific license is required, but large-scale operations must comply with **energy usage regulations** and general business law.

Taxation of Crypto Transactions

The **Revenue Service of Georgia** treats cryptocurrency as property for tax purposes. As such:

- **Mining income**, if derived as part of business activity, is subject to **corporate income tax**;
- **Capital gains** from the sale or exchange of cryptocurrency may be taxable for legal entities;
- Individuals are generally **not taxed on personal crypto gains**, unless the activity is deemed entrepreneurial;
- Cryptocurrency transactions are **not subject to VAT** under current tax interpretations.

AML and Exchange Regulation

Crypto exchanges and wallet providers operating in Georgia are **not yet licensed as financial institutions**, but they are expected to comply with the **Law on Facilitating the Prevention of Money Laundering and Terrorism Financing**. As of 2025:

- **KYC (Know Your Customer)** and **AML procedures** are encouraged but not uniformly enforced;
- The **Financial Monitoring Service of Georgia** may introduce further obligations for virtual asset service providers (VASPs) under expected legal reforms aligned with FATF recommendations.

is no outright ban, but cooperation varies by institution.

Regulatory Outlook

Although the sector currently operates in a gray area, the **National Bank of Georgia** has signaled its intention to develop a **regulatory framework for virtual assets**, likely drawing from EU MiCA (Markets in Crypto-Assets) regulations. The future framework is expected to include:

- Licensing and supervision of crypto exchanges and custodians;
- Clarity on ICOs, token classification, and stablecoins;
- Expanded AML compliance obligations.

Banking and Crypto

Commercial banks in Georgia are generally cautious about servicing crypto-related businesses. Some banks may **restrict account services or impose enhanced due diligence** for companies involved in cryptocurrency trading or exchange. There

10 Tax System

Corporate taxation.

Corporate income tax

Georgia applies a distinctive and business-friendly approach to corporate income taxation, modeled after the Estonian system. This model officially known as the **profit distribution-based tax system** departs from the traditional corporate tax approach by deferring taxation until profits are distributed, rather than taxing income when earned. This system applies to both resident companies and permanent establishments (PEs) of foreign entities.

Taxable Entities and Scope

Corporate income tax (CIT) in Georgia applies to:

- Legal entities incorporated in Georgia;
- Permanent establishments of foreign entities;
- Legal entities registered under the special tax regimes unless exempt.

Non-resident companies without a PE are only subject to withholding tax on Georgian-source income.

Tax Base and Rate

Under the current regime, **retained and reinvested earnings are not taxed**. CIT becomes payable only when profits are distributed or deemed distributed. Taxable events include:

- Actual profit distributions to shareholders;

- Payments not related to economic activity (e.g., non-business expenses);
- Free-of-charge asset transfers or services;
- Representation expenses above statutory limits;
- Transactions with related parties at non-arm's length terms;
- Reclassification of hidden distributions.

The **standard corporate income tax rate is 15%**, levied on the gross amount of distributed or deemed-distributed profits. There is no additional tax on retained earnings, and no carryforward of losses is necessary since taxation is based on distributions rather than accounting profits.

Special Regimes and Exemptions

Certain sectors and regions may benefit from preferential tax regimes. For instance:

- **Virtual Zone Entities** (in the IT sector) are exempt from CIT on foreign-source income.
- **International Companies** may benefit from reduced CIT rates (5%) under specific criteria.
- Companies operating in **Free Industrial Zones** may be exempt from CIT under certain conditions.

Withholding Tax

Withholding tax may apply independently of corporate income tax, particularly when Georgian entities pay income to non-residents. The standard rates are: 5% on dividends, interest, and royalties, 10%

on service fees unless otherwise reduced by a double tax treaty.

Georgia has 58 double tax treaties in force, which may reduce or eliminate withholding taxes if proper documentation (e.g., a certificate of residency) is provided.

Compliance and Reporting

Corporate taxpayers must:

- File annual CIT declarations by **March 31** of the year following the tax year;
- Report distributed and deemed-distributed profits monthly, as taxable events occur;
- Maintain accounting records in accordance with Georgian Financial Reporting Standards or IFRS (depending on company size).

No advance CIT payments are required, and retained earnings do not give rise to any tax obligation or reporting unless distributed or reclassified.

Transfer Pricing

Transactions between related parties, whether domestic or cross-border, must comply with the **arm's length principle**. Transfer pricing documentation must be maintained and provided upon request. Adjustments and penalties may apply in case of non-compliance or mispricing.

Advantages of the Georgian CIT Model

The profit distribution model encourages

reinvestment and supports business growth, as companies are not taxed on profits that are retained or reinvested in operations. This structure simplifies tax planning, improves cash flow, and aligns tax liability with actual profit use. It also reduces administrative burdens, as only actual or deemed distributions are taxed.

Value Added Tax (VAT)

VAT

For VAT purposes, any number of entities located in Georgia may be considered as a single taxable entity if the key decisions related to their activities/management are made by the same person, and if the place, form, and content of their activities are identical.

The procedure for applying this provision is regulated by the Minister of Finance of Georgia.

It is important to note that previously, during tax audits, actions aimed at fragmenting a business to avoid VAT payments could be recognized as unlawful. This rule is now legislatively regulated.

Small Business

If a small business status holder applies to the tax authority for the annulment of such status before the end of the calendar year, the small business status is considered annulled from the 1st day of the month following the month of the application.

Previously, the annulment of small business status, in case of the applicant's request, occurred starting from the next calendar year. As a result, the entity could

use small business tax rates throughout the calendar year, regardless of the date of its application for annulment.

On the General Rules for the Reversal of VAT Credit in Georgia

When a Georgian company is engaged in civil law relations with an individual, including those with individual entrepreneur (IE) status who is not a tax resident of Georgia, the company is obligated to pay the following taxes:

Income tax at a rate of 10%. To justify the payment of tax at this rate, the company must submit to the Georgian tax authorities a certificate of tax residency, confirming that the individual is a tax resident of another country (not Georgia).

Reverse VAT at a rate of 18%. Reverse VAT can be credited and, in fact, not paid (p. "g", part 1 of Article 175 of the Georgian Tax Code).

The conditions for the crediting of reverse VAT are the simultaneous fulfillment of the following circumstances:

- Submission of the corresponding tax declaration.
- The company must have the status of a qualified VAT payer.

To obtain the status of a qualified VAT payer, the company must submit an application to the Revenue Service of Georgia through the company's electronic portal at <https://rs.ge/>.

Once the application is received, the Revenue Service verifies whether the company is conducting business in Georgia. Typically, supporting documents

are requested, such as rental agreements, employee contracts, and any other relevant documentation.

Based on the provided documentation, the Revenue Service will decide whether to grant the company the status of a qualified VAT payer.

Tax on income of foreign entities not operating through a permanent establishment

VAT (standard rates and exemptions)

VAT Rate

- Standard Rate: 18%
- There is no reduced VAT rate currently in place.

Who Must be Registered for VAT payer

Businesses are required to be registered as VAT payer in Georgia if:

- Their taxable turnover exceeds 100,000 GEL over any continuous 12-month period.
- They are engaged in importing goods, regardless of turnover.
- They choose to voluntarily register, even if under the threshold.

VAT registration is done through the Revenue Service of Georgia.

VAT Returns and Payment

- VAT returns must be submitted monthly. Due by the 15th day of the following month. VAT must be paid by the same

deadline. Returns are filed electronically via the Georgia Revenue Service portal.

VAT on Imports and Input VAT Deduction

- Importers must pay VAT at customs unless eligible for deferred payment. The VAT paid on imports can be reclaimed if the goods are used for taxable business activities. Businesses can deduct input VAT on purchases that are: Directly related to their taxable operations. Supported by proper invoices and documentation.

VAT Exemptions

Some goods and services are exempt from VAT, including: Financial services, Educational and medical services, Certain cultural and charitable activities, Export of goods (zero-rated).

VAT on Exports

Exports are zero-rated, meaning: No VAT is charged to foreign customers. Exporters can reclaim input VAT on related expenses.

Penalties for Non-Compliance

- Late filing or payment can result in penalties and interest.
- The tax authority has the power to audit, impose fines, and suspend licenses.

Tax deductions

The profit distribution-based corporate income tax (CIT) system fundamentally alters the role of traditional tax deductions. Since retained earnings are not taxed, tax deductions are relevant only when

determining whether a profit distribution is deemed to have occurred. Expenses reduce tax liability only when profits are distributed or when a transaction is reclassified as a deemed distribution.

Deductibility Under the CIT System

Under the Georgian Tax Code, an expense is considered deductible if it is directly related to economic activity. Expenses that are properly documented and made for business purposes are not treated as taxable events. However, if an expense is unrelated to business activity, excessive, or lacks proper substantiation, it may be reclassified as a deemed distribution and subject to the 15% CIT.

Common Deductible Business Expenses Include:

- Salaries and wages, including employer-paid social contributions; Rent and utility payments for business premises;
- Office supplies, equipment, and depreciation of fixed assets;
- Business travel expenses (transportation, lodging, per diem) within reasonable limits;
- Marketing and advertising costs;
- Professional services (legal, accounting, consulting);
- Interest payments on business loans;
- Insurance premiums related to business operations;
- Expenses related to raw materials, inventory, and production.

All deductions must be proved by proper invoices, contracts, and accounting records.

Non-Deductible or Reclassified Expenses

Certain expenses, even if incurred during business operations, may be **treated as a form of hidden profit distribution** if they do not serve a clear economic purpose or if they benefit shareholders or related parties outside the scope of business. These include:

- Personal expenses charged to the company;
- Representation expenses exceeding 1% of gross income;
- Non-arm's-length payments to related parties;
- Free-of-charge transfers of assets or services;
- Fines, penalties, or bribes;
- Expenses not properly documented.

Such expenditures are not deductible and are taxed at the 15% CIT rate as deemed distributions.

Depreciation and Amortization

Although taxation is triggered only upon distribution, companies are required to maintain **depreciation schedules** for fixed assets as part of their financial records. Depreciation is calculated using prescribed asset classes and rates, and it becomes relevant in determining whether a transfer or write-off of an asset constitutes a deemed distribution.

Value-Added Tax (VAT) and Deductions

For VAT-registered taxpayers, **input VAT** incurred on goods and services used in economic activity is generally **creditable against output VAT**, provided that:

- The VAT is supported by a proper tax invoice;
- The expense relates directly to taxable supplies;
- The input VAT is claimed within six months of the transaction.

Input VAT on expenses unrelated to economic activity (e.g., personal use) is non-deductible and must be excluded from credit claims.

Transfer Pricing and Intercompany Charges

When dealing with related-party transactions, deductible expenses must be priced at **arm's length**. If pricing is not supported by transfer pricing documentation, or if payments are inflated or artificial, the Revenue Service may adjust the transaction and treat the excess as a non-deductible (and taxable) distribution.

Documentation Requirements

Taxpayers must retain supporting documentation for all expenses for at least **3 years**. This includes:

- Invoices and receipts;
- Contracts and agreements;
- Bank statements and payment records;
- Justifications for classification of expenses;
- Payroll records and social tax filings.

Failure to maintain proper documentation may result in a reclassification of expenses and additional tax liability.

VAT on acquisitions from foreign entities and foreign individual entrepreneurs

The Value Added Tax (VAT) system applies not only to domestic transactions but also to **acquisitions of goods and services from foreign suppliers**, including foreign legal entities and foreign individual entrepreneurs. This ensures a level playing field for domestic businesses and preserves the neutrality of the VAT system.

Reverse Charge Mechanism

When a Georgian VAT-registered person acquires goods or services from a **non-resident supplier** who does not have a permanent establishment or tax presence in Georgia, the transaction is subject to VAT under the **reverse charge mechanism**. This means that the **Georgian purchaser** is responsible for self-assessing and paying the VAT due on the transaction.

The reverse charge applies to:

- Services rendered by foreign legal entities or individual entrepreneurs to Georgian VAT taxpayers (e.g., consulting, digital services, advertising, licensing, technical support);
- Intangible property acquired from abroad;
- Goods imported into Georgia (covered separately under customs VAT rules).

Obligations of the Georgian Purchaser

When a VAT-liable Georgian company receives a service from a foreign entity or entrepreneur, it must:

1. Calculate the VAT at the standard rate of **18%** on the value of the acquired service;

2. Declare and pay the VAT to the Georgian Revenue Service;

3. Account for the input VAT in the same reporting period, provided the service was used for VATable business activities.

If the service is used fully for taxable activities, the VAT paid under the reverse charge may be claimed as input VAT in the same VAT return, resulting in a neutral effect. However, if the service is used for exempt or mixed-use purposes, partial or full input VAT recovery may be restricted.

VAT Registration Threshold and Non-Registered Purchasers

If the Georgian purchaser is **not registered for VAT**, but acquires services from foreign suppliers exceeding **GEL 100,000 annually**, the obligation to register for VAT may be triggered. In such cases, the purchaser must apply for VAT registration and begin accounting for reverse-charge VAT going forward.

