



**COUNTRY
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Georgia

DOING BUSINESS IN

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This country-specific Q&A provides an overview of doing business in laws and regulations applicable in Georgia.

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GEORGIA

DOING BUSINESS IN



1. Is the system of law in your jurisdiction based on civil law, common law or something else?

The Georgian legal system is a civil law system, with the Georgian Constitution being the highest legal act, followed by ratified international agreements, local laws adopted by the Parliament, and the normative acts of the Government of Georgia as well as relevant ministries and administrative bodies.

2. What are the different types of vehicle / legal forms through which people carry on business in your jurisdiction?

Sole Entrepreneur

Individuals may operate as sole entrepreneurs, conducting business under their own name without forming a separate legal entity. This approach offers simplicity but comes with unlimited personal liability for business debts and obligations.

Local Company

Entrepreneurs can establish a local company as a separate legal entity, providing a structure that limits personal liability and offers various operational benefits.

Branch or Representative Office

International companies may opt to open a branch or representative office in Georgia, allowing them to carry out business activities while being directly linked to the parent company abroad.

Here are short descriptions of legal entities which may be formed in Georgia:

General Partnerships (GP)

A GP is formed by partners who jointly conduct business under a shared company name. All partners share unlimited joint liability for the partnership's debts,

meaning personal assets may be used to cover business liabilities.

Limited Partnerships (LP)

An LP features both general and limited partners. While general partners bear unlimited personal liability for debts, limited partners' liability is capped at their contribution to the partnership's capital. This structure allows for investment without the responsibility of daily management or unlimited liability.

Limited Liability Companies (LLC)

The LLC is a prevalent business form in Georgia, characterized by its legal personhood separate from its owners (shareholders). LLCs offer limited liability protection, with shareholders' financial risk confined to their investment in the company. LLCs are versatile, capable of owning assets, entering contracts, and engaging in legal proceedings, without prescribed minimum or maximum capital requirements.

Joint-Stock Companies (JSC)

JSCs are entities with capital divided into shares, suitable for larger ventures or those seeking to raise capital through share issuance. Shareholders enjoy limited liability, with their risk limited to their shareholdings. JSCs can issue various classes of shares, with ownership documented in a private shareholders' register.

Cooperative

Cooperatives are member-based entities focused on mutual benefit rather than profit maximization. Members pool resources to achieve common economic, social, or cultural goals, with liability extending to the cooperative's entire assets. Cooperatives may include a supervisory board and define member numbers in their charter.

3. Can non-domestic entities carry on

business directly in your jurisdiction, i.e., without having to incorporate or register an entity?

Generally, non-domestic entities can carry on business directly without having to incorporate or register an entity. However, they would most likely face difficulties with opening a bank account and without a bank account they would be practically unable to pay taxes. Thus, carrying on business directly in Georgian jurisdiction, although permissible, is likely to create operational difficulties.

4. Are there any capital requirements to consider when establishing different entity types?

The Law on Entrepreneurs does not require minimum capital when establishing General Partnerships, Limited Partnerships, Limited Liability Companies or Cooperatives.

While JSCs are required to have a minimum capital amounting to GEL100,000 (hundred thousand Georgian Lari), equivalent of approximately USD37,000 or EUR 34,500.

5. How are the different types of vehicle established in your jurisdiction? And which is the most common entity / branch for investors to utilise?

In order to establish a business entity in Georgia, it is necessary to register such an entity/company with the National Agency of Public Registry (the “**Public Registry**”), by filing the required documents based on the type of entity.

The companies/entities acquire legal personality on the date of the registration with the Public Registry. The registration usually takes 1-2 business days to be completed and the registration fee is approx. USD150-200.

The Public Registry enables the simultaneous registration of the new company with the competent tax authority.

The most commonly used vehicle by local and foreign investors is the limited liability company. LLCs are the most common choice of business vehicle because this legal form provides the possibility of a simple and flexible corporate structure, and limitation of personal liability. Also, they are popular due to lack of any initial

capital required for the incorporation/registration.

