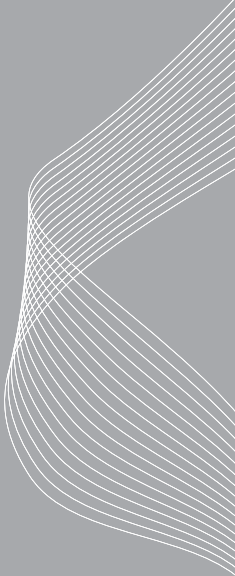


**INVEST IN GEORGIA**

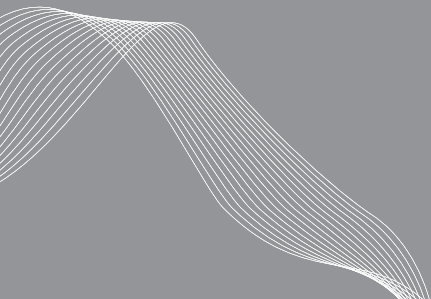
NATIONAL INVESTMENT AGENCY

HOW  
TO  
START  
A BUSINESS  
IN  
GEORGIA



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# INTRODUCTION

## Legal Forms of Enterprises in Georgia

The Law of Georgia on Entrepreneurs (hereinafter LOE) sets forth an exhaustive list of enterprises that can be established in Georgia and they are as follows:

- Joint-Stock Company (JSC)
- Limited Liability Company (LLC)
- General Partnership (GP)
- Limited Partnership (LP)
- Cooperative (CO)
- Business Partnership (BP)
- Individual Enterprise (IE)

The rules contained in the LOE apply equally to foreign and local companies. Therefore, foreign nationals may freely participate in the incorporation of legal entities, due to the absence of any applicable legal limitation.

## General Rules Applicable to All Types of Business Entities

- Registering Authority – All companies shall be registered with the Tax Inspections of the Ministry of Finance of Georgia.
- Charter - A company may have 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 legislation does not require presenting the Charter to the Tax Inspection for registration purposes. The Charter should be maintained at the company itself.
- Charter Capital - Company does not have to indicate to the Tax Inspection the amount of its Charter Capital.
- Stamp - Companies in Georgia do not have to possess a company stamp. However, in dealings with banks, tax authorities and civil counteragents, the company will be requested to use its stamp on various documents. Consequently, it is recommended for companies to have stamps.
- Apostile / Legalization - Please note that the documents executed in countries other than Georgia shall be notarized and legalized or authenticated with an Apostille Stamp in a manner duly applicable to the respective procedure.

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<sup>1</sup> see the definition below

# TYPES OF BUSINESS ENTITIES

## Joint Stock Company (JSC)

JSC is a legal entity the charter capital of which is divided into shares of equal nominal value. The share constitutes to a security certifying the claim of a shareholder in relation to the property of the JSC, the rights and obligations of shareholders and JSC towards one another. The liability of a JSC is limited to its whole assets. Shareholders are not liable for obligations of the JSC.

## Limited Liability Company (LLC)

LLC is a commercial legal entity, the liability of which to its creditors is limited to its entire property. LLC may be established by a single person. The capital of the company is divided into shares and unlike the JSC partners can not issue new shares.

## General Partnership (GP)

GP is a company where several partners carry out continuous and independent entrepreneurial activity under the same company name. The founders are all personally liable for any company debt.

## Limited Partnership (LP)

LP is a company where several persons jointly carry out independent entrepreneurial activity under the same company name. In LP, 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 the company debt.

## Cooperative (CO)

Cooperative is a company incorporated with the objective to develop common business and increase the profits of its members. The objective of the cooperative is to accomplish the interests of its members. A cooperative is not primarily aimed at gaining profit. The cooperative is liable to the creditors only with its own property.

## Branch Office

Any enterprise may establish a branch. It is the sub-unit of a business entity and is not a separate legal entity. Therefore, the liability of its founder may not be limited to the assets of the branch itself. The latter denotes that the founder is financially liable for the obligations of the branch.

## Business Partnership (BP)

Business Partnership is an association of two or more persons (physical or legal persons), who share the responsibility before the creditors as joint debtors and have unlimited personal liability. The degree of responsibility of each partner towards each other is written out in a Partnership Agreement. BP is not a legal person.

## Individual Entrepreneur (IE)

As the owner of an enterprise, an individual entrepreneur is a physical person whose entrepreneurial activity shall be conducted in an entrepreneurial manner. In legal relations such person shall act on its own behalf. IE is not a legal entity. An individual entrepreneur uses its rights and performs its obligations as a physical person and bears personal responsibility before the creditors for any and all obligations arising from its entrepreneurial activity.

# REGISTRATION REQUIREMENTS

## Registration requirements for JSC/LLC/GP/LP/CO

In order to register a JSC/LLC/JLC/LP/CO, the founder(s) shall submit a formal application form approved by the Ministry of Finance of Georgia (please see Appendix #1).

The documents to be submitted with the registration application to the Tax Inspection are presented in Appendix #2.

Registration fees:

- JSC- 360 GEL
- LLC- 160 GEL
- JLC- 60 GEL
- LP- 80 GEL
- CO- 120 GEL

## Registration requirements for a Branch Office

For state and tax registration of the Branch Office, the documentations to be submitted to the Tax Inspection are presented in Appendix #4.

Registration fees:

- Branch Office of JSC- 180 GEL
- Branch Office of LLC- 80 GEL
- Branch Office of JLC – 30 GEL
- Branch Office of LP- 40 GEL
- Branch Office of CO- 60 GEL

## Registration of the BP

State and tax registration of the Business Partnership is carried out in accordance with the place of residence/location of the partner, the name of which is indicated in the documentations submitted to the Tax Inspection (please see Appendix #6).

## Registration requirements for the IE

For state and tax registration of an Individual Enterprise, a physical person (regardless of nationality) shall submit the relevant documentation to the Tax Inspection (please see Appendix #7).

# FAQ

## What is Legalization?

Legalization of a document by the respective authority of