Failure to register or account for reverse-charge VAT can lead to **penalties, interest, and audit risks**.

Documentation and Reporting

The Georgian purchaser must maintain proper documentation for reverse-charge VAT, including:

- The contract or agreement with the foreign supplier;
- Invoices or payment confirmations;
- Evidence that the service was received

and used in economic activity;

- VAT accounting entries showing both output and input VAT entries for the reverse charge.

All reverse-charge VAT must be reported in the **monthly VAT return**, which is due by the **15th of the following month**.

Imports of Goods

- For goods physically imported into Georgia, VAT is assessed and collected by the **customs authority** at the time of import. The importer must pay 18% VAT on the customs value of the goods (including duties and fees), and this VAT is recoverable as input VAT if the goods are used for taxable business activities.
- VAT on services provided electronically by foreign entities and foreign individual entrepreneurs
- Foreign entities providing **digital services** (e.g., software, cloud services, streaming platforms) to final consumers (individuals) in Georgia are subject to **special VAT rules**. These suppliers may be required to register and remit Georgian VAT directly through a simplified electronic platform, especially when supplying services to non-taxable persons. However, when such services are provided to **businesses**, the reverse charge applies.

Excise tax: key aspects

Excise tax in Georgia is a selective consumption tax applied to specific categories of goods that are considered either luxury items or harmful to health or the environment. The purpose of the tax is dual: to generate public revenue and to regulate the consumption of targeted products. The tax is governed by the

Georgian Tax Code and is harmonized with international standards, particularly in the context of trade with the European Union.

Taxable Goods and Activities

Excise tax applies to the following categories:

- **Alcoholic beverages** (e.g., wine, beer, spirits);
- **Tobacco products** (including e-cigarettes and heated tobacco);
- **Fuel and petroleum products**;
- **Passenger vehicles** (used or new, with variable rates based on engine type and capacity);
- **Certain imported goods and luxury items**;
- **Electricity (in limited, specific cases)**.

Excise tax is levied on the **import, production, or first sale** of these goods in Georgia. The tax applies equally to goods imported into Georgia and those produced domestically.

Taxpayers

The following entities are subject to excise tax obligations:

- Local manufacturers of excisable goods;
- Importers of excisable goods;
- Registered warehouse operators handling bonded excise goods;
- Persons removing excisable goods from customs warehouses for free circulation or retail sale.

Rates and Calculation

Excise tax rates in Georgia vary depending on the type and quantity of goods. They

may be applied in:

- **Specific terms** (e.g., per liter, per kilogram, per unit);
- **Ad valorem terms** (a percentage of the value of the goods);
- **Combined forms**, where both specific and ad valorem rates apply.

Excise rates are reviewed and adjusted periodically by the Ministry of Finance of Georgia.

Excise Stamps and Licensing

For tobacco and alcohol products, excise stamps are mandatory. These stamps must be affixed before the goods are placed on the Georgian market. Importers and manufacturers must obtain excise stamps from the **Revenue Service** and maintain strict inventory control.

Additionally, companies involved in the production or wholesale of excisable goods must obtain **special licenses or permits**, and are subject to **specific record-keeping, reporting, and inspection requirements**.

Payment and Reporting

Excise tax must be declared and paid before the goods are released into free circulation or sold domestically. In most cases:

- Importers pay excise tax at the time of customs clearance;
- Producers declare and pay tax based on monthly production volumes;

Reports are submitted to the Revenue Service according to established tax periods

(typically monthly).

Late payments or underreporting may result in penalties, interest, and seizure of goods.

Warehouse and Suspension System

Georgia allows for **excise warehouses**, where goods can be stored without immediate payment of excise tax. Tax becomes due only when the goods are removed from the warehouse for domestic consumption. This suspension mechanism supports liquidity and cash flow for producers and traders dealing in high-volume excise goods.

Cross-Border and Free Trade Considerations

Excise tax applies to imported excisable goods regardless of their origin. However, in the context of Georgia's Free Trade Agreements (FTAs) and Deep and Comprehensive Free Trade Area (DCFTA) with the EU, **customs duties may be waived**, but excise taxes remain applicable.

Transfer pricing

Amendments have been introduced to Order No. 423 of the Minister of Finance of Georgia dated 18 December 2013, which approved the Guidelines for the Assessment of Controlled Activities Abroad.

Order No. 423, titled "On the Approval of the Instruction for the Assessment of International Controlled Transactions", has been supplemented with Article 141, which concerns the right to contribute to loan capital. When determining whether a controlled

transaction should be wholly or partially classified as a capital contribution instead of a loan transaction under the agreement between the parties and/or based on factual circumstances, the aforementioned regulation establishes a specific criterion. However, the amendment stipulates that if the justification for the reclassification is based on at least three (3) of the above-mentioned criteria, the transaction or part thereof may be reclassified accordingly.

Additionally, amendments have been made to paragraphs two and three of Article 1 of the instruction. Specifically, the 2017 OECD Transfer Pricing Guidelines have been replaced with the most recent version of the guidelines available at the time of the tax audit, without specifying a particular year.

It is important to note that these amendments shall not apply to loans granted before 1 January 2025, foreign exchange differences arising before this date, and interest accrued before this date and paid in the same or subsequent periods.

With the exception of Article 141, which entered into force on 1 January 2025, the order took effect immediately upon its publication.

Personal taxation

Personal income tax

Significant changes have been made in the Tax Code of Georgia for individuals, specifically The amendment to Article

153 of the Tax Code of Georgia came into effect on January 1, 2024. Changes are related to the submission of income tax declaration and tax liability for the supply of property/asset by an individual, including a non-resident individual.

According to the change, a natural person, including a non-resident natural person, who realizes the sale of property/asset within the framework of non-business activities and generates additional income, is obliged to submit an income tax declaration to the tax authority no later than the 15th of the month following the month of sale and pay the corresponding income tax within the same period.

In the event that a person violates the deadline for submitting the declaration, in particular, does not submit the declaration by the 15th of the month following the month of the sale of the property, and the period of delay does not exceed 2 months, he/she will be charged a fine of 5 % percent of the amount of tax to be paid on the basis of the declaration.

In the event that the deadline for submission of the declaration exceeds 2 months, a fine of 10 % percent of the amount of tax to be paid based on the declaration will be charged. In addition to the mentioned fine, the person will also be charged a penalty in the amount of 0.05% percent of the amount to be paid for each overdue day.

It is also important to note that the deadline is considered to be overdue from the month following the month of submission of the declaration.

In such cases, if a person purchased an apartment and subsequently reconstructed it, as a result of which the mentioned

apartment was divided into two, and then the person sold these apartments, in order to calculate the profit from the mentioned apartments, it is necessary to calculate their value proportionally based on the single apartment.

According to general practice the calculation is proportional to the original price. It should be known what is the proportion of the sq. meters after division of the flat. It should be proportionally calculated from the price the apartment was originally bought, and then compared separately from sold prices.

It is crucial to schedule tax liabilities in advance to avoid additional charges and fines.

Property tax

Main Principles of Property Tax

Property tax in Georgia is levied on both individuals and legal entities owning movable and immovable property in Georgia, regardless of their country of residence.

Market Value of Property

Property owners must declare the market value of their property:

- The property valuation can be carried out by the owner at their discretion (e.g., by comparing the property with similar items on relevant websites such as my-home.ge, myauto.ge, etc.);
- The evaluation can be performed by an independent appraiser.

If there are doubts about the accuracy of

the property valuation, the tax authority may re-assess the property.

Tax Rate

- The tax rate depends on:

- ◆ The annual income earned by the taxpayer both in Georgia and abroad;
- ◆ The market value of the property;
- ◆ The period of property ownership during the reporting tax period.
- ◆ The rates are determined at the local level and may vary in different regions of the country.

For families with an income of less than 100,000 GEL, the rate is from 0.05% to 0.2% of the market value of the property. For families with an income of more than 100,000 GEL, the rate is from 0.8% to 1% of the market value of the property.

Deadlines

The deadline for submitting property tax declarations for individuals is no later than November 1st of the year following the reporting period (the previous calendar year).

The deadline for paying property tax for individuals is no later than November 15th of the year following the reporting period.

The deadline for submitting property tax declarations for legal entities, as well as paying property tax for property owned by legal entities, is no later than April 1st of the year following the reporting period (the previous calendar year).

Liability

Additional tax may be assessed on the difference between the declared and market value of the property.

Penalties may be imposed in the form of a fine up to 50% of the additional tax assessed on the difference.

Land tax

Personal land tax is a local property tax imposed on individuals who own land. The tax is administered at the **municipal level** and forms a part of the local government's revenue. It applies to both Georgian and foreign individuals, with certain exemptions and variable rates depending on the location, use, and cadastral value of the land.

Scope and Taxpayers

Any individual who owns land in Georgia—whether residential, agricultural, or commercial—is subject to personal land tax. Ownership is determined based on registration with the **National Agency of Public Registry (NAPR)**. The tax obligation arises regardless of whether the land is actively used or left idle.

Both **resident and non-resident individuals** are subject to the tax. For jointly owned land, each co-owner is taxed based on their share of ownership.

Tax Base

The tax is assessed on the **cadastral value of the land**, as determined by the National Agency of Public Registry. The cadastral value reflects the land's location, size, designation (agricultural, residential,

commercial), and market conditions.

In some municipalities, adjustments may be applied based on zoning, infrastructure, or land usage restrictions.

Rates

Personal land tax rates are set by **local self-government bodies**, within the general limits provided by the Georgian Tax Code. As of 2025:

- The general rate may not exceed **0.24 GEL per square meter** per year.
- Some municipalities may apply **lower rates or exemptions** for agricultural land, especially if it is actively used for farming.
- **Urban land**, particularly in central or commercial zones, often carries higher rates due to increased cadastral values and municipal budgets.

Exemptions and Relief

The Tax Code provides for several exemptions or reductions, which may vary by municipality. Common exemptions include:

- Land owned by persons with disabilities, veterans, or low-income households (subject to local approval);
- Agricultural land used for subsistence farming below a certain size
- Land used for public purposes or owned by state entities.

Exemptions are not automatic and must generally be claimed through a formal application to the local tax authority.

Assessment and Payment

The land tax is assessed annually. Municipal tax offices issue **tax notices** typically by the third quarter of the year. Taxpayers are expected to pay the amount due by **November 15** of each tax year.

Failure to pay land tax on time may result in **penalties and interest**, and prolonged non-payment can lead to enforcement actions, including liens on property.

Filing Obligations

Individuals are not generally required to file land tax declarations unless requested by the local authorities. However, owners must ensure their ownership records and land use status are **accurate and up to date** with NAPR, as these directly affect tax calculations.

Customs

Customs system is designed to support trade, promote transparency, and ensure efficient movement of goods across borders. Administered by the Revenue Service of the Ministry of Finance, the customs regime is aligned with international standards and significantly streamlined to facilitate both imports and exports. Georgia is a member of the World Trade Organization (WTO) and applies customs procedures consistent with WTO rules and its Deep and Comprehensive Free Trade Area (DCFTA) agreement with the European Union.

Customs Procedures and Clearance

Customs procedures in Georgia are largely digital and declarative, meaning that importers and exporters must submit declarations through the electronic Revenue

Service portal. Key customs procedures include:

- Import for free circulation;
- Export;
- Transit;
- Temporary admission;
- Customs warehousing;
- Inward and outward processing.

Importers must submit a customs declaration, along with supporting documents such as invoices, transport documents, certificates of origin, and packing lists. In most cases, declarations are processed within one business day, and risk-based inspection models minimize physical checks.

Customs Duties

Georgia has one of the most liberal trade regimes in the region. As of 2025:

- **Over 90% of goods are imported duty-free.**
- **Customs duty rates are generally 0%, 5%, or 12%, depending on the product category.**
- Agricultural products and certain manufactured goods may carry tariffs, but industrial imports are mostly zero-rated.

Under FTAs, including with the EU, China, EFTA countries, Turkey, and CIS states, preferential tariff treatment is granted, provided the goods meet rules of origin and are accompanied by proper certificates (e.g., EUR.1, Form A, or invoice declaration).

Value-Added Tax and Excise

In addition to customs duties, imported goods are subject to:

- **Value-Added Tax (VAT)** at a standard

rate of **18%**, applied to the customs value plus duty and excise (if applicable).

- **Excise Tax** on specific goods (e.g., alcohol, tobacco, fuel, vehicles), calculated according to type and quantity.

These taxes must be paid at the time of customs clearance. VAT paid at import is recoverable for VAT-registered businesses if the goods are used in taxable business activity.

Customs Valuation

The customs value is determined based on the **transaction value** the price actually paid or payable for the goods, adjusted for freight, insurance, and handling. Where the transaction value is not available or acceptable, secondary valuation methods (e.g., identical or similar goods, deductive value, computed value) are applied in accordance with WTO Valuation Agreement principles.