6. How is the entity operated and managed, i.e., directors, officers or others? And how do they make decisions?

Limited Liability Company (LLC)

Governing Body: The main part of governance in an LLC is the General Meeting of Shareholders, which holds the authority to make material decisions. While many decisions can be passed with a simple majority vote, certain key resolutions may require a more substantial majority, typically three-quarters of the voting shareholders present.

Quorum Requirements: For a meeting to proceed to voting, over 50% of the shareholders must be present to ensure a quorum.

Management Structure: LLCs are managed by one or more managers (or directors), who are appointed by the General Meeting of Shareholders. These managers wield considerable authority over the company's daily operations within the legal and charter-defined boundaries. They owe fiduciary duties to act in the best interest of the company.

Joint Stock Company (JSC)

Supreme Governing Body: Similar to LLCs, the General Meeting holds supreme governing power within a JSC, tasked with making critical decisions for the company's future.

Management Approaches:

- **One-Tier Structure:** In this model, the company's management is undertaken by managers or directors forming a single management body. This structure blends the management and oversight functions, with these individuals directly overseeing the company's operations.
- **Two-Tier Structure:** Distinguished by a division of roles, the management tasks in a two-tier structure are carried out by one or more managers. Simultaneously, the Supervisory Board is responsible for overseeing the company's strategic direction, ensuring alignment with laws and the company charter. Unlike managers, the Supervisory Board does not engage in day-to-day management but oversees the managers' activities without issuing binding directives.

Decision-Making and Duties: Managers in both structures are endowed with the authority to make decisions concerning daily operations. They, along with the Supervisory Board members in a two-tier system, are bound by fiduciary duties to prioritize the company's best interests.

7. Are there general requirements or restrictions relating to the appointment of (a) authorised representatives / directors or (b) shareholders, such as a requirement for a certain number, or local residency or nationality?

Georgian law does not impose any limitation regarding the nationality or local residency for the appointment of representatives, directors, or shareholders.

8. Apart from the creation of an entity or establishment, what other possibilities are there for expanding business operations in your jurisdiction? Can one work with trade /commercial agents, resellers and are there any specific rules to be observed?

Yes, in Georgia it is possible to work through trade/commercial agents and resellers. The contractual relationship with agents and resellers is regulated by the relevant provisions of the Georgian Civil Code.

9. Are there any corporate governance codes or equivalent for privately owned companies or groups of companies? If so, please provide a summary of the main provisions and how they apply.

There are no corporate governance codes or equivalent for common privately owned companies. Special rules are applicable to financial institutions, such as commercial banks or microfinance banks.

10. What are the options available when looking to provide the entity with working capital? i.e., capital injection, loans etc.

In Georgia, businesses have access to several traditional strategies for attracting capital, ensuring they have the necessary resources for daily operations and growth. Here are the key methods:

1. **Capital Injection:** One straightforward

approach is through capital injection, where additional funds are directly invested into the company.

2. **Shareholders' Loans:** Another popular option involves loans from shareholders, providing a flexible way to supply the company with the required capital without immediate external financing.
3. **Conversion of Loans to Equity:** Shareholders may decide to convert their loans into equity, a move that increases the company's share capital.
4. **Retention of Profits:** For companies in a profitable position, an effective method to bolster working capital is by reinvesting earnings. Instead of distributing dividends post the annual financial statement approval and profit recognition, profits can be converted into equity.
5. **External Financing:** Companies can also seek loans from entities within the same group, banks, or other third parties. Unlike the methods mentioned earlier, these loans are not convertible into share capital and must be repaid according to the terms agreed upon in the loan agreements.

11. What are the processes for returning proceeds from entities? i.e., dividends, returns of capital, loans etc.

Businesses have several methods to return proceeds to shareholders. Among these, dividends are the most traditional and widely used method.

