



# Starting a Business in Georgia – An Introduction

The combination of dynamic economic growth, pro-business legislation, a liberal tax code, a strong legal framework to protect investors and an educated and skilled workforce presents a solid platform for successful business in Georgia.

## *IN BRIEF*

- Straightforward system for business startups
- Registration process can be completed in 1 day.
- No restrictions on foreign ownership & management.

Setting up a business in Georgia is a straightforward process. Procedures are simple and efficient, based on a transparent system that promotes the establishment of new enterprises. In fact, the registration process takes only 1 day to complete.

Georgian economy and industry is very entrepreneurial and highly motivated to develop rapidly. As industries in Georgia develop, firms and investors are looking for opportunities to invest. The combination of dynamic economic growth, pro-business legislation, a liberal tax code, a strong legal framework to protect investors and an educated and skilled workforce presents a solid platform for successful business in Georgia.

## **REGISTRATION PROCESS**

All firms must register with the National Agency of the Public Registry of the Ministry of Justice of Georgia. In order to register, a firm must provide its Charter (Articles of Association, By-laws) or a Shareholders' Agreement in which the founders may articulate the details of management and operation of the company. The Charter must be presented to the National Agency for the registration purposes and maintained on company premises. For foreign firms, documents executed outside Georgia must be translated, notarized and legalized or apostillized.

Entrepreneurs and firms can either form their Branch Offices in Georgia or choose from 6 legal forms when setting up their business, including:

- Joint Stock Company
- Limited Liability Company
- General Partnership
- Limited Partnership
- Cooperative
- Individual Entrepreneur

To complete registration, firms must submit the following documents (including the Application and Charter) to the National Agency:

- Decision of the founders on the creation of JSC/LLC/ JLC/LP/CO in Georgia.
- Document certifying the proof of registration by the founder in the foreign jurisdiction; if the founder is a legal entity, the same or a separate document should indicate the names of the authorized representatives, supervising authority and other corporate details of the founder (Certificate of Registration).
- Decision on appointing the Head of the Company (Director) or the relevant Power of Attorney thereof.
- Passport photocopies of the founders and director(s).
- Permission issued by the landlord on registration of the company at his premises
- Receipt evidencing payment of registration fee.

The Application should be accompanied by signature samples (facsimile) of person(s) responsible for managing the company. The signature sample should either be certified by the Notary or done at the National Agency itself in attendance of a responsible official of the National Agency.

If the founders (partners) are not present at submitting the Application Form at the National Agency, they shall issue a power of

attorney. In addition, if a person responsible for representation or the manager of the company (the director) is not in Georgia to certify his/her signature sample at a local Notary Office, it is necessary to send a duly executed signature sample.

During the registration process, firms are not required to disclose the amount of its Charter Capital to the National Agency. Georgian legislation does not contain any specific requirements with regards to the amount of Charter Capital; therefore, the amount of the Charter Capital is up to the founders' discretion.

Additional registration requirements apply to the establishment of a Branch Office, a Business Partnership and an Individual Enterprise. For more information on these requirements, please contact the National Registry.

### LICENSING REQUIREMENTS

It is important to determine whether a license is needed a business startup; however, it is quite unusual for a business to require a license in Georgia. Since 2004, the number of required licenses and permits has been reduced by 84%, and they are only used in the production of highly risky goods and services, usage of natural resources and other specific activities. Georgia has implemented a "one-stop shop" for obtaining licenses and permits and has adopted the "silence is consent" principle in approving applications.

See below Chart that showing the difference in each of the 8 legal forms

|  | <b>Joint Stock Company</b>   | <b>Limited Liability Company</b>   |
|--|--|--|
| <b>Legal entity</b>                                | Yes  | Yes  |
| <b>Owners liable for the debts of the business</b> | No personal liability. Only capital invested at risk   | No personal liability. Only capital invested at risk   |
| <b>Registration</b>                                | With the National Agency of Public Registry of the Ministry of Justice of Georgia.   | With the National Agency of Public Registry of the Ministry of Justice of Georgia.   |
| <b>Corporate Tax Payable</b>                       | Yes  | Yes  |
| <b>Number of Owners</b>                            | Throughout Georgia   | Throughout Georgia   |
| <b>Audit Required</b>                              | No, unless the company operates on a security market or carries out banking or other financial activities. In addition, if the number of partners of the company exceed 100, the audit is mandatory. | No, unless the company operates on a security market or carries out banking or other financial activities. In addition, if the number of partners of the company exceed 100, the audit is mandatory. |
| <b>Distribution of Profits</b>                     | The profit can be distributed to owners in the form of dividends.  | The profit can be distributed to owners in the form of dividends.  |
| <b>Charter Capital</b>                             | None   | None   |
| <b>Corporate Representatives</b>                   | The board of directors, the managing director  | The director   |
| <b>Employment of staff</b>                         | Yes  | Yes  |