Customs Warehousing and Suspension Regimes

Georgia allows goods to be placed in **customs warehouses** or under **temporary admission** without immediate payment

of duties or taxes. These suspension regimes support logistics and supply chain efficiency, particularly for:

- Transit goods;
- Re-exported items;
- Processing under customs control;
- Goods pending reshipment or domestic distribution.

Appeals and Dispute Resolution

Importers may appeal customs decisions, including classification, valuation, or origin rulings. Appeals can be submitted to the Revenue Service and, if unresolved, escalated to the **Dispute Resolution Council** or the courts. The process is formalized and time-bound, with transparent rules for review.

Compliance and Risk Management

Georgia uses an **automated risk assessment system** to select shipments for inspection. Importers are classified based on compliance history, frequency of transactions, and industry risk. Trusted traders and low-risk importers may benefit from **simplified procedures**, fewer inspections,

and faster clearance.

Effective from 26 August 2024, an amendment has been introduced to Order No. 257 of the Minister of Finance of Georgia dated 29 August 2019, "On Approval of the Instruction on the Movement and Clearance of Goods within the Customs Territory of Georgia."

The amendment specifies that, to benefit from the preferential regime under Article 199, Subparagraph "DD" of the Tax Code of Georgia, a Georgian citizen returning to Georgia after staying abroad for more than six months must declare the goods they are importing (if not carried personally) in a "Customs Declaration for Individuals" at the customs checkpoint.

It is important to note that:

These goods must be imported into Georgia within 90 calendar days from the date of the individual's return.

The customs declaration must be submitted within the deadlines prescribed for determining the applicable customs procedure.

Tax agreements and information exchange



Tax treaties concluded with other countries

Georgia has established a diverse range of trade agreements and regimes with numerous countries and economic blocs to facilitate its integration into the global economy. These agreements are aimed at enhancing Georgia's trade relations, lowering tariffs, and promoting economic cooperation.

By establishing a network of preferential trade agreements, Georgia offers businesses and investors unparalleled access to key markets, including the European Union, China, and regional partners. These agreements lower tariffs, reduce barriers, and create a business-friendly environment, making Georgia an attractive destination for companies looking to expand their global footprint.

For investors, Georgia's comprehensive trade framework not only enhances export opportunities but also strengthens the country's role as a gateway between Europe and Asia, offering unique advantages for businesses looking to scale and access new markets.

Most Favored Nations (MFN)

Generalized System of Preferences (GSP)

Free Trade Regime. This regime eliminates customs duties between parties. Georgia has free trade agreements with CIS countries, Turkey, the EU, China, and EFTA members. Exceptions and specific rules apply to some partners like Russia and Uzbekistan.

Free Trade Agreement with China. The free trade agreement between Georgia and China includes provisions for the elimination of customs duties and sector-specific commitments.

Free Trade Agreement with EFTA. Georgia signed a free trade agreement with EFTA (Iceland, Liechtenstein, Norway, and Switzerland) in 2016, which entered into force in 2018.

Free Trade Agreement with Hong Kong, China. Georgia's agreement with Hong Kong covers a wide range of trade areas, including services, rules of origin, and reservations. See more [here](#).

Strategic Partnership and Cooperation Agreement with the UK. This agreement is signed in 2019, governs trade and cooperation between Georgia and the UK after Brexit. More on the agreement [here](#).

Multilateral Free Trade Agreements

Georgia participates in multilateral agreements like the CIS Free Trade Zone (1994) and the GUAM Free Trade Zone (2002). The EU-Georgia Deep and Comprehensive Free Trade Area (DCFTA) agreement has been in force since 2014.

WTO Agreements

- **GATT:** Aims to reduce trade barriers.
- **GATS:** Sets rules for international trade in services.
- **TRIPS:** Protects intellectual property rights.
- **TBT:** Ensures technical regulations avoid trade barriers.
- **SPS:** Ensures sanitary measures do not restrict trade unfairly.

Georgia's trade agreements provide businesses and investors with seamless access to global markets, reducing barriers and promoting growth. These agreements strengthen Georgia's position as a strategic hub for international trade, opening new opportunities for economic development and partnerships.

Taxation and Double Tax Treaties

Standard Tax Rates for Companies:

- Corporate Income Tax – 15% (only payable when profits are distributed as dividends);
- Dividend Tax – 5%;

- Value Added Tax (VAT) – 18% (applicable if annual turnover exceeds 100,000 GEL).

To claim VAT refunds, a company must register as a VAT payer with the Revenue Service of Georgia. The tax authorities may request additional documents to confirm business operations in Georgia, such as lease agreements and contracts with counterparties.

Standard Tax Rates for Sole Proprietors (SPs):

- Personal Income Tax – 20%;
- VAT – 18% (if annual turnover exceeds 100,000 GEL).

Georgia has double tax treaties (DTTs) with 58 countries, ensuring tax optimisation for international businesses.

The primary objectives of the Double Taxation Avoidance Treaty (DTA) and the Prevention of Fiscal Evasion are to foster economic collaboration between nations and attract foreign investment.

DTAs help to avoid taxing the same income in both Georgia and the treaty partner country, reducing the tax burden on individuals and businesses operating internationally.

Georgia's treaties are largely modeled after the OECD Model Tax Convention, which outlines how taxing rights are shared between treaty partners. Currently 58 Treaties on the "Avoidance of Double Taxation and the Prevention of Fiscal Evasion" are in force.

Taxing Rights: The OECD model assigns taxing rights based on the nature of income

and where it is generated. For instance, active income (like business profits) is usually taxed in the country where the activity is performed, while passive income (like dividends, interest, or royalties) may be taxed both in the source country and the resident's home country, with a credit given to avoid double taxation.

Permanent Establishment: For businesses, DTAs typically include provisions about "permanent establishment" (PE). A PE refers to a fixed place of business where substantial activities are carried out, such as an office or factory. A country can tax a foreign business only if it has a PE in that country.

Types of Income Covered

DTAs categorize different types of income and set rules for how each is taxed. Common types of income covered include:

- **Business Profits:** Typically taxed in the country where the company operates, unless the company has a permanent establishment in the other country.
- **Dividends, Interest, and Royalties:** These may be taxed in both the source country and the resident country, but the resident country must offer tax credits to avoid double taxation.
- **Capital Gains:** Gains from the sale of assets may be taxed in the country where the assets are located, but the tax treatment can vary depending on the treaty.
- **Employment Income:** Generally taxed in the country where the employment is carried out, though exceptions exist for short-term work in some treaties.
- **Pensions and Annuities:** These are usually taxed in the country of residence, but treaties may vary in their approach.

For example, if a Georgian company earns income from a foreign country that has a DTA with Georgia, in that case, the income is taxed either in Georgia (country of residence) or in a foreign country (country of source), or the tax paid in the foreign country is credited against Georgian taxes.

Mutual Agreement Procedure (MAP)

DTAs often include a Mutual Agreement Procedure (MAP), which allows taxpayers to resolve disputes about how the treaty is applied. If a taxpayer believes they have been unfairly taxed under the DTA (for example, if they are taxed in both countries on the same income), they can ask their tax authority to work with the other country's tax authority to resolve the issue.

The United Arab Emirates (UAE) and Cyprus are often considered to have the most favorable tax treaties with Georgia due to their 0% withholding tax rates on dividends, interest, and royalties, making them highly advantageous for cross-border investments. These treaties not only reduce tax burdens but also provide clarity and certainty for international investments, enhancing Georgia's appeal as a business hub.

Georgia currently has Concluded 58 "Double Taxation Avoidance" Treaties. Conditions with the United Arab Emirates and Cyprus are considered most favorable.

United Arab Emirates (UAE)

- **Dividends:** The DTA with the UAE allows for 0% withholding tax on dividends, which is extremely beneficial for investors.

- Interest and Royalties:** The DTA also stipulates 0% withholding tax on interest and royalties.
- Business Profits:** The treaty provides a favorable environment for Georgian businesses operating in the UAE, with clear rules for taxing business profits.

The absence of withholding taxes in the UAE makes this one of the most attractive treaties for both individuals and companies.

Cyprus

- Dividends:** The DTA with Cyprus provides for a 0% withholding tax on dividends, which is highly advantageous for Georgian investors.
- Interest and Royalties:** Interest and royalties are also taxed at 0% under the DTA, making it one of the most favorable treaties for financial and intellectual property-related transactions.
- Capital Gains:** The DTA allows for favorable treatment of capital gains, with many gains taxable only in the country of residence.

Procedure for application of tax treaties (framework for information exchange agreements involving Georgia)

The procedure for application of tax treaties and the framework for information

exchange agreements involving Georgia is governed by its international tax treaty network, as well as domestic laws and institutional mechanisms aligned with global standards such as the OECD Model Tax Convention and Global Forum on Transparency and Exchange of Information for Tax Purposes.

Legal Basis and Institutional Framework

Application of Tax Treaties in Georgia: Procedures and Framework

Georgian resident taxpayers intending to benefit from the provisions of international tax treaties must follow a clearly defined process. The procedure begins with the submission of relevant documentation to the Georgian Revenue Service, including the application for a Certificate of Tax Residency. This certificate, once issued, serves as formal proof of the taxpayer's Georgian residency and is used to claim benefits under the applicable double taxation agreement (DTA) with a treaty partner country.

In instances where income such as interest, dividends, or royalties is subject to withholding tax in the foreign jurisdiction, the taxpayer may be required to either submit a treaty relief application in advance to reduce or eliminate withholding at source, or alternatively, seek a refund of the excess tax paid post-payment.

When a Georgian taxpayer experiences double taxation that is not resolved through the standard procedures, they may

initiate a Mutual Agreement Procedure (MAP). This mechanism, provided under the terms of DTAs, allows for consultation between the competent authorities of the two treaty countries. In Georgia, MAP requests are handled by the International Taxation Department of the Revenue Service.

Exchange of Tax Information

Georgia engages in various forms of international tax information exchange in line with global standards and its treaty obligations.

Exchange of Information on Request (EOIR) is operational and allows Georgia to provide taxpayer information to treaty partners when formally requested. Such requests must be legally justified, specific, and grounded in the relevant provisions of a DTA. The Revenue Service reviews the validity and relevance of each request before acting.

Automatic Exchange of Information (AEOI) is not yet active in Georgia but is in the preparatory phase. Georgia has committed to implementing the OECD's Common Reporting Standard (CRS) for automatic exchange. Ongoing efforts include reforming domestic legislation, upgrading IT infrastructure, and aligning national practices with international standards to ensure effective financial reporting once the system goes live.

Additionally, Georgia is a party to the OECD's Multilateral Convention on Mutual Administrative Assistance in Tax Matters (MAC). This multilateral instrument provides a broader framework for cooperation with other jurisdictions, encompassing not only EOIR and AEOI (pending full CRS

implementation), but also spontaneous exchange of information and the possibility of conducting tax examinations abroad.

Domestic Law and Treaty Compliance

Georgia's domestic legislation, particularly the Tax Code, includes provisions that support the application of treaty benefits and the implementation of information exchange obligations. Businesses and individuals must comply with these regulations when seeking relief under DTAs or participating in international tax reporting schemes. Failure to comply—such as misuse of treaty provisions or failure to report required information—can result in serious consequences, including tax reassessment, monetary penalties, and denial of treaty benefits.

112 Tax Residency

A legal entity is considered a tax resident of Georgia if it is registered in Georgia. Resident legal entities are subject to Corporate Income Tax (CIT) on worldwide income.

Non-resident legal entities are taxed solely on income derived from sources within Georgia if they conduct business in Georgia through a permanent establishment. In other cases, Double Taxation Treaties (DTTs) should be examined based on the types of income received.

As a general rule, an individual is considered a tax resident of Georgia if they have physically resided in Georgia for 183 days or more within any continuous 12-month period ending in the current tax year.

Tax residency may also be granted under the "high-net-worth individual" procedure without any residency duration requirements in Georgia.

Conditions for obtaining residency under the "high-net-worth individual" procedure:

- Ownership of assets exceeding GEL 3,000,000 (worldwide) or an income exceeding GEL 200,000 over the past three years (from any sources);
- An income of more than GEL 25,000 in the current tax year from Georgian sources or possession of a Georgian residence permit.

The status of resident or non-resident for individuals is determined for each tax period separately.

Days counted for tax residency in the previous tax period are not considered when determining residency for the subsequent tax period.

Resident and non-resident individuals are taxed solely on income sourced in Georgia.

