



GLOBAL
EMPLOYER
GUIDE

GEORGIA





Basic Country Facts

Full name

- Republic of Georgia

Capital

- Tbilisi

Main Languages

- Georgian

Population

- 3.731 million

Monetary unit

- Georgian lari

Internet domain

- .ga

International dialing code

- +995

Currency

- Georgian lari

STATUTORY LABOR REQUIREMENTS

Probation Period

- It is a type of trial period that usually lasts anywhere from 6 months to a year and gives the supervisor an opportunity to evaluate an employee's conduct and job performance, and if necessary remove or reassign the employee.

Annual Leave

- Employees are entitled to paid leave of 24 business days per year and unpaid leave of 15 calendar days per year.

Public Holidays

- New Year's Day (1st January)
- Orthodox Christmas Day (7th January)
- Epiphany (Eastern) (19th January)
- Mother's Day (3rd March)
- International Women's Day (8th March)
- Day of National Unity (9th April)
- Good Friday (Eastern) (17th April)
- Orthodox Holy Saturday (18th April)
- Orthodox Easter (19th April)
- Orthodox Easter Monday (20th April)
- Victory Day (9th May)
- Saint Andrew the First Called Day (12th May)
- Independence Day (26th May)
- Dormition of the Mother of God (28th August)
- Day of Svetitskhoveli Cathedral (14th October)
- St. George's Day (23rd November)



Maternity Leave

- An employee, upon request, is entitled to a total maternity leave of 477 calendar days to cover pregnancy, delivery and child care.
- Of pregnancy, maternity and child care leave, 126 calendar days will be paid, while in case of a complicated delivery or if mother gives a birth to two or more infants – 140 calendar days of paid leave will be granted.

Paternity Leave

- There is no paternity leave

Work Hours

- The standard work week in Georgia is 41 hours.

Overtime

- An employee shall fulfill overtime:
 - in order to prevent and/or liquidate results of natural disasters -- without any remuneration;
 - in order to prevent and/or liquidate results of industrial accident -- with consequent remuneration.
- If working time is not determined by the contract, the working time exceeding 41 hours per week is considered to be overtime.

Notice Period

- Employees generally must provide 30 days' notice to their employer in writing if they wish to terminate employment.

13th Month

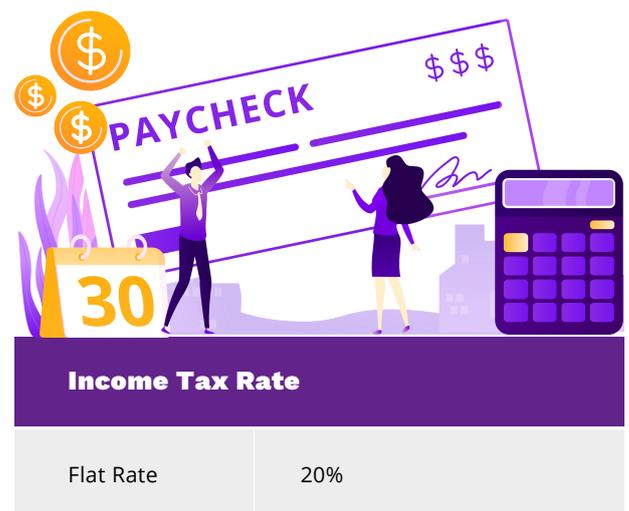
- 13th month pay is not mandatory

Severance

- If the employee is terminated by the employer, s/he is owed a severance of at least one month's wages.

Income Tax

- Resident individuals and nonresident individuals are subject to income tax on income received from Georgian sources.
- Personal income is subject to a flat tax rate of 20%.



Social Security

- There are no social security contributions in Georgia.
- However, from 1 January 2019, joining a pension scheme is mandatory for all employees, except for:
 - Individuals who have been 60 years of age (55 years of age in case of women) before the enactment of the law.
 - Self-employed individuals.
- The pension scheme is financed by employer, employee, and government.

- Particularly:
 - Each employer will transfer 2% of the employee's salary income to one's private pension account while paying the salary.
 - Each employer will transfer 2% of the employee's salary income to one's private pension account on behalf of its employee.
 - Each self-employed individual will transfer 4% of one's annual income to the individual pension account.
 - The government will transfer
 - 2% of the income of the participant to one's private pension account when the annual salary of the participant/income of the self-employed individual is less than GEL 24,000 and
 - 1% of the income of the participant when the annual salary of the participant/income of the self-employed individual is between GEL 24,000 and GEL 60,000. In case the annual salary of an employee/income of the self-employed individual is greater than GEL 60,000, the government will only contribute to the extent of GEL 60,000.