Dividends Distribution

Dividends represent a portion of the company's profits, declared in the annual financial statements and distributed to shareholders. However, this distribution is subject to specific financial health conditions to ensure the company remains solvent and capable of meeting its obligations.

A key safeguard in this process is the issuance of a "solvency certificate" by the company's manager. This document serves as a formal declaration that the proposed dividend distribution adheres to the financial criteria, ensuring that the company remains in a healthy financial position post-distribution.

Return of Capital

In certain circumstances, companies might opt to return value to shareholders through capital reduction, typically to offset losses. This method adjusts the company's

capital structure but is only pursued under specific conditions.

Repayment of Loans to Shareholders

When it comes to repaying loans made by shareholders to the company, such transactions must be executed according to the terms laid out in the loan agreement. These agreements should be established on an arm's length basis, ensuring that the terms are fair and reflective of market conditions, similar to transactions with unrelated parties.

12. Are specific voting requirements / percentages required for specific decisions?

The law requires either a *three-quarter majority* of members to vote or a simple majority, however, the Bylaws can provide for a higher majority.

The following company acts require a *qualified majority*:

- An amendment of company charter;
- Waiver or limitation of pre-emption rights;
- Share consolidation or division;
- Increase of capital by way of share issuance;
- Decrease of subscribed capital.

13. Are shareholders authorised to issue binding instructions to the management? Are these rules the same for all entities? What are the consequences and limitations?

A manager may follow and enforce the decision of the general meeting of shareholders, unless (i) the manager deceived the shareholders when they were making the said decision; or (ii) the manager knew that the decision would lead to damages to the company and he failed to disclose this information to the shareholders.

14. What are the core employment law protection rules in your country (e.g., discrimination, minimum wage, dismissal etc.)?

The Georgian Labour Code is the main legislation regulating the rules of employment in Georgia. The Labour Code is considered to be relatively liberal. It includes the main protections, such as:

- prohibition of discrimination which covers

various aspects of employment, including hiring, promotion, job assignment, termination, and compensation;

- overtime pay – if employee is asked to work overtime, the employer is required to either give them extra resting time or pay increased hourly rate for each overtime hour worked (the minimum is usually 125% of the base hourly rate);
- family and medical leave;
- collective bargaining rights – employees have the right to form and join unions and to engage in collective bargaining with their employers over wages, benefits, working conditions, and other aspects of employment;
- termination – employment agreements may be terminated on the basis of a limited number of grounds, such as breach of obligations, lack of qualification, reorganization, continued absence due to medical reasons, etc.
- transfer of undertaking – employees have the right to be consulted upon the transfer of an undertaking or business.

15. On what basis can an employee be dismissed in your country, what process must be followed and what are the associated costs? Does this differ for collective dismissals and if so, how?

Grounds for Dismissal

Employees may be dismissed for various reasons, including but not limited to:

- Economic, technological, or organizational changes necessitating downsizing.
- Expiration or completion of the employment agreement.
- Employee's voluntary resignation with a written notice.
- Mutual agreement between the employer and employee.
- Mismatch between the employee's qualifications and the job requirements.
- Serious or repeated violations of the employment or collective agreement, or internal labor regulations.
- Extended incapacity to work, as specified by the employment agreement.
- Enactment of a legal judgment that prevents the continuation of employment.
- Employer's death (if an individual) or employee's death.

- Employer's liquidation (if a legal entity).
- Other objective circumstances that justify termination, evaluated on a case-by-case basis by courts.

Process and Costs

The termination process and associated costs can vary based on the grounds for dismissal. Employers are required to follow legal procedures, which may include issuing a formal notice and potentially compensating the employee, depending on the termination reason. The law requires compensation of at least 1-2 months of dismissed employee's salary.