- No taxation of income earned outside Georgia.
- No tax on income from the sale of residential property (apartments and houses) if owned for more than two years.
- No tax on income from the sale of a vehicle if owned for more than six months after registration.
- No tax on income from the sale of assets held for more than two years.
- No tax on property located outside Georgia.
- 20% tax on income from sources within Georgia.
- Property tax of up to 1% of the value of real estate in Georgia.
- No taxation of income received from leasing property by a non-resident that is not attributable to a permanent establishment of the non-resident in Georgia.
- No taxation of income on the surplus received from the transfer of ownership of real estate in exchange for a share to a partner individual of this enterprise through the liquidation of an enterprise or reduction of capital, if more than 2 years have passed since the origin of the individual's ownership right to the enterprise's share.
- No taxation of income on the income received by the gambling club, bookmaker operator from the mentioned activities.

Exempt from profit tax:

- Income received by a non-resident from leasing property that is not attributable to a permanent establishment of the non-resident in Georgia.

- Distribution of profits earned by a FIZ enterprise from permitted activities in the free industrial zone and expenses/disbursements made within the framework of the same activities.
- Profits earned from the supply of information technologies created by a legal entity of a virtual zone outside Georgia (profit distribution).
- Distribution of profits earned by a special trading company from permitted activities (except for profits earned from the supply of fixed assets used by it in economic activities for more than 2 years).

Taxation of Corporate Activities

Common Taxes:

- Profit taxCorporate Income Tax: 15%, paid under the Estonian model at the time of profit distribution. No taxation if profits are reinvested.
- Value-Added Tax (VAT): 18% on services rendered to residents, including individuals; 0% on services provided to non-residents (B2B).
- Legal entities may also be subject to other taxes (e.g., property tax).

Special taxation regimes (for individual entrepreneurs)

- Micro business (no income taxation)
- Small business (income tax – 1%)
- Fixed Taxpayer Status (Income from activities subject to fixed tax will not be subject to taxation)

Special taxation regimes (for enterprises/legal entities)

- International company:
 - ◆ Income earned from employment with an international company is taxed at 5 percent.
 - ◆ Dividends are not taxed at source and are not included in the gross income of the recipient.
 - ◆ The profit tax rate is 5 percent (The amount subject to profit tax is obtained by dividing the amount of income/expenses incurred by the taxable object by 0.95)
 - ◆ Exempt from property tax (except land) if this property is intended or used for carrying out activities permitted by a resolution of the Government of Georgia
- Special trading company:
 - ◆ No taxation of profit.
- Free Industrial Zone Enterprise:
 - ◆ No taxation of profit
 - ◆ Value-added tax is not levied on the import of foreign goods into a FIZ and on operations carried out in a FIZ.
 - ◆ Property in a free industrial zone is exempt from property tax
 - ◆ The import of foreign goods into a free industrial zone and the import of goods produced in a free industrial zone from the free industrial zone to another territory of Georgia (outside the free industrial zone) are exempt from import tax.
- Tourist enterprise:
 - ◆ The transfer of hotel assets/part thereof by a tourism enterprise to another person for the purpose of receiving the property back is exempt from VAT with the right of deduction. This exemption applies for 10 calendar years. (If a tourism enterprise takes back the hotel assets/part thereof to another person within 2 years of the delivery of the same assets under a contract for consideration, the transaction is also exempt from VAT with the right of deduction and this is the basis for adjusting the amount of the taxable transaction)
 - ◆ The free provision of hotel services (hotel accommodation) by a tourism enterprise to the owner of hotel assets/part thereof for a period not exceeding 60 days during a calendar year is exempt from VAT with the right of deduction.
 - ◆ The provision of hotel services (hotel accommodation) free of charge by a tourist enterprise to the owner of a hotel room for a period of no more than 60 days during a calendar year is not subject to profit tax.
 - ◆ The benefit received by the owner of a hotel room as a result of the free provision of hotel services (hotel accommodation) by a tourist enterprise to the owner of a hotel room for a period not exceeding 60 days during a calendar year is exempt from income tax.
 - ◆ Remuneration paid by a tourism enterprise to an individual based on a relevant contract is taxed at a rate of 5 percent of the amount payable at the source of payment.
- Virtual Zone Person:
 - ◆ Profits earned from deliveries outside Georgia are exempt from profit tax
 - ◆ Deliveries outside Georgia are exempt from value added tax
 - ◆ Exports from the customs territory of Georgia are exempt from export duties

Receiving Salary from a Company

- Personal Income Tax in Georgia: 20% (5% for international company status).
- Pension Fund Contributions: Employee: 2%, Employer: 2%.
- Social Security Contributions: Not applicable.

Payment for Services of Foreign Contractors

- Import VAT in Georgia: 0%, as VAT reverse charge may apply in transactions with VAT-registered non-residents; VAT is recorded in accounting but automatically deducted and thus not actually paid.
- Tax on income and profits of foreign legal entities in Georgia: 10% (DTTs should be checked for exemptions, reduced rates, or deductions).

Capital Gains Tax

- **Legal entities:** No separate capital gains tax, standard 15% CIT applies.
- **Individuals:** Standard 20% tax rate applies, with certain exceptions.

Intra-Group Taxation

Transfer Pricing Tax authorities may adjust tax liabilities if they prove that prices applied in transactions between related parties deviate from market rates.

Taxpayers must provide documentation supporting their position that income received aligns with market principles within 30 days of an official request from the tax authorities. The report may be in Georgian or English but must be translated into Georgian upon request.

Companies may enter into Advance Pricing Agreements (APA) with tax authorities, determining transfer pricing methodology for specific transactions, preventing future tax adjustments or penalties.

Transfer pricing adjustments are subject to immediate taxation.

Penalties apply for underreported tax liabilities, late tax payments, or failure to provide required documentation.

The procedure for determining the period for tax residency in Georgia

Tax Residency under General Rules

In accordance with Article 34(2) of the Tax Code of Georgia (hereinafter – the "Tax Code"), an individual shall be deemed a tax resident if they have been present on the territory of Georgia for more than 183 days during any 12 consecutive months preceding the submission of an application for tax residency status.

It is important to note: the period for determining tax residency is based on any 12 months. 183 days are not counted according to the calendar year (from 1 January to 31 December), but instead over any 12 consecutive calendar months immediately preceding the date of the application for recognition of tax residency (e.g., from 12 August 2023 to 11 August 2024).

Tax Residency Based on Wealth

An individual can be recognised as a tax resident of Georgia "based on wealth". If a person does not hold a residence permit in Georgia, a person can be recognised as a tax resident of Georgia if he/she can demonstrate income from a Georgian source amounting to at least 25,000 GEL

for the preceding tax year.

In this case, the calculation of the relevant periods will differ.

In accordance with Order No. 60 of the Minister of Finance of Georgia, dated 1 March 2023, the rules and procedures for obtaining a certificate of tax residency based on wealth are established.

The Order specifies the calculation of the relevant period for obtaining tax residency status using the phrase "for the preceding tax year before submitting an application for recognition as a tax resident", which leaves a gap in the legislation without specifying the basis for calculating the period (calendar year or any 12-month period).

It is important to note: in practice, the Revenue Service of Georgia interprets the term "preceding tax year" as the calendar year when calculating the period for recognising an individual as a tax resident.

Therefore, when planning to obtain tax residency status in a particular country, we recommend consulting the national lawyer regarding legislation of that country.

Tax Residency in Georgia

The term "Tax Resident" is used to determine the country in which an individual is required to pay taxes. In most jurisdictions,

the primary criterion for determining tax residency is the duration of physical presence within the country during the tax year, which is typically at least 183 days within a 12-month period.

However, additional criteria may also apply, such as:

- Citizenship (e.g., in the United States, all U.S. citizens and Green Card holders are considered U.S. tax residents);
- Centre of vital interests, which includes social and economic ties, place of professional activity, permanent source of income, etc.;
- Real estate ownership within the country (including permanent residence) and other factors.

General Rule for Individuals

Under Article 34 of the Tax Code of Georgia, an individual is recognized as a tax resident of Georgia for the entire tax year if they have been physically present

in Georgia for 183 days or more within any 12 consecutive months ending in that tax year.

A day of physical presence in Georgia is counted as any day an individual is present within the country, regardless of the duration of their stay.

Key Legal Aspects of the 183-Day Rule

To clarify how the tax residency rules apply, let's break down the key legal terms: The 183-day rule does not require continuous presence in Georgia. An individual may leave and return, and the counting of 183 days within a 12-month period will still apply.

Tax Residency for High Net Worth Individuals

A person may be granted tax residency in Georgia if they qualify as a high-net-worth

individual under the Securities Market Law of Georgia (Law No. 6817, 14 July 2020).

An individual qualifies as high-net-worth if they meet at least one of the following criteria:

Owes assets exceeding GEL 3 million (approximately EUR 1 million); or Has earned an annual income of at least GEL 200,000 (approximately EUR 60,000) over the past three years. Additionally, the applicant must either: Hold a residence permit in Georgia; or Demonstrate an annual income of at least GEL 25,000 (EUR 7,800) from a Georgian source in the year of application.

Certificate of Tax Residency

Tax residency status is confirmed by a Tax Residency Certificate, issued by the Revenue Service of Georgia upon application. The decision to issue or deny the certificate is made within 30 calendar days of submission.

11 Competition Law 13

Monopolistic or anti-competitive practices in Georgia are governed by the Law of Georgia on Competition, originally adopted in 2005 and significantly amended in 2014 and in subsequent years. This law aims to ensure fair market competition and consumer protection and is enforced by the National Competition Agency of Georgia (NCAG)—an independent regulatory body established in 2014.

The NCAG is responsible for monitoring market behavior, investigating potential violations of competition law, and issuing binding decisions, including imposing fines. It also actively cooperates with international organizations such as the OECD, UNCTAD, and the European Union, as Georgia continues aligning its legal framework with EU competition standards under the EU-Georgia Association Agreement and DCFTA (Deep and Comprehensive Free Trade Area).

Regulatory Body

The National Competition Agency of Georgia (NCAG) operates independently and has been empowered since 2014 to enforce competition laws. It monitors market conduct, investigates complaints or initiates cases *ex officio*, and issues enforceable decisions. NCAG is also integrated into international cooperation frameworks, ensuring that its enforcement approaches reflect global best practices.

Prohibited Monopolistic and Anti-Competitive Practices

Legal Framework

The central legal instrument is the Law of Georgia on Competition, supported by other relevant legislation including the Law on Consumer Protection, the Law on Entrepreneurs, and sector-specific regulations in areas such as energy and telecommunications.

Abuse of Dominant Position

A company is considered dominant if it can operate independently of its competitors or customers. Prohibited abuses of this position include:

- Imposing unfair prices or trading conditions, Restricting output, markets, or technological development, Discriminatory treatment of business partners, Imposing unrelated obligations in contractual relationships (e.g., tying arrangements)

Anti-Competitive Agreements

These include both **horizontal agreements** (between competitors) and **vertical agreements** (such as supplier-distributor relationships) that restrict competition through:

- Price-fixing,
- Market sharing,
- Bid rigging,
- Limiting or controlling production, markets, or investments

Concentrations (Mergers and Acquisitions)

Mergers and acquisitions that may significantly impede competition are subject to prior approval by the NCAG. Mandatory notification thresholds are set based on the turnover of the parties involved.

Enforcement Tools

The NCAG has several instruments at its disposal to enforce competition law:

- Investigations can be initiated by complaints or on the agency's own initiative
- Fines of up to 5% of the offender's annual turnover can be imposed, with higher penalties for repeat violations
- Corrective measures, including both structural and behavioral remedies, may be ordered
- Judicial review allows for appeals of NCAG decisions in court

Trends and International Integration

Georgia is undergoing an ongoing reform process to harmonize its competition legislation with EU standards. These efforts are particularly relevant under the DCFTA and broader Association Agreement. The NCAG has increased its enforcement activity in recent years, especially in key economic sectors such as **pharmaceuticals, transport, and utilities**.

Transactions Requiring Notification to the Georgian Antimonopoly Authority

When acquiring a business in Georgia, consisting of one or more companies, or in the case of a merger between multiple

companies (hereinafter referred to as "economic concentration"), the requirements of Georgian anti monopoly legislation must be considered.

The essence of these requirements is that a party carrying out economic concentration is obliged to notify the National Competition Agency of Georgia (hereinafter also referred to as the "Antimonopoly Authority") in advance, provided the following cumulative conditions are met:

- The economic concentration leads to, or may lead to, a restriction of competition/ a substantial deterioration of the competitive environment;
- As of the financial year preceding the date of the economic concentration, the combined annual turnover of all companies involved in the concentration exceeds 20 million GEL (approximately 7.8 million USD), and at the same time, the annual turnover of each of at least two parties involved in the concentration exceeds 5 million GEL (approximately 1.9 million USD).

The law assumes that the competitive environment may be restricted/substantially worsened when economic concentration enables a significant influence on the activities of an economic entity:

- A merger of several companies leading to the formation of a single company;
- Acquisition of control over one or more companies as a result of:
 - ◆ Purchase of shares or stocks;
 - ◆ Conclusion of agreements;
 - ◆ Other means.

In case of forming a joint venture, if it performs the functions of an independent company for a prolonged period.