Contribution	Employer	Employee	Self-Employed	Government
Pension Contribution	2%	2%	2%	1%/2%

Deductible Expenses

- Employees are not entitled to claim deductions.



Immigration

- The legal basis for a foreign citizen's stay in Georgia is a visa, residence permit (permanent or temporary) or refugee status.
- The nationals of European Union (EU) member states can enter Georgia with a travel document, as well as with an identity card issued by an EU member state.
- The identity card must contain the name, surname, date of birth and a photo of the person.
- The Law on Legal Status of Foreigners and Stateless Persons provides for the following residence permits:
 - **A work residence permit**
 - which is issued for the carrying out of entrepreneurial or labor activities in Georgia to a foreign person who provides documentation proving the carrying out of such activities, as well as a certificate proving that income from such activities is not less than five times the amount of the substance minimum (approximately GEL200) and that the employer or established company (except for educational or medical establishments) of such person has a turnover of more than GEL50,000.
 - For medical establishments, the abovementioned threshold is GEL35,000.

- **A study residence permit**, which is issued for the purpose of study at an authorized educational institution in Georgia.
- **A residence permit for the purpose of family reunification**, which is issued to family members of an alien holding a residence permit.
- **A residence permit of a former citizen of Georgia**, which is issued to an alien whose citizenship of Georgia has been terminated.
- **A residence permit of a stateless person**, which is issued to an individual whose status of statelessness has been determined in Georgia.
- **A special residence permit**, which is issued to an alien who is reasonably assumed to be a victim of or affected by human trafficking.
- **A permanent residence permit**
 - which is issued to a spouse, parent and child of a Georgian citizen.
 - A permanent residence permit is also issued to an alien who has lived in Georgia for the last six years on the basis of a temporary residence permit.
 - This period does not include the period of residence in Georgia for study or medical treatment, and the period of work at diplomatic missions and equivalent missions.
- **An investment residence permit**,
 - which is issued to an alien who has made an investment worth at least USD300,000 in Georgia, in accordance with the Law of Georgia on Investment Activity Promotion and Guarantees, or owns an immovable property in Georgia, the market value of which is at least USD300,000, and to his or her family members.
 - For the purposes of this permit, family members are a spouse, minor children and the alien's legally incompetent or disabled dependents.
 - This permit may be issued for a period of five years.
- **A temporary residence permit**, which is issued to persons holding the status of victims. Temporary residence permits are issued for no more than six years.
- **A short-term residence permit**
 - which is issued to persons having ownership in real property located in Georgia.
 - The market price of this property should be at least the equivalent in Georgian lari of USD100,000.
 - The short-term residence permit is issued for one year.
- Persons arriving in Georgia for working purposes from visa-free countries are not required to obtain a work residence permit for up to a year.
- If they intend to work in Georgia for more than a year, they must apply for the work residence permit 40 days before the expiration of the visa-free period.



Type of Visa/ Permits	Documentation	Validity	Eligibility
A Work Residence Permit	<ul style="list-style-type: none"> • Extract of the legal entity from the business registry • Notice from the Revenue Service that company has minimum of 50,000 GEL (17,000 USD) turnover per year. • Bank account statement that the director has minimum of 11,000 GEL (3750 USD) net on the account. • Notice which states the total number of foreign employees in the company. 	1 year (maximum 6 years)	<ul style="list-style-type: none"> • Issued for the carrying out of entrepreneurial or labor activities in Georgia to a foreign person who provides documentation proving the carrying out of such activities, as well as a certificate proving that income from such activities is not less than five times the amount of the substance minimum (approximately GEL200) and that the employer or established company (except for educational or medical establishments) of such person has a turnover of more than GEL50,000. • For medical establishments, the abovementioned threshold is GEL35,000.
An Investment Residence Permit	<ul style="list-style-type: none"> • Application of an established form; • Copy of a travel document of foreigner; • Copy of a document certifying the legal stay in Georgia; • Document evidencing the investment of at least GEL 300 000 in Georgia (auditor's opinion); • Written recommendation of a member of government of Georgia or three citizens of Georgia equipped with the power of representation of an entrepreneurial subject operating in Georgia; • Photo 3x4 in size; • Receipt certifying the payment of service fee. 	5 years	<ul style="list-style-type: none"> • Is issued to an alien who has made an investment worth at least USD300,000 in Georgia, in accordance with the Law of Georgia on Investment Activity Promotion and Guarantees, or owns an immovable property in Georgia, the market value of which is at least USD300,000, and to his or her family members.
A Short-Term Residence Permit	<ul style="list-style-type: none"> • Completed Application form • Proof of property in Georgia • Passport 	1 year	<ul style="list-style-type: none"> • It is issued to persons having ownership in real property located in Georgia. • The market price of this property should be at least the equivalent in Georgian lari of USD100,000.