Collective Dismissals

Collective dismissals occur under specific conditions and involve additional procedures compared to individual dismissals:

- Defined as terminating employment agreements for reasons unrelated to individual employees' actions or behavior within a 30-day period.
- Applicable in cases where at least 10 employees in smaller organizations (20-99 employees) or at least 10% of the workforce in larger organizations (100 or more employees) are let go.
- Employers must engage in consultations with the employee association or representatives well in advance to try to reach an agreement.
- Employers are required to notify the relevant minister and the affected employees at least 45 calendar days before the collective redundancy takes effect. A copy of this notification must also be shared with the employee's association or representatives (if any).

For both individual and collective dismissals, adherence to the legal framework is crucial to ensure a fair and transparent process. Employers must be mindful of the legal obligations and rights of employees to navigate the dismissal process effectively.

16. Does your jurisdiction have a system of employee representation / participation (e.g., works councils, co-determined supervisory boards, trade unions etc.)? Are there entities which are exempt from the corresponding regulations?

Georgian jurisdiction does not have a system of

employee representation/participation. Employees are free to form and join trade unions but this is relatively rare in practice.

17. Is there a system governing anti-bribery or anti-corruption or similar? Does this system extend to nondomestic constellations, i.e., have extraterritorial reach?

There is a system governing anti-bribery and anti-corruption in the public sector but there is no corresponding legislation which applies to private entities. These matters are generally governed by internal company policies.

18. What, if any, are the laws relating to economic crime? If such laws exist, is there an obligation to report economic crimes to the relevant authorities?

Crimes in general, including economic crimes, are regulated under the Georgian Criminal Code. They encompass a wide range of illegal activities such as fraud, embezzlement, money laundering, bribery, etc. The Georgian Criminal Code requires reporting of all crimes depending on their gravity if the person knows about such crime having been committed.

19. How is money laundering and terrorist financing regulated in your jurisdiction?

Georgia has robust anti-money laundering laws. They mandatorily apply to financial system participants as well as some other non-financial organizations such as law firms, notaries, auditors, certified accountants, etc.

The laws require identification of source of funds and reporting of suspicious activities to the relevant authorities. The reporting entities are also obliged to adopt and implement comprehensive compliance programs that include employee training, customer due diligence (CDD), and enhanced due diligence (EDD) for higher-risk customers.

Similar to anti-money-laundering laws, the counter-terrorism financing measures also aim to identify and block the transmission of funds intended to support terrorist groups. The reporting entities shall conduct due diligence on their clients and monitor transactions for signs that funds are being directed to support terrorism. They must report suspicious transactions that might be related to terrorism financing to the relevant authorities.

20. Are there rules regulating compliance in the supply chain (for example comparable to the UK Modern Slavery Act, the Dutch wet kinderarbeid, the French loi de vigilance)?

There are no rules regulating compliance in the supply chain.

21. Please describe the requirements to prepare, audit, approve and disclose annual accounts / annual financial statements in your jurisdiction.

Annual financial statements in Georgia are prepared in accordance with national and international standards.

Preparation of Annual Financial Statements

- **Deadline:** Companies are required to prepare and submit their annual financial statements to the relevant regulatory authorities by October 1st of the year following the reporting period.
- **Criteria for Mandatory Reporting:** The obligation to prepare and file audited financial statements applies to companies meeting two of the following criteria: total assets, total annual income, and the average number of employees. Specifically, companies with more than 10 million Georgian Lari in total assets, over 20 million Georgian Lari in income, or more than 50 employees are required to comply.

Audit Requirements

- **Independent Audit:** An independent auditor must audit the financial statements of companies that meet the mandatory reporting criteria. This ensures impartiality and accuracy in the financial reporting.
- **Entities Requiring Audited Statements:** This requirement extends to several types of organizations, including but not limited to, firms trading securities on the stock exchange, financial institutions, micro-finance organizations, insurance companies, and investment funds.

Components of Financial Statements

The comprehensive financial statements should include:

- A balance sheet.

- An income statement detailing revenue and material losses.
- Cash flow statements reflecting the movement of funds.
- An annual report on the company's economic activity.
- Statements of the company's current financial position.
- An explanatory note providing additional insights into the financial data.