In cases stipulated by law, failure to notify the Antimonopoly Authority about the economic concentration may result in a fine of up to 5% of the annual turnover of the party for the financial year preceding the date of the decision to impose such a fine.

Data Protection 14



Current regulatory framework

The previous Personal Data Protection Law has been replaced by the Law of Georgia on Personal Data Protection (hereinafter, the "Law"), adopted by the Parliament of Georgia on 14 June 2023.

The Law introduces best practices in personal data protection, aligns Georgian legislation with European standards, and meets the obligations under the EU-Georgia Association Agreement.

Some of the key new requirements include: Appointment of a Special Representative for data controllers/processors operating outside Georgia but using local technical means.

Designation of a Data Protection Officer for state agencies, financial institutions, telecom operators, airlines, airports, medical facilities, and large-scale data processors. 72-hour notification requirement for personal data breaches. Mandatory Data Protection Impact Assessments when processing poses high risks to fundamental rights. Stricter penalties for non-compliance, including increased fines.

The majority of the Law's provisions took effect on 1 March 2024, with additional requirements effective from 1 June 2024.

Data processing entities

Under Georgian law, data processing entities include: data controllers (entities (natural or legal persons, public bodies, etc.) that determine the purposes and means of processing personal data) and data processors (entities that process personal data on behalf of the controller (e.g., cloud service providers, IT companies, analytics platforms)).

Data processing entities in Georgia must: ensure lawful basis for data processing (consent, legal obligation, contract, etc.), inform individuals (data subjects) on what data is collected, why it is collected, and how it will be used and stored, implement data security measures, meaning to maintain records of processing activities, allow individuals to access, rectify, or delete their data, notify PDPS and affected individuals in case of data breaches (within 72 hours).

Legal grounds for personal data processing

Personal data may only be processed **lawfully** if one of the following legal bases applies. These are consistent with international data protection standards (like GDPR), ensuring transparency, accountability, and fairness in data handling.

Consent of the Data Subject

Consent should be Freely given, informed, and explicit consent from the individual, Must be specific and given for a particular purpose., Consent can be withdrawn at any time.

Performance of a Contract

During Data processing it is necessary to enter into or fulfill a contract with the data subject. Processing is required to comply with a legal obligation imposed by Georgian law. It is necessary to protect the vital interests (e.g., life or safety) of the data subject or another person. Data Processing is needed for performing a task in the public interest or exercising official authority, and requires a balancing test between the controller's interest and the data subject's rights.

Special Categories of Personal Data

Processing of **sensitive data** (e.g., health, biometric, ethnic origin, political beliefs)

is generally prohibited unless the data subject has **explicit consent**, is required by law, is necessary for legal claims, vital interests, or public health, or is for statistical or scientific purposes with appropriate safeguards.

Consent to personal data processing

According to the updated **Georgian Data Protection Law**, consent must be **freely given** (the data subject must have real choice and control), **specific** (consent must relate to a specific purpose), **informed** (the person must understand what data is being collected and for what purpose), **unambiguous** (consent requires a clear affirmative action (e.g., ticking a box, signing a document)).

Requirements for Valid Consent

- 1. Form:** Consent can be written or electronic but must be recorded in a way that proves the data subject's agreement.
- 2. Revocability:** Consent can be withdrawn at any time, and the data controller must stop processing upon withdrawal.

3. Separate from contracts: Consent should not be bundled with terms and conditions unless necessary for service delivery.

4. Age of consent: Special rules apply to minors—typically requiring parental or guardian consent for those under a certain age (e.g., 16 or 18, depending on the context).

Processing may be legal without consent in cases such as legal obligations, vital interests (e.g., emergencies), public interest or official authority, legitimate interest of the data controller, if not overridden by the data subject's rights

Data processing by an authorised processor

Definition and Role of the Processor

A data processor is a natural or legal person, public authority, agency, or other body that processes personal data on behalf of the data controller, based on a written agreement. The processor must act only on the controller's documented instructions, including with regard to international data transfers, unless required by law.

Authorisation and Contractual Obligations

Processors are not required to register separately with the Georgian Data Protection Authority (the Personal Data Protection Service), but they must enter into a data processing agreement (DPA) with the controller. This agreement must specify the subject, duration, nature, and purpose of the processing, the types of personal data involved, and the obligations and rights of both parties.

Processors are required to:

- Implement appropriate technical and organisational measures to ensure a level of security appropriate to the risk;
- Maintain records of processing activities conducted on behalf of the controller;
- Ensure confidentiality and data integrity;
- Assist the controller in ensuring compliance with data subjects' rights;
- Notify the controller of any personal data breach without undue delay.

Supervision and Enforcement

The Personal Data Protection Service is the competent supervisory authority responsible for monitoring compliance and has the power to investigate, issue warnings or fines, and impose corrective measures. In case of non-compliance, both the controller and the processor may be held jointly liable, depending on the circumstances.

Cross-border Data Transfers

Processors based in Georgia may transfer personal data abroad only under conditions that ensure an adequate level of protection. This typically involves mechanisms such as standard contractual clauses or adequacy decisions recognised by the Georgian authority.

Legal Framework and Transfer Conditions

Under Article 37 of the Law, personal data may be transferred to another country or international organisation if there are grounds for data processing under the law and if appropriate data protection guarantees are provided by the recipient country or organisation. The existence of adequate safeguards is assessed by the PDPS, considering factors such as international obligations, regulatory legislation, guarantees for the protection of data subjects' rights and freedoms, rules for further international data transfers, and the presence of an independent data protection supervisory body.

In the absence of an adequacy decision, data transfers are permissible under specific conditions, including:

- The data transfer is part of a treaty or an international agreement of Georgia.
- The data controller or processor provides appropriate guarantees for the protection of data and the fundamental rights of the data subject, based on an agreement between the data

controller or processor and the recipient state, natural or legal person, or international organisation. Such transfers require prior authorisation from the PDPS, and the agreement must be legally binding.

Organisational and Technical Measures

Data controllers and processors are obligated to implement necessary organisational and technical measures to safeguard personal data during cross-border transfers. These measures must ensure the security and protection of personal data against accidental or unlawful destruction, alteration, disclosure, collection, or any other form of unlawful use.

Further Transfers

Data transferred to another state or international organisation may be further transferred to a third party only if such transfer serves the initial purpose of the data transfer and meets the basis for data transfer and guarantees adequate safeguards for data protection as provided by the law.

Record-Keeping and Documentation

Data controllers are required to maintain a filing system catalogue for each filing system, which includes information on transborder data flows and the legal grounds for data transfer to other states and international organisations.

Supervisory Authority

The PDPS monitors the legality of data processing in Georgia, including cross-border data transfers. It has the authority to request documentation, conduct inspections, and, if necessary, impose administrative penalties for non-compliance with data protection requirements.

Rights of data subjects

Right to Be Informed (Transparency)

Data subjects have the right to be informed about the collection and processing of their personal data. This means data controllers must provide clear, concise, and easily accessible information about:

- the purposes of processing,
- the types of data being collected,
- how the data will be used and stored,
- the recipients of the data (e.g., third-party service providers or other organizations),
- the data subject's rights in relation to the data,
- this is often provided through privacy notices or policies.

Right of Access

Data subjects have the right to access their personal data that is being processed

by data controllers. Individuals can request a copy of the data held about them, Information about how their data is being processed, Information about the data's origin (e.g., where it came from). The controller must respond to these access requests within a reasonable timeframe, typically within 30 days.

Right to Rectification

If personal data held by a data controller is inaccurate or incomplete, data subjects have the right to request corrections or updates to that data. The data controller must take steps to rectify inaccurate data and inform any third parties with whom the data was shared about the correction.

Right to Erasure (Right to be Forgotten)

Data subjects can request the erasure of their personal data in certain situations, such as:

- The data is no longer necessary for the purposes it was collected for,
- The individual withdraws consent and there is no other legal ground for processing,
- The individual objects to the processing, and there are no overriding legitimate grounds for continuing it,
- The data has been unlawfully processed,
- This right is not absolute, and data controllers may refuse to erase data if there is a valid legal reason to retain it (e.g., compliance with a legal obligation).

Right to Restrict Processing

Data subjects can request the restriction of the processing of their personal data under certain conditions, such as:

- when the data subject contests the accuracy of the data, When the processing is unlawful, but the individual opposes erasure and requests restriction instead,
- when the controller no longer needs the data, but the individual needs it for the establishment, exercise, or defense of legal claims,
- when the individual has objected to the processing, pending verification of whether the legitimate grounds of the controller override those of the individual.

In cases where data is being processed for scientific, historical, or statistical purposes, the data subject's right to object may be more limited.

Right Not to Be Subject to Automated Decision-Making

Data subjects have the right not to be subject to decisions based solely on automated processing, including profiling, that produces legal effects or similarly significantly affects them. There are exceptions, such as when the decision is necessary for entering into or performing a contract, based on explicit consent, or when authorized by law.

Right to Data Portability

Data subjects have the right to receive their personal data in a structured, commonly used, and machine-readable format. They also have the right to transmit that data to another controller without hindrance, where technically feasible. This right applies to data that is processed based on consent or contractual necessity, and the processing is carried out by automated means.

Right to Withdraw Consent

If data processing is based on the data subject's consent, they have the right to withdraw that consent at any time. Withdrawing consent should be as easy as giving it, and it will not affect the lawfulness of processing based on consent before its withdrawal.

Right to Complain to the Supervisory Authority

Data subjects have the right to lodge a complaint with the **Personal Data Protection Service of Georgia** (the supervisory authority), if they believe that their rights have been violated. This authority is responsible for overseeing and enforcing data protection laws in Georgia.

In cases where the data subject is not

satisfied with the response from the authority, they may also have the right to seek judicial remedy.

Obligations of data protection officer (DPO)

Certain organisations are required to appoint a Data Protection Officer (DPO) to ensure compliance with data protection obligations. The DPO plays a central role in managing legal risk, safeguarding data subjects' rights, and fostering a culture of accountability within organisations.

The appointment of a DPO is mandatory for public authorities and bodies (except courts acting in their judicial capacity); private entities whose core activities involve large-scale processing of sensitive data or regular and systematic monitoring of individuals; data controllers or processors that are legally obligated due to the nature or scale of their processing activities. Voluntary appointment is also permitted for other entities as a best-practice measure.

Key Responsibilities of the DPO

The DPO must operate independently and report directly to the highest level of management. Their obligations include:

- Monitoring compliance with the data protection law, internal policies, and data processing practices;
- Advising the controller or processor on data protection obligations;
- Raising awareness and training staff involved in processing operations;
- Cooperating with the Personal Data Protection Service (PDPS) and acting as the primary contact point;
- Conducting data protection impact assessments (DPIAs) and overseeing their implementation where required;
- Maintaining records of processing activities, especially when not carried out by the controller directly;
- Ensuring confidentiality and absence of conflicts of interest in their role.

The DPO must not be dismissed or penalised for performing their tasks. They must act independently, and organisations must provide adequate resources, support, and access to information necessary to fulfil their role.

In regulated industries such as healthcare, banking, and telecommunications, DPOs play a particularly vital role in managing data protection compliance. Multinational businesses operating in Georgia often designate regional DPOs to ensure alignment with broader corporate privacy frameworks, including the GDPR.

Supervision and enforcement of data protection regulations

State Audit Office (SAO)

In December 2025, the Parliament of Georgia adopted amendments to the legislative framework governing personal data protection, abolishing the standalone Personal Data Protection Service and transferring its functions and powers to the State Audit Office (SAO).

This reform is designed to enhance institutional independence and consolidate data protection oversight within a constitutional body. From 2 March 2026, the SAO will serve as the primary supervisory authority for personal data protection in Georgia, inheriting the regulatory, inspection, and enforcement functions previously exercised by the Service.

Sanctions for Non-Compliance

If a data controller or processor does not fulfill its obligations regarding data subjects' rights, the Personal Data Protection Service can issue warnings, fines, or other corrective actions. However, the fines are generally less severe compared to those under the GDPR (which can reach up to 4% of global turnover for serious violations).

15 Intellectual Property



Copyright And Related Rights

General overview

The subject matter of copyright is scientific, literary and artistic works which are the result of the intellectual and creative activity, irrespective of their purpose, value, genre, size, form or means of expression.

In particular, the subject matter of copyright encompasses:

- literary works (books, brochures, articles, computer programs etc.);
- dramatic and dramatico-musical works, choreographic or pantomime works and other scenic works;
- musical compositions with or without lyrics;
- audiovisual works;
- works of sculpture, painting, engraving, lithography, fine arts, and other artistic works;
- works of crafts and applied arts or monumental art;
- works of dramatic-decorative art;
- works of architecture, urban planning or landscape design;
- photographic works or works produced by means analogous to photography;
- maps, plans, sketches, illustrations and other similar works related to geology, geography, cartography or other spheres;
- derivative works, in particular, translations, adaptations, scripts, reviews, screen and stage versions, compilations, musical arrangements and others;

er alienations of scientific, literary and artistic works;

- composite works, in particular, collections, encyclopedias, anthologies, databases and other works resulting from data selection and compilation of intellectual and creative nature.

