

Guide to do business in

GEORGIA

Chandrawat
& Partners





ABOUT GEORGIA

Georgia is located between Asia and Europe, bordering Turkey to the southwest, Azerbaijan to the east, Russia to the north and Armenia to the south. Ethnic Georgians account for 84% of the population, with other ethnicities including Armenians, Greeks, Russians, Jews, Azerbaijanis, Ossetians, and Abkhazians. The country covers an area of 69,700 square kilometres (26,900 sq mi), and has a population of 3.7 million people. Tbilisi is its capital and largest city, home to roughly a third of the Georgian population.

ADVANTAGES

These are the following advantages for Doing business in Georgia:

Georgia has signed agreements for the avoidance of Double taxation (DTAs) with over 50 countries across the globe, which includes Austria, Azerbaijan, United Arab Emirates, Belgium, Bulgaria, United Kingdom, Germany, Denmark and many more. The country offers a number of special advantages to foreign investors, as follows-

Georgia offers several special advantages to foreign investors, including:

Strategic location

Georgia is located at the crossroads of Europe and Asia, making it an ideal gateway for trade and business between the two continents.

Investment-friendly environment

Georgia has made significant reforms to its legal, regulatory, and business environment, making it more attractive for foreign investors. The country has a liberal and open economy, low taxes, and simplified procedures for setting up and operating businesses.

Free trade agreements

Georgia has signed several free trade agreements with countries around the world, including the European Union, Turkey, and China. These agreements provide access to a large market and create a favourable environment for foreign trade and investment.

Skilled workforce

Georgia has a well-educated and skilled workforce, particularly in the fields of IT, engineering, and tourism.

Low Corporate Income Tax

Georgia has a flat corporate income tax rate of 15%, which is one of the lowest rates in the world.

Georgia has a simple and transparent tax regime that makes it an attractive destination for foreign investors. Here are some key aspects of the tax regime in Georgia:

Flat Personal Income Tax

A tax on personal income earned by Individuals. The rate is a progressive tax with the following brackets-

- Income of \$1,000 is taxable at 1%
- Income between \$1,001 and \$3,000 is taxable at 2%
- Income between \$3,001 and \$7,000 is taxable at 3%
- Income between \$7,001 and \$10,000 is taxable at 4%
- Income between \$10,001 and \$12,000 is taxable at 5%
- Income over \$12,000 is taxable at 5.75%

Flat Corporate Income Tax

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Value-Added Tax (VAT)

The standard VAT rate in Georgia is 18%. There is also a reduced rate of 5% for certain goods and services, such as medicines and medical equipment.

Property Tax

Property tax in Georgia is relatively low, with a maximum rate of 1% of the property value.

Simplified Tax System

Georgia has a simplified tax system with few taxes and simple procedures for paying taxes.

Overall, Georgia's simple and transparent tax regime, combined with its low tax rates and double taxation avoidance treaties, make it an attractive destination for foreign investors.

There are several types of companies that can be formed in the state of Georgia, including:

The joint stock company

These are incorporated by large companies operating in Georgia. These are usually the kind of companies where the members put together a large capital.

Sole proprietorship

A business owned and operated by one individual. The owner is personally responsible for all the debts and liabilities of the business. Foreign citizens can also register for an individual enterprise in Georgia by filling an application providing their details and paying the required fee.

Partnership

A business owned by two or more individuals who share in the profits and losses of the company. There are two types of partners in limited partnership Georgia- Commandites and Complementars.

Limited Liability Company (LLC)

A hybrid business structure that combines the liability protection of a corporation with the tax benefits of a partnership. It is the most typical form of business entity that is registered in Georgia

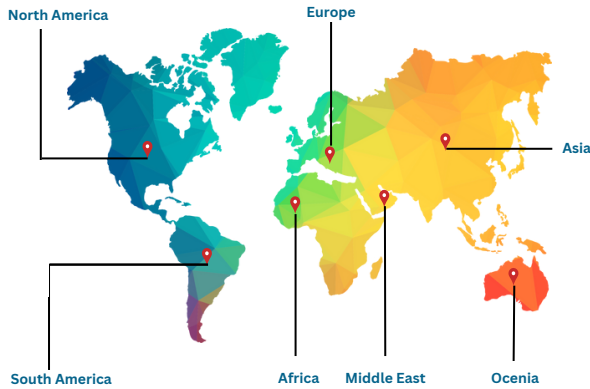
Corporation

A legal entity separate from its owners that can issue stocks, incur debts, and enter into contracts. There are several types of corporations, including C corporations and S corporations, which have different tax implications.

Nonprofit

A type of corporation that is formed for a charitable, educational, or other socially beneficial purpose. Nonprofits are exempt from certain taxes and can receive tax-deductible donations.

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