Ongoing Tax Reporting

Monthly Declarations: Beyond the annual financial statements, companies are also obliged to submit monthly tax declarations to the tax authority, a requirement that applies to all entities operating within Georgia.

22. Please detail any corporate / company secretarial annual compliance requirements?

There are no corporate / company secretarial annual compliance requirements.

23. Is there a requirement for annual meetings of shareholders, or other stakeholders, to be held? If so, what matters need to be considered and approved at the annual shareholder meeting?

At least once a year a corporate entity should hold annual meeting of shareholders. Such annual meeting approves business results of the company, such as annual report, annual balance sheet and profit distribution statements prepared by the relevant management body of the entity.

24. Are there any reporting / notification / disclosure requirements on beneficial ownership / ultimate beneficial owners (UBO) of entities? If yes, please briefly describe these requirements.

UBO reporting and disclosure requirements stem from Georgian AML and CTF laws. All reporting entities (see response 19 above) request their clients to disclose information about physical persons ultimately holding at least 20% shareholding interest in the Georgian entity. The companies are usually required to submit corporate

documents proving the ultimate beneficial ownership of the relevant person as well as a copy of their passport. The documents to be submitted must usually be notarized and apostilled/legalized, as the case may be. They should also be translated into Georgian and such translations shall be notarized.

25. What main taxes are businesses subject to in your jurisdiction, and on what are they levied (usually profits), and at what rate?

Key Taxes in Georgia:

- **Personal Income Tax:** Levied on individuals, the standard rate is 20% of taxable income, which is calculated by subtracting deductible expenses from total income. Special provisions may apply to small and micro businesses, potentially offering exceptions or reduced rates.
- **Profit Tax (Corporate Tax):** This tax is applied to a company's distributed profits at a standard rate of 15%. Profits reinvested back into the company are exempt from this tax, encouraging reinvestment and growth.
- **Value-Added Tax (VAT):** VAT is charged on the domestic supply of goods and services by VAT-registered suppliers, as well as on most imported goods, at a standard rate of 18%. A reverse-charge mechanism is in place for transactions with non-resident entities, requiring Georgian entities to declare and pay VAT on these transactions. VAT-registered entities can reclaim VAT paid, with tax declarations due by the 15th of each month.
- **Property Tax:** Legal entities pay property tax at a rate of 1% on the annual average residual value of fixed assets (excluding land) and on leased properties. For agricultural land, tax rates vary based on location and land quality, ranging from GEL 5 to GEL 100 per hectare, with possible adjustments for territorial coefficients. Non-agricultural land is taxed at GEL 0.24 per square meter, also subject to territorial adjustments. Resident individuals with annual family incomes exceeding GEL 40,000 are liable for property tax on a range of assets, including immovable property and certain luxury items, with payments due by November 15th each year.
- **Import Tax:** Applied to goods entering Georgia's economic territory (excluding exports), rates for imported goods vary between 0%, 5%, and 12%, depending on the

product type. Imported vehicles are subject to a specific tax formula based on engine volume and additional ownership years.

- **Excise Tax:** Specific goods produced or imported into Georgia, such as alcoholic beverages, tobacco products, and automobiles, are subject to excise taxes. The rates are determined by the quantity of goods.

Notably, Georgia has established double taxation avoidance treaties with over 50 countries.

26. Are there any particular incentive regimes that make your jurisdiction attractive to businesses from a tax perspective (e.g. tax holidays, incentive regimes, employee schemes, or other?)

Georgia offers an attractive suite of tax incentives and credits designed to encourage business activities and investment. These benefits are available to entities that meet specific criteria set by the Georgian tax authorities or those situated within a Georgian Free Industrial Zone (FIZ).