There are no formal requirements for a work to qualify for copyright protection. In general, it is sufficient for the work to be the result of creative activity of an individual nature (authentic) and to exist in the objective form, irrespective of whether it has been published or made available to the public.

However, the copyright protection applies only to the medium of expression and does not extend to ideas, methods, processes, systems, means, concepts, principles, discoveries and facts, even if they are expressed, described, explained, illustrated or embodied in a work.

Legal basis

The copyright law of Georgia is based on the Law of Georgia on Copyright and Related Rights (No. 2112-IIS of June 22, 1999), as well as a list of international treaties, such as:

- The Berne Convention for the Protection for Literary and Artistic works;
- WIPO Copyright Treaty;
- other international treaties.

What is the duration of the copyright protection?

The copyright in Georgia is divided into two groups of rights:

1. economic rights;
2. moral rights (the ones that belong to the author only and cannot be transferred – e.g. the right to claim the authorship, etc.).

The author's moral rights (the right to claim authorship, the right to be named, the right of integrity, the right to respect of reputation in relation to a particular work) are indefinite (perpetual) in duration.

The author's economic rights last for the author's lifetime and expire after the lapse of full 70 years:

- from the death of the author – in case of sole authorship;
- from the death of the last surviving co-author – in case of joint authorship.

However, there are a few exceptions to the general rule:

- In case of a work whose author is not known, the author's economic rights last for a full 70 years from the date of the first publication of a work or making it available to the public. However, if within this term the author discloses his/her identity, or if the pseudonym adopted by the author leaves no doubt as to his/her identity, the general rules of the author's economic rights duration shall apply;
- in case of a derivative or composite work, the author's economic rights last for full 70 years from the date of the time when such works were lawfully published or made available to the public, and if a work has not been published or made available to the public – from the date of its creation;
- in case of an audiovisual work, the author's economic rights last for the

authors' lifetime and expire after the lapse of full 70 years from the death of the last surviving director, author of the screenplay, author of the dialogues, author of the musical work with or without lyrics specially created for this audiovisual work;

- in case of a musical work with words created under co-authorship, the author's economic rights last for the authors' lifetime and expire after the lapse of full 70 years from the death of the last surviving co-author, whether or not the author of the words and the author of the musical work, as a result of whose joint intellectual and creative activity such a musical work was created, are designated as co-authors;
- the economic right of a person who lawfully published or made available to the public a work which was not published or made available to the public previously lasts 25 years from the time of the lawful occurrence of such a fact.

If a work is published in volumes, parts, issues or episodes and the term of protection runs from the time of the lawful occurrence of this fact, the term of protection shall run for each such item separately.

Who is the owner of the copyright created under employment

The work created in the course of employment (or work made for hire) means a work created by an employee or recipient of an order connected with performing official duty or executing the order.

In general, the employer or the customer acquires both:

- all the economic rights of the author to the work made for hire; and
- the right to indicate his/her name or to claim such an indication when using in any form a work created in the course of employment.

The amount of an author's remuneration (royalty) and terms of its payment upon using a work created in the course of employment may be determined under an agreement concluded between the author and the employer.

There are no other special provisions regarding works created in the course of employment in Georgia.

In a case of company liquidation or insolvency process, the copyright may be sold or transferred to creditors or other entities. on the other hand, it is also necessary to know that despite the fact this question is not fully covered by Georgian law on copyright, under various international intellectual property laws where Georgia is a member state, an author may claim an authorship and have a priority right to return back an ownership.

What intellectual property agreements may be concluded under the copyright laws

There are several types of IP agreements under the Georgian copyright law:

- a license agreement (an agreement to use a work in a definite form and within the particular scope);
- an economic rights transfer agreement (an agreement to transfer all or part of

- the economic rights to the author's successor in title);
- an agreement for a commissioned work (an agreement pursuant to which an author shall undertake to create a work corresponding to the requirements of the customer and to transfer it to customer, whereas a customer shall undertake to receive the work and to pay remuneration to the author).

Assignment Agreement (Copyright Transfer Agreement)

An author or other rights holder is entitled to transfer all or part of the economic rights to his/her successor in title. However, there are no specific provisions regarding the copyright assignment (transfer) agreement in the copyright law of Georgia.

License Agreement.

According to the Law on Copyright and Related Rights, there are two types of licenses:

- a **non-exclusive license** (which does not limit the author or other rightholder to authorize other persons to use the work in a similar way on an equal basis with the licensee);
- a **exclusive license** (which provides for the exclusive right to use a work solely to the licensee and entitles the licensee to prohibit such use of the work by other persons, including the author).

Are there any copyright registration procedures available in the country

Pursuant to Article 9-1 of the Law on Copyright and Related Rights of Georgia, the author or other right holder is entitled to deposit the original or a copy of a work with the National Intellectual Property Center of Georgia ("Sakpatenti"). However, this procedure is not obligatory.

In the absence of proof to the contrary, the person indicated in a deposition certificate shall be deemed as the author of the work (rightholder).

The main remedies against intellectual property rights violation

An author or rights holder whose rights are threatened have been infringed may request the infringer:

- to recognize the author's or rights holder's rights;
- to restore the status that existed prior to the infringement;
- to stop (cease) the acts infringing the right or creating a risk of its infringement;
- to remove from the market, or to award to the rights holder, or to destroy illegally produced copies of a work, phonogram, videogram or database regarded as counterfeit copies, as well as material, device or its component necessary for their reproduction or circumvention of technological measures;

- to redress the damage caused (including lost profits), if the infringer was aware or should have been aware of the infringement of the rights of the rights holder;
- to pay an appropriate amount of money to the rights holder instead of compensation for damages, or confiscation of profits gained by the infringer as a result of infringement;
- to pay a lump sum of compensation instead of compensation for damages, or confiscation of profits. Such compensation shall not be less than the tenfold amount of the pecuniary compensation receivable by the rightholder in the case of lawful use of the infringed right;
- Exclusive rights to use the trademark within the country.
- Prevention of brand copying and counterfeiting by competitors.
- Legal recourse against trademark infringements in court.
- Licensing and franchising opportunities to transfer trademark rights to third parties.

Key Requirements for Trademark Registration in Georgia

Before registering a trademark, it is essential to ensure compliance with the following criteria:

- **Uniqueness:** The trademark must be distinctive and must not be identical to existing registered marks in the same category of goods or services.
- **Legal Compliance:** The mark must not contradict public interest, morality, or public order.
- **No Confusing Similarity:** The mark must not be similar to the extent of causing confusion with already registered trademarks in the Georgian market.

Georgian legislation regulates the Trademark Registration Process for Foreign Companies as well.

Industrial property rights

Brand Protection in Georgia: Trademark Registration for Foreign Companies

Registering a Trademark in Georgia Provides the Following Benefits:

Advertising 16



General Requirements for Advertising

Transparency: Advertisements must be clearly identifiable as such without the need for special knowledge or technical means.

Language: All advertising must be presented in the official state language, Georgian. This requirement does not apply to programs and print editions distributed in other languages or to the lettering on the image of the product, except for trademarks. However, if a trade (service) name (logotype) is registered in a foreign language and placed in Georgia, it must be transliterated into Georgian.

Restricted Content

Alcohol and tobacco: Strictly limited, especially near schools or aimed at minors.

Sex-related and medical products: Heavily regulated, often requiring prior approval.

Weapons and securities: Generally prohibited or require special permits.

Outdoor advertising is an important tool for brands, especially in the offline space. In Georgia, as in most countries, its placement is regulated by a number of requirements.

Local self-government bodies are responsible for issuing permits for outdoor advertising and ensuring compliance with the Law.

The permit for outdoor advertising placement is issued in the form of an auction. The rules of introduction and issuance of permits for outdoor advertising placement shall be approved by the relevant municipal council.

In order to obtain an outdoor advertising permit, the applicant must submit:

- The application, which must be in writing and contain the name of the administrative body to which it is addressed; The applicant's identity and address; the request; the date of the application and the applicant's signature; List of documents attached to the applica-

tion, if any;

- The application must also specify the type of permit required of the permit seeker and a list of attached documents.
- The application must be accompanied by: extracts from the state register for a private law legal entity and an individual entrepreneur, and for an individual – an identity document in Georgian language;

The application must also be accompanied by proof of payment of the permit fee;

Georgia's advertising regulations aim to balance transparency, cultural identity, and public interest. By mandating the use of the Georgian language and setting clear boundaries on sensitive content such as alcohol, tobacco, and medical products, the law promotes responsible marketing practices. Outdoor advertising, a key channel for visibility, is carefully regulated through a permit system managed by local municipalities, ensuring that public spaces are used lawfully and fairly. These measures reflect Georgia's commitment to creating a structured and ethical advertising environment that aligns with both local values and international standards.

Information Technology.

Opportunities for the IT industry in Georgia



Structuring investment and M&A transactions in Georgia

Foreign and domestic investors structuring investment or merger and acquisition (M&A) transactions in Georgia must follow a clear set of procedures regulated by both general corporate law and sector-specific rules. The process is relatively streamlined, with Georgia maintaining a liberal legal environment aimed at promoting business, investment, and cross-border transactions.

The primary legal framework governing corporate structures and M&A activity in Georgia is the *Law on Entrepreneurs*, which was most recently updated in 2021 and is harmonized with EU standards. Additionally, transactions may also be subject to the *Civil Code*, the *Law on the Promotion and Guarantees of Investment Activity*, competition regulations, and sector-specific legislation in industries such as banking, insurance, and energy.

The typical entry point for foreign investors is the incorporation or acquisition of a limited liability company (LLC) or joint stock company (JSC). LLCs are most common due to their simplicity, minimal reporting obligations, and flexibility in structuring ownership and management. Incorporation is conducted through the National Agency of Public Registry (NAPR), which allows for one-day registration with minimal documentation. A corporate entity can be registered by a single shareholder, with no local director or shareholder requirement.

Foreign investors may also acquire shares in existing companies, subject to statutory procedures for share transfer and any internal corporate governance rules.

M&A transactions in Georgia can be structured as share deals, asset deals, or mergers. Share deals involve the transfer of ownership interests in a company and must be executed via a notarized share transfer agreement if the company is a JSC. For LLCs, a written agreement is sufficient, but changes in ownership must be registered with the NAPR to take legal effect. Asset deals require the assignment or sale of specific assets, which may include real estate, contracts, and licenses. These are governed by the Civil Code and may require additional regulatory approvals or notifications depending on the nature of the assets and the sector.

Merger procedures are outlined in the *Law on Entrepreneurs* and involve a formal process of merger agreement drafting, shareholder approval, public notification, and eventual registration with the NAPR. In mergers involving JSCs or companies in regulated sectors, additional disclosures and regulatory approvals may be necessary. Cross-border mergers are also permissible, subject to both Georgian regulations and the laws of the foreign jurisdiction involved.

Regulatory approval is generally not required for private M&A transactions unless the transaction triggers competition thresholds or involves entities operating in regulated sectors. The *Law on Competition* mandates that mergers or acquisitions that result in a dominant market position, or where the combined turnover of the parties exceeds thresholds set by the Georgian National Competition Agency, must be notified and approved prior to closing.

Foreign investment is not subject to prior approval in most sectors, and there are no general limitations on foreign ownership of shares in Georgian companies. However, restrictions apply in specific sectors such as agricultural land ownership, where foreign individuals or entities cannot directly acquire ownership rights, though indirect investment via local subsidiaries may be permitted.

Tax implications are a key consideration when structuring transactions. Georgia offers a competitive tax regime with a 15% corporate income tax applicable only upon profit distribution (the Estonian model), 5% dividend withholding tax, and no capital gains tax for share sales by individuals. Asset transactions may be subject to VAT and property transfer tax, depending on the nature of the asset. Legal and tax due diligence is standard practice prior to closing, with attention paid to corporate history, real estate ownership, employment matters, and tax liabilities.

All transactions involving company formation, mergers, or changes to shareholding must be registered with the NAPR to take effect. Registration can be done online or in person, and in most cases, completion occurs within one to two business days, provided that all documentation is in order and properly notarized or legalized where applicable.

Intellectual property rights protection

Intellectual property (IP) rights protection in Georgia is regulated by a set of national

laws aligned with international treaties and agreements, including the World Trade Organization (WTO) TRIPS Agreement, the Paris Convention, the Berne Convention, and the Patent Cooperation Treaty (PCT). Georgia is also a party to the European Neighborhood Policy and has harmonized much of its legislation with EU standards under the Deep and Comprehensive Free Trade Area (DCFTA).