Value Added Tax (VAT)

- The standard VAT rate is 18% and applies to the sale of all goods and services supplied in Georgia carried out as an economic activity.

VAT	
Standard Rates	18%

Withholding Tax

Dividends

- Dividends paid to nonresident entities noncommercial legal persons and individuals (whether resident or nonresident) are subject to a 5% withholding tax, unless the rate is reduced under a tax treaty
- No withholding tax is payable on dividends paid to a resident company

Interest

- Interest paid by a resident or a PE of a nonresident or on their behalf to individuals, organizations, or nonresident entities without a PE in Georgia is subject to a 5% withholding tax, unless the rate is reduced under a tax treaty
- The rate increases to 15% where the interest is paid to a nonresident registered low tax jurisdiction
- No withholding tax is payable on interest paid to a resident company

Technical Service Fees

- Technical service fees paid to a nonresident not engaged in oil and gas activities are subject to a 10% withholding tax
- A 4% rate applies where the nonresident provides technical services with respect to oil and gas transactions
- The rates may be reduced under a tax treaty
- The rate is 15% if the foreign recipient (other than a person engaged in oil and gas activities, international telecommunication, or international transportation) is resident in a low tax jurisdiction
- Technical service fees paid to a resident individual (other than a sole proprietor, VAT payer, notary officer, private enforcement officer, or an individual with the status of a micro business or fixed taxpayers conducting one of these activities) are subject to a 20% withholding tax

Royalties

- Royalties paid to a nonresident are subject to a 5% withholding tax, unless the rate is reduced under a tax treaty
- The rate increases to 15% if the recipient is resident in a low tax jurisdiction
- Royalties paid to a resident individual (other than an individual that is a VAT payer) are subject to a 20% withholding tax
- No withholding tax is payable on royalties paid to a resident company

Type of Payment	Residents		Nonresidents	
	Company	Individual	Company	Individual
Dividends	0%	5%	5%	5%
Interest	0%	5%	5%/15%	5%/15%
Royalties	0%	20%	5%/15%	5%/15%
Technical Service Fee	0%	20%	4%/10%/15%	4%/10%/15%



Termination

- Employers may terminate employment for the following reasons:
 - performance of obligations envisaged by the employment agreement;
 - expiration of the effective term of the employment agreement;
 - infringement of the employment agreement terms by either party;
 - invalidation of the employment agreement;
 - agreement of parties;
 - enforcement of the court judgment or decision which makes performance of labor impossible;
 - unless otherwise envisaged by the employment agreement, long term disability – if such term exceeds thirty calendar days in succession, or over six months' total term exceeds fifty calendar days, thereby, employee is entitled to take a leave envisaged by Article 21 of the present Code;
 - death of the employer being a physical person or of an employee;
 - commencement of liquidation of the employer being a legal entity.
- Employees generally must provide 30 days' notice to employers in writing if they wish to terminate employment.
- If the employee is terminated by the employer, s/he is owed a severance of at least one month's wages.

Statutory Benefits

- These are mandatory benefits as postulated by law
- These include probationary period, annual leave, public holidays, maternity leave, overtime pay, notice period, and severance pay
- Statutory benefits also include pensions

Statutory Benefits

Probationary Period

Annual Leave

Public Holidays

Maternity Leave

Overtime Pay

Notice Period

Severance Pay

Pensions



Payments and Invoicing

- The tax year in Georgia is the calendar year.
- The following individuals are required to submit individual income tax declarations to the tax authorities at their place of registration before 1 April (for income received in the previous calendar year):
 - Resident individuals, including foreign individuals with Georgian tax residency, for whom income is not taxed at the source of payment in Georgia.
 - Non-resident individuals with Georgian-source income not subject to taxation at the source of payment.
- An entrepreneur individual has to make estimated payments of PIT amounts proportionally in four instalments (by 15 May, 15 July, 15 September, and 15 December).

Ease of Doing Business

- The ease of doing business index is an index created by Simeon Djankov, an economist at the Central and Eastern Europe sector of the World Bank Group.
- Higher rankings (a low numerical value) indicate better, usually simpler, regulations for businesses and stronger protections of property rights.
- According to the World Bank, Georgia ranked 7th in the World in 2019 in terms of ease of doing business.



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