Free Industrial Zone (FIZ) Benefits

- **Tax Exemptions:** Companies operating within an FIZ enjoy a range of tax benefits, including exemption from Corporate Income Tax (CIT) on income derived from permitted activities within the zone, and exemption from VAT and customs duties on the importation of foreign goods into a FIZ. Additionally, operations within a FIZ are VAT-exempt, and property located within these zones is not subject to property tax.
- **Import Tax Exemption:** Goods produced within a FIZ and imported to other areas of Georgia (outside the FIZ) are also exempt from import tax.
- **Personal Income Tax (PIT):** Employees of FIZ enterprises are responsible for their PIT through self-reporting, while the enterprise itself is taxed at 4% on goods supplied to or received from entities registered under Georgian law (excluding transactions with other FIZ enterprises).

Virtual Zone Person (VZP) Incentives

- **Profit Tax Exemption:** Legal entities engaged in IT activities and holding a VZP status are exempt from profit tax on profits

earned from the supply of IT services created by the VZP and supplied outside Georgia.

- **VAT Exemption:** The supply of IT services created by VZP to foreign clients is also exempt from VAT.

International Company Status

- **CIT Rate:** An international company, defined as a Georgian entity providing specific services abroad and generating income solely from these activities, enjoys a reduced CIT rate of 5% on dividends and incurred expenses.
- **Dividend and WHT Exemptions:** Dividend distributions by an international company are exempt from withholding tax (WHT), while salary income from employment in such a company is subject to a reduced 5% WHT rate. The international company acts as a tax agent, responsible for submitting monthly PIT returns and remitting PIT due.
- **Property Tax Exemption:** International companies are exempt from property tax (excluding land) for properties used in government-approved activities.

The government ordinance outlines the process for obtaining the status of an international company, including a list of permitted activities such as software development, IT services, web hosting, and specific commercial and technical services related to ship ownership. Notably, if a company is granted VZP status, its status as an international company is revoked.

27. Are there any impediments / tax charges that typically apply to the inflow or outflow of capital to and from your jurisdiction (e.g., withholding taxes, exchange controls, capital controls, etc.)?

Withholding Taxes

Non-resident enterprises earning income from Georgian sources, other than through a permanent establishments, are subject to WHT. Most notable sources include dividends, interest and royalties, all subject to 5% WHT. Payments of interest, royalties, or other Georgian-source income to non-residents registered in so called 'black listed' countries (e.g. British Virgin Islands, Cayman Islands, etc.) are subject to WHT at a 15% rate.

There are no exchange or capital controls.

28. Are there any significant transfer taxes, stamp duties, etc. to be taken into consideration?

There are no transfer taxes or stamp duties. Payroll tax in Georgia represents a normal personal income tax (PIT), which is withheld by an employer at the source of payment of salary to an employee at a 20% rate of gross payment.

There are also no social security contributions. However, Georgia recently introduced a mandatory pension scheme for all employees, with specific exemptions. Not all individuals are required to participate in the mandatory pension scheme:

- Persons who were 60 years old (55 for women) before the law was enacted are exempt.
- Self-employed individuals are not automatically enrolled but have the option to join voluntarily.

The pension scheme is collaboratively financed by contributions from the employer, the employee, and the government, structured as follows:

- **Employer Contribution:** Employers contribute 2% of the employee's gross salary to the employee's private pension account concurrently with salary payments.
- **Employee Contribution:** Simultaneously, employees have 2% of their gross salary allocated to their private pension account, deducted directly from their salary.
- **Self-Employed Contribution:** Self-employed individuals opting to participate in the scheme contribute 4% of their annual income to their pension account.
- **Government Contribution:** The government also contributes to the scheme, with the contribution level dependent on the individual's annual income:
 - For annual incomes less than GEL 24,000, the government contributes an additional 2% to the individual's pension account.
 - For incomes between GEL 24,000 and GEL 60,000, the contribution is 1%.

For incomes exceeding GEL 60,000, the government's contribution is capped, based on the GEL 60,000 income threshold.

29. Are there any public takeover rules?

There are no public takeover rules.