The national authority responsible for IP registration and enforcement is the National Intellectual Property Center of Georgia (Sakpatenti). This agency manages the registration of patents, trademarks, designs, geographical indications, and copyrights. For businesses operating in the IT sector, key areas of protection include software copyright, trademarks, domain names, and patents for technological innovations, where applicable.

Software, including source code and object code, is protected under copyright law automatically upon creation without the need for registration. Nevertheless, copyright registration is available and can serve as evidence in case of disputes. To register a software copyright, the applicant must submit an application to Sakpatenti along with a brief description of the work, the author's identity, and a copy or extract of the code. While the registration is not mandatory for enforcement, it strengthens the legal position of the rightsholder in litigation.

Trademarks are commonly used to protect brand identity in the IT sector. To register a trademark in Georgia, the applicant submits a formal application to Sakpatenti, including a representation of the mark, a list of goods and services under the Nice Classification, and proof of payment of the

official fee. Examination involves a formal check followed by a substantive examination for distinctiveness and conflicts with existing trademarks. If approved, the trademark is published for opposition for a 3-month period. If no opposition is filed, the trademark is registered and protected for 10 years from the application date, renewable indefinitely in 10-year increments.

Domain names in the national «.ge» country-code top-level domain are registered through accredited registrars under the GE Registry. Domain name disputes are primarily governed by contractual rules of the registry and can also be addressed through the court system or mediation. Although Georgia is not yet part of the Uniform Domain-Name Dispute-Resolution Policy (UDRP) system, legal remedies are available under Georgian law in cases of bad-faith registration or trademark infringement.

Patents are available for inventions that are new, involve an inventive step, and are industrially applicable. In the IT context, patent protection is limited as software as such is not patentable. However, software-related inventions that solve a technical problem in a novel and non-obvious way may be eligible. Patent applications must be filed with Sakpatenti, including a detailed description of the invention, claims, and, if applicable, drawings. After a formal and substantive examination, a patent is granted for a term of 20 years from the filing date. Maintenance fees are payable annually to keep the patent in force.

Design rights can also be registered for the visual appearance of software interfaces or hardware products. The registration process involves filing an application with

drawings or photographs of the design, proof of authorship, and payment of the official fee. The design is protected for five years from the filing date, with the possibility of renewal up to 25 years in five-year increments.

Enforcement of IP rights in Georgia can be pursued through civil litigation, administrative procedures, or criminal prosecution in cases of willful infringement. Rightsholders may apply for injunctive relief, seizure of counterfeit goods, and damages. Specialized judges in Tbilisi Civil Court handle IP-related cases, and temporary injunctions can be granted swiftly if there is a risk of irreparable harm. Customs enforcement is also available under the border measures framework. Rightsholders can record their IP rights with the Revenue Service to enable customs officers to seize infringing goods at the border.

Georgia provides procedural mechanisms for efficient dispute resolution and rights enforcement. Civil proceedings are governed by the Civil Procedure Code, which allows for interim measures and expedited hearings. Infringers may be ordered to cease use, pay damages, and cover legal costs. Criminal sanctions apply in cases of large-scale counterfeiting or piracy, including fines and imprisonment.

To secure robust protection in Georgia, businesses operating in the IT sector are advised to combine formal registration of trademarks, domain names, and relevant designs with proactive copyright enforcement and, where applicable, patent filings. Due diligence, internal IP policies, and regular monitoring of the IP registry and marketplace are essential to prevent and respond to infringement.

IT residence permit

IT specialists benefit from a special IT residence permit regime in Georgia.

Target Audience

Hired IT specialists, individual entrepreneurs, and heads of IT companies.

Income / Turnover requirements

Income: Must be \$25,000 USD per year.

Qualification/Experience

Mandatory work experience of at least 2 years in the IT field

Professions for IT Residence Permit Category

Category	Example of professions
Programming and development	Software Engineer Web Developer Full-stack Developer
Cybersecurity	Cyber Security Analyst Penetration Tester Cyber Engineer
Data and Analytics	Data Architect Director of Data Operations Senior Manager Data Engineer
Systemic administration & support	IT Systems Engineer Help Desk Analyst IT Support Specialist
Analysis and consulting	Computer Systems Analyst IT Subject Matter Expert Technical Publications Writer

Risks

Requires physical presence in Georgia for at least 183 days per year.

It may be annulled if the rules are not followed.

18 Judicial System



Overview of the judicial system

Georgia's judicial system is a cornerstone of its legal framework, essential for businesses operating within the country. The system is structured to uphold the rule of law, ensure judicial independence, and provide mechanisms for dispute resolution.

Georgia's judiciary operates on a three-tier system:

- **First Instance Courts:** Handle civil, criminal, and administrative cases at the district and city levels.
- **Courts of Appeal:** Review decisions from the first instance courts.
- **Supreme Court:** Serves as the highest court for common law cases, ensuring uniform interpretation of laws and final appellate jurisdiction.
- **Constitutional Court:** Located in Batumi, this court addresses constitutional disputes, including the review of laws and protection of fundamental rights.

Courts of general jurisdiction

Competence of courts of general jurisdiction

Commercial disputes—including contract enforcement, property rights, and tax

litigation—are adjudicated by the Courts of General Jurisdiction, which comprise a three-level system: first instance (district and city courts), appellate courts, and the Supreme Court. This system is governed by the Civil Procedure Code of Georgia and provides businesses with a formal and legally enforceable path for resolving disputes.

At the first level, most commercial cases are heard by the Tbilisi City Court, which has jurisdiction over disputes involving businesses based in the capital or operating nationally. Cases are allocated through an automated case assignment system to ensure impartiality and to prevent forum shopping or judge selection. Judges within the civil chambers specialize in commercial and contractual matters, while tax-related disputes are heard by administrative chambers.

Initiation of Proceedings

A civil claim must be filed in writing. Upon submission, the court performs a formal review of the claim within five working days to ensure it meets admissibility requirements. If the claim is incomplete, the plaintiff is given an additional five days to correct or supplement it.

Pre-Trial and Hearing Phase

Once the claim is accepted, the court sets a preparatory hearing, typically held within 2 to 6 weeks, where procedural matters are addressed. During this stage, the court may:

- establish the scope of the dispute, schedule deadlines for submission of

evidence and motions, decide on admissibility of documents or expert opinions, encourage or mandate mediation or settlement discussions (especially in lower-value claims).

Judgment and Appeals

Once the court renders a judgment, it is issued in writing and must include detailed reasoning, reference to applicable legal provisions, and a breakdown of damages or relief awarded. The judgment can be appealed within 14 calendar days to the relevant Court of Appeals, which re-examines both legal and factual aspects of the case.

If either party remains dissatisfied, a further appeal may be filed to the Supreme Court of Georgia, but only if the case involves significant legal interpretation or issues of public interest. The Supreme Court accepts a limited number of cases annually, and reviews them mainly on legal grounds.

Enforcement and Efficiency

Final judgments of the courts are enforceable through the National Bureau of Enforcement, which carries out asset seizure, bank account freezes, and other enforcement actions. Court decisions, once final, are recognized and enforced without additional procedures.

Georgia has made strides in digitizing court processes, including electronic case filing, online access to decisions, and virtual hearings, which enhance transparency and reduce procedural delays. However, challenges persist in complex or high-

stakes commercial disputes, including occasional delays in case scheduling, variability in judicial reasoning, and limited availability of experienced commercial judges outside Tbilisi.

Despite these challenges, the Courts of General Jurisdiction remain a key institutional pillar for dispute resolution in Georgia, offering businesses a clear legal path to enforce rights and resolve contractual or regulatory disputes under a codified, rule-based system.

State duty rates

A **filing fee** is required, varying by the type and value of the claim. It is calculated as a percentage of the claim value (1% to 3%, subject to a statutory cap), and must be paid upon submission unless the court grants a deferral or exemption based on the party's financial status.

Arbitration

Arbitration is a well-established alternative to court litigation in Georgia and plays a growing role in resolving commercial disputes. For businesses, it offers a more flexible, confidential, and often quicker path to dispute resolution—particularly in cases involving contractual relationships, cross-border transactions, and high-value commercial matters.

The legal framework for arbitration in Georgia is governed by the Law on Arbitration (2009), which is based on the

UNCITRAL Model Law and aligned with international best practices. The law allows parties wide autonomy to structure arbitration proceedings according to their needs. Arbitration agreements must be in writing, typically included as a clause in a commercial contract, and must clearly express the parties' intention to submit disputes to arbitration. Once an arbitration agreement exists, Georgian courts are required to refer the parties to arbitration if one of them initiates litigation in breach of the clause—unless the court finds the arbitration agreement invalid or inapplicable.

The procedure for appointing arbitrators depends on the terms of the arbitration agreement. In the absence of specific terms, each party selects one arbitrator, and those two arbitrators agree on a third, who serves as the presiding arbitrator. If the parties cannot agree or fail to appoint arbitrators, the court or the arbitration institution steps in to complete the appointments. Arbitrators must be independent and impartial, and parties may challenge an arbitrator if there are justified doubts about their neutrality.

Hearings may be held in person or online and can be conducted in any language agreed upon by the parties, although Georgian and English are most common. Parties present their claims and evidence through written submissions, witness testimony, and expert reports. The process is generally less formal than court litigation, allowing for greater procedural efficiency. Timeframes vary based on the complexity of the case and the arbitration rules selected, but most institutional arbitrations in Georgia aim for resolution within 6 to 12 months of tribunal formation.

The final decision, known as an **arbitral award**, is binding and enforceable. It must be in writing, signed by the arbitrators, and include the reasoning behind the decision, unless otherwise agreed. Parties may apply to the Georgian courts to enforce the award. Challenges to arbitral awards are only allowed on limited grounds, such as lack of jurisdiction, violation of due process, or conflict with Georgian public policy. The courts generally refrain from re-examining the merits of the dispute and focus only on procedural integrity.

Georgia is a party to the New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards, which facilitates the enforcement of arbitral awards issued in other jurisdictions. Similarly, arbitral awards rendered in Georgia can be recognized and enforced in more than 160 other Convention-member countries, offering businesses international legal certainty.

Institutionally, the Georgian International Arbitration Centre (GIAC) plays a key role in administering arbitrations. GIAC provides a set of arbitration rules modeled on international standards, a roster of qualified arbitrators, and administrative support. GIAC proceedings are structured, time-bound, and confidential, making them especially appealing for cross-border and high-stakes disputes.

Overall, Georgia's arbitration environment is legally sound, procedurally transparent, and increasingly business-oriented. With modern laws, competent institutions, and a supportive judiciary, arbitration offers companies an efficient and enforceable mechanism for resolving disputes while avoiding the complexity and public exposure of traditional litigation.

Tax dispute resolution in Georgia (Internal Affairs Council)

The first formal step in resolving a tax dispute with the Revenue Service is through the Internal Affairs Council (IAC), an administrative review body functioning under the Legal Department of the Revenue Service. The Council provides an internal mechanism for businesses to contest decisions arising from tax audits, assessments, or the imposition of penalties, and is intended to offer a more efficient and accessible alternative to immediate litigation.

A taxpayer who disagrees with a decision issued by the Revenue Service must file an appeal to the IAC within 30 calendar days from the receipt of the contested act. The appeal must be submitted in writing and must clearly state the grounds

for disagreement. It should also include relevant supporting documentation such as contracts, invoices, accounting records, legal arguments, and a power of attorney if the appeal is submitted by a representative. The Revenue Service conducts a preliminary review to confirm whether the appeal meets formal requirements. If the documentation is incomplete, the taxpayer is notified and granted five working days to rectify the deficiencies.

Once accepted for review, the case is assigned to legal and tax professionals within the Internal Affairs Council. The IAC may invite the taxpayer or their representative to provide additional clarifications or to participate in a hearing, though this is not mandatory. The review process focuses on both factual and legal analysis and is based solely on the materials presented by the taxpayer and the case file maintained by the Revenue Service. The IAC is required to issue a reasoned decision within 20 working days of accepting the appeal. In more complex cases, the review period may be extended by an additional

10 working days, provided the taxpayer is notified in writing.

The decision of the IAC is binding on the Revenue Service. If the Council finds in favor of the taxpayer, the original tax decision is amended or annulled accordingly. If the Council upholds the initial decision, the taxpayer has the right to escalate the matter to the Dispute Resolution Council at the Ministry of Finance or to initiate court proceedings in the Tbilisi City Court.

The Internal Affairs Council plays a central role in Georgia's tax dispute resolution framework by offering a relatively quick and low-cost administrative process for businesses to challenge tax decisions. While the Council is an internal body of the Revenue Service, it operates under structured procedural safeguards and is subject to oversight through subsequent appeal mechanisms. This administrative review stage helps reduce the volume of tax cases reaching the courts and contributes to greater efficiency and fairness in tax administration.

Notarial Executory Endorsement

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In Georgia, notarial endorsement serves as a formal authentication of various legal documents, ensuring their validity and enforceability. Below is an overview of the categories of claims eligible for notarial endorsement and the documents typically required for such endorsement, based on Georgian legislation and practices.