This document is for informational purposes only. The contents of this document should not be construed as legal or financial advice but only as an overview of conditions in Georgia. Details described herein may be subject to change and thereby render descriptions of laws and other frameworks inaccurate. In all cases, individuals and firms should seek advice from legal and financial experts on specific issues.

| <b>Cooperative</b>   | <b>General Partnership</b>   | <b>Limited Partnership</b>   |
|--|--|--|
| Yes  | Yes  | Yes  |
| No personal liability. Only capital invested at risk.  | Yes, the founders are all personally liable for any debt the company may undertake.  | Liability varies as follows: the obligations of one or several partners towards the creditors of the partnership is limited to their investments into the company (limited partners - Comandits), while the other partners (Complementars) are personally liable for such debts. |
| With the National Agency of Public Registry of the Ministry of Justice of Georgia.   | With the National Agency of Public Registry of the Ministry of Justice of Georgia.   | With the National Agency of Public Registry of the Ministry of Justice of Georgia.   |
| Yes  | Yes  | Yes  |
| Throughout Georgia   | Throughout Georgia   | Throughout Georgia   |
| No, unless the company operates on a security market or carries out banking or other financial activities. In addition, if the number of partners of the company exceed 100, the audit is mandatory. | No, unless the company operates on a security market or carries out banking or other financial activities. In addition, if the number of partners of the company exceed 100, the audit is mandatory. | No, unless the company operates on a security market or carries out banking or other financial activities. In addition, if the number of partners of the company exceed 100, the audit is mandatory.   |
| The profit is distributed to the partners in ration to their shares.   | The profit is distributed to the partners in ration to their shares.   | The profit is distributed to the partners in ration to their shares.   |
| None   | None   | None   |
| The director   | Each and every partner.  | Only the partners who are personally liable for the indebtedness of the company (Complementars)  |
| Yes  | Yes  | Yes  |

| <b>Branch Office</b>  | <b>Individual Entrepreneur</b>   |
|---|--|
| Not a separate legal entity- part of the foreign-based company.   | No, it uses its rights and performs its obligations as a physical person.  |
| Branch is a part of the foreign-based company. Owner's liability depends on the legal structure of the foreign-based company. | Yes, it bears personal responsibility before creditors for any and all obligations arising from its entrepreneurial activity |
| With the National Agency of Public Registry of the Ministry of Justice of Georgia.  | With the National Agency of Public Registry of the Ministry of Justice of Georgia.   |
| Yes, plus Dividend Tax  | Yes  |
| Throughout Georgia  | Throughout Georgia   |
| Branch is a part of the foreign-based company. Audit requirement depends on the legal structure of the foreign-based company. | Optional   |
| The branch is a part of the foreign-based company.  | Receives profit only after respective deductions.  |
| None  | None   |
| <b>The director</b>   | Individual itself  |
| <b>Yes</b>  | Yes  |

## USEFUL CONTACTS

### GOVERNMENT AGENCIES

**GEORGIAN NATIONAL INVESTMENT AGENCY**  
 Ministry of Economic Development of Georgia  
 12 Chanturia St. 0108 Tbilisi, Georgia  
 Tel:( +995 32) 433 433  
 Email: info@investinggeorgia.org  
 www.investinggeorgia.org

**NATIONAL AGENCY OF PUBLIC REGISTRY**  
 Ministry of Justice of Georgia  
 2 N. Chkheidze St., 0102, Tbilisi, Georgia  
 Tel: (+995 32) 282 828  
 Email: info@napr.gov.ge  
 www.reestri.gov.ge

### CIVIL REGISTRY AGENCY,

Ministry of Justice of Georgia  
 Hot line: 40 10 10  
 web-page: www.cra.gov.ge

**National Bank of Georgia**  
 3/5 Leonidze St., 0105 Tbilisi, Georgia  
 Tel: (995 32) 442544  
 Fax: (995 32) 442577  
 E-mail: info@nbg.ge  
 web-page: www.nbg.ge

### LEGAL CONSULTING

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