30. Is there a merger control regime and is it mandatory / how does it broadly work?

The merger control regime is mandatory and is established pursuant to the Georgian competition laws. The merger control provisions apply broadly to mergers, purchases of securities or other interests, contractual rights, or any other agreement which results in a party acquiring direct or indirect control over another party. Participation by one or more people on the management boards of two or more undertakings (cross directorships) may also be notifiable if it leads to the undertakings coming under common control. The establishment of a joint venture that will perform the functions of an independent undertaking for an extended period is a notifiable transaction, if the thresholds are met by the controlling parents. The law requires mandatory, pre-closing notifications to the Georgian Competition Agency.

31. Is there an obligation to negotiate in good faith?

Good faith principle is one of the cornerstones of Georgian civil law. The principle of good faith covers all kind of civil relations, including negotiations. The good faith principle obliges participants in civil relations to act responsibly and to respect each other's right.

32. What protections do employees benefit from when their employer is being acquired, for example, are there employee and / or employee representatives' information and consultation or co-determination obligations, and what process must be followed? Do these obligations differ depending on whether an asset or share deal is undertaken?

The obligations to inform and consult with employees or their representatives are consistent across both asset and share deals. The focus is on ensuring that employees are adequately informed about changes that may affect their employment and that there is a platform for dialogue and agreement on any measures resulting from the transfer.

When a business undergoes a transfer that results in the

retention of its identity or substantial similarity in its operations, the following protocols apply to safeguard employee interests:

- **Information Provision:** Employees, or their representative body if one exists, must be notified about the impending transfer. This includes detailed information on the transfer's date, reasons behind the transfer, and the legal, economic, and social implications for the employees. Additionally, any planned measures concerning the employees must be clearly communicated.
- **Timing for Notification:** This information must be provided at least 30 days before the anticipated transfer date, allowing ample time for consultation and preparation.
- **Consultation with Employees:** If the transfer involves measures affecting employees, such as changes in employment terms or restructuring, the employer must engage in consultations with employee representatives. The goal of these consultations, which should occur at least 30 days before implementing any changes, is to reach a mutual agreement on the planned measures.

33. Please detail any foreign direct investment restrictions, controls or requirements? For example, please detail any limitations, notifications and / or approvals required for corporate acquisitions.

Georgia is generally open to foreign investments. Georgia's core investment legislation provides a level playing field between domestic and foreign investors. The legislation establishes a favourable but not preferable treatment of foreign investments. Georgia does not have comprehensive mechanisms in place for screening foreign investment or FDI thresholds. Moreover, there are no specific licensing requirements for foreign investment other than those that apply to all companies.

34. Does your jurisdiction have any exchange control requirements?

Georgian jurisdiction does not have any exchange control requirements.

35. What are the most common ways to wind up / liquidate / dissolve an entity in your jurisdiction? Please provide a brief explanation of the process.

The most common method to dissolve an entity is via a voluntary liquidation procedure.

Initiating Liquidation

The process begins with the company's decision to enter liquidation, formalized by adopting a resolution that outlines the commencement of the liquidation phase and the appointment of a designated liquidator. This critical step requires registration with the Public Registry.

Role of the Liquidator

Upon appointment, the liquidator assumes the responsibilities previously held by the company's legal representative, effectively taking over the management of the company's affairs. The liquidator's duties are comprehensive, including but not limited to managing the company's assets and addressing the claims of creditors. A primary task in this role involves settling the

company's outstanding obligations.

Tax Obligations and Final Steps

As part of concluding the liquidation process, the liquidator prepares the final tax declarations for the company. This action usually prompts a tax audit conducted to ensure all tax liabilities are accurately accounted for and settled before the company can be officially deregistered. Should the tax authority identify any owed taxes, these must be resolved before the liquidation can be finalized.

Deregistration

To complete the liquidation, the liquidator must file the dissolution resolution with the Public Registry, marking the end of the company's legal existence.

Timeline

The entire voluntary liquidation process typically spans 3 to 6 months, depending on various factors such as the complexity of the company's financial situation and the efficiency of the liquidation proceedings.

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