Documents required for notarial endorsement

To obtain notarial endorsement in Georgia, the following documents and conditions are generally required:

- Original Document:** The document that needs to be notarized must be the original, as notaries are prohibited from certifying copies of public records or documents already recorded elsewhere.
- Valid Identification:** The individual requesting the notarial act must present a government-issued photo ID, such as a passport or driver's license, to verify their identity.
- Witnesses:** For certain documents, such as deeds, witnesses may be required to attest to the signing of the document.
- Endorsements and Declarations:** Applicants for a notary commission must submit endorsements from two individuals who are not relatives, are at least 18 years old, and have known the applicant for at least one month.
- Notarial Certificate:** A notary public will

complete a notarial certificate on the document, which includes details of the notarial act performed.

- Notary Seal:** Each notary must provide a seal of office for the authentication of notarial acts.

or translations.

- Confirmation of the fact that a person is alive or present at a certain place.
- Registration of Property Rights: Notaries can register entries related to property rights, including amendments and terminations, and issue relevant extracts.
- Certification of Powers of Attorney: Notaries can certify powers of attorney, confirming the authority granted to a representative.

Categories of claims eligible for notarial endorsement

Under Georgian law, individuals have the right to appeal decisions regarding notarial endorsements. The Law of Georgia on Notaries provides a clear procedure for such appeals:

These actions are performed in accordance with the procedures established by Georgian legislation. The notarial act is then registered in the Electronic Notary Registry, ensuring its legal validity and traceability.

Appeal of Notarial Endorsement

Procedure for Notarial Endorsement

A notarial endorsement, or the performance of a notarial act, is typically carried out by a notary public at the request of a natural or legal person. This process involves verifying the authenticity of signatures, documents, or facts, and may include actions such as and not only:

- Authentication of transactions.
- Issuance of documents certifying title or inheritance.
- Verification of the correctness of copies

If an individual believes that a notarial act has been performed incorrectly or unlawfully, they have the right to appeal the decision. According to Article 53 of the Law of Georgia A person interested in the performance of a notarial action, or a person who was refused the performance of a notarial action, may appeal such notarial action or resolution on refusal to perform a notarial action in a court, according to the location of the notary office in question.

This means that disputes related to notarial acts can be taken to court, where the matter will be reviewed and adjudicated. It's important to note that the appeal pro-

cess is subject to the specific procedures and timeframes established by Georgian civil procedure law.

Georgia has recently introduced stricter requirements for certain transactions that need to be registered in the public registry.

According to amendment to the «Procedures for Performing Notarial Acts» instruction, transactions involving parties represented by a Power of Attorney issued in a foreign country or joint activities (partnerships) must now be certified by a notary in the form of a public deed.

Previously, the public registry itself had the authority to certify such transactions. However, the new regulations mandate the involvement of a notary to ensure the authenticity and legal validity of these agreements.

It's important to note that notaries in Georgia are not obligated to perform a notarial act if they suspect the act is for a transaction that is illegal, false, or deceptive; if the person is being coerced; or if the person's demeanor raises doubts about their understanding of the transaction.

20 Recognition and enforcement of foreign court decisions



The issue of recognition and enforcement of foreign court and arbitration decisions is regulated by the Georgian Law on Private International Law, the Georgian Law on Arbitration, and the Georgian Civil Procedure Code.

Georgia recognizes a decision made by a foreign court. Exceptions to this rule are cases when:

- a foreign country does not recognize a decision made by Georgian courts; the foreign court that issued the decision is not considered competent in accordance with Georgian legislation;
- the case falls under the exclusive jurisdiction of Georgia;
- there is already a legally effective decision of a Georgian court on the same legal dispute between the same parties or a foreign court decision has been issued on the same legal dispute between the same parties, which has already been recognized in Georgia;
- a court proceeding is underway in Georgia between the same parties on the same issue and on the same grounds; the decision contradicts the fundamental legal principles of Georgia.

The issue of recognition of a foreign court decision will be considered by the Supreme Court of Georgia.

The issue of enforcement of a court decision of a foreign country is taken after the relevant petition has been filed by the interested party, and the decision on the said matter is within the competence of the Supreme Court of Georgia.

For the execution of the above-mentioned petition, the interested party must attach to his or her petition a certified copy of

the foreign court decision and a Georgian translation, and a certificate of the entry into force of the decision and the necessity of its execution, unless this is not clear from the text of the petition.

The Supreme Court shall render a decision within 6 months, and a recognition of a decision made by a foreign court is exempt from state duty in accordance with Article 2, paragraph 1 of the Minsk Convention, which states: "Citizens of each Contracting Party and persons residing in its territory shall be exempt from payment and reimbursement of court and notary fees and expenses, and shall also enjoy free legal assistance on the same conditions as its own nationals.

The recognition and enforcement of an arbitration award shall be carried out in the same manner as the recognition and enforcement of court decisions. In accordance with Article 44 of the Law of Georgia on Arbitration, regardless of the state in which it was made, it shall be binding and shall be enforced upon submission of a written petition to the court.

The Supreme Court of Georgia is the court authorized to make decisions on the recognition and enforcement of arbitration awards made outside Georgia. For the recognition and enforcement of an arbitration award, a party must submit a duly certified original of the arbitration award, and if the arbitration award or agreement is not made in Georgian, a duly certified translation. The enforcement of the award is carried out on the basis of a court ruling, in accordance with the Law of Georgia "On Enforcement Proceedings". The petition is sent by the interested party to the other party, which may submit a response within 7 days of its receipt, and

the court must issue a ruling no later than 30 days after the expiration of this 7-day period.

The state fee for the recognition and enforcement of an arbitration award is 150 GEL.

The 1958 New York and Minsk Conventions

Georgia is a member of the 1958 New York Convention and the Minsk Convention, therefore, when considering issues of recognition and enforcement of foreign court and arbitration decisions, these conventions have the upper hand due to the hierarchy.

For the application of the 1958 New York Convention on the Recognition and Enforcement of Arbitral Awards, it is important to have an arbitral award made in the territory of one country, the recognition and enforcement of which must be carried out in another state. To recognize an arbitral award made in a foreign country, a party (interested person) must submit:

- The original or a duly certified copy of the arbitration award;
- The original or a duly certified copy of a written agreement by which the parties undertake to submit to arbitration all or some of the disputed claims that have arisen or may arise between them due to any specific contractual or other legal relationship.

21 Product safety and free movement



Georgia has established a legal and institutional framework that supports product safety and the free movement of goods, in line with its commitments under the EU-Georgia Association Agreement. The primary legal basis regulating product safety is the Law on Product Safety and Free Movement of Goods, enacted in 2012 and subsequently amended to reflect developments in EU legislation. This law is complemented by a growing number of technical regulations based on EU New Approach directives.

Under the current legal framework, any economic operator—including manufacturers, importers, and distributors—placing a product on the Georgian market is required to ensure that the product complies with applicable safety and technical requirements. This includes verifying that the product has undergone relevant conformity assessment procedures, is properly labeled in the Georgian language, and is accompanied by required documentation such as user instructions and declarations of conformity where applicable. Products must be traceable throughout the supply chain, and economic operators are obliged to retain technical documentation for a specified period, depending on the product category.

Market surveillance is conducted by the Market Surveillance Agency under the Ministry of Economy and Sustainable Development. This authority is responsible for monitoring the safety of products on the market through inspections, testing, and enforcement actions. Surveillance activities are risk-based and prioritize product categories known to pose higher risks to public health, safety, or the

environment. Where non-compliance is identified, the agency may impose administrative penalties, require the recall or withdrawal of unsafe products, or prohibit the sale of the product entirely.

Technical regulation development and standardization are coordinated by the Georgian National Agency for Standards and Metrology (GeoSTM). Georgia has adopted a policy of voluntary standardization, where compliance with standards is not mandatory unless referenced in technical regulations. Many national standards are harmonized with international and European standards, and businesses are encouraged to use these harmonized standards as a presumption of conformity with essential safety requirements.

Although Georgia is not part of the European Union, it recognizes the CE marking for products that fall under harmonized EU technical regulations adopted nationally. This recognition facilitates trade with EU member states and supports local businesses in demonstrating compliance. However, Georgia is not yet part of the EU's mutual recognition system for conformity assessments, so products tested and certified in Georgia may still require additional conformity procedures when entering the EU market.

The government of Georgia is working toward concluding an Agreement on Conformity Assessment and Acceptance of Industrial Products (ACAA) with the EU. Once in force, this agreement would allow for the mutual recognition of designated Georgian conformity assessment bodies and reduce technical barriers to trade for key industrial sectors.

In practice, businesses intending to place products on the Georgian market must review applicable technical regulations, determine whether third-party conformity assessment is required, ensure compliance with labeling and documentation obligations, and be prepared for post-market controls by surveillance authorities. The regulatory framework is stable and continues to evolve toward full approximation with EU norms, offering legal predictability and facilitating integration with European and regional markets.

Effective from 1 January 2025, an amendment to the «Product Safety and Free Movement Code» introduces a revised regulatory framework for various aspects of market surveillance.

In particular, the amendment increases the existing fines for non-compliance with orders issued by the head of the market surveillance authority regarding:

Suspension of sales, Withdrawal from the market, Recall, and/or Destruction of non-compliant and/or hazardous products.

Furthermore, administrative liability has been established for placing products on the market that fail to meet the requirements of Georgian legislation and/or pose risks. In the case of repeated violations, stricter liability measures apply.

These amendments aim to strengthen the market surveillance system for consumer, construction, and industrial goods to ensure that enforcement measures are proportionate to the risks posed by products.

22 Addresses Of Government Authorities



National Agency of Public Registry (NAPR)

- **Role:** Responsible for business registration, property rights, and maintaining public registries.
- **Address:** 22 Vakhtang Gorgasali Street, Tbilisi 0114, Georgia
- **Phone:** +995 32 225 15 28 / +995 32 240 54 05
- **Website:** www.napr.gov.ge
- **Working Hours:** Monday to Friday, 09:00 – 18:00

Note: All companies are required to undergo mandatory re-registration by April 1, 2025, to remain active and compliant.
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Ministry of Economy and Sustainable Development of Georgia

- **Role:** Oversees economic policy, entrepreneurship development, and investment promotion.
- **Address:** Sanapiro Street No. 2, Tbilisi 0105, Georgia
- **Website:** www.economy.ge

Enterprise Georgia

- **Role:** Supports business development, export promotion, and investment attraction.
- **Address:** 18 Dimitri Uznadze Street, Tbilisi 0102, Georgia
- **Website:** www.enterprisegeorgia.gov.ge

Public Service Hall

- **Role:** Provides a range of government services, including business registration, licensing, and documentation.
- **Address:** 2 Sanapiro Street, Tbilisi 0105, Georgia
- **Website:** www.psh.gov.ge

State Procurement Agency

- **Role:** Manages and oversees public procurement processes.
- **Address:** 8 Richard Holbrooke St, Tbilisi 0113, Georgia
- **Website:** www.procurement.gov.ge

National Statistics Office of Georgia (GeoStat)

- **Role:** Provides official statistics and economic data.
- **Address:** 30 Tsotne Dadiani Street, Tbilisi 0180, Georgia
- **Website:** www.geostat.ge

Ministry of Internal Affairs of Georgia

- **Role:** Handles licensing, permitting, and registration activities related to security and public safety.
- **Address:** 10 G. Gulua Street, Tbilisi, Georgia
- **Website:** www.police.ge

Revenue Service of Georgia (RS)

- **Role:** Responsible for tax administration, customs services, and ensuring compliance with tax laws.
- **Website:** www.rs.ge

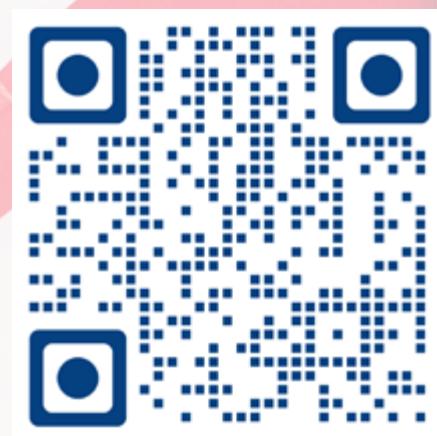
Note: The Revenue Service provides various online services for taxpayers, including electronic filing and payment systems.

National Food Agency

- **Role:** responsible for implementing state control over food/feed safety, veterinary, and phytosanitary fields.
- **Address:** 36a Marshal Gelovani Ave. 0159 Tbilisi, Georgia
- **Website:** <https://nfa.gov.ge>

Market Surveillance Agency

- **Role:** Enforcing compliance with technical regulations and product safety standards for non-food industrial products.
- **Address:** Chargli St. # 67, 7th floor, Tbilisi, Nadzaladzevi district, 0178
- **Website:** <http://www.msa.gov.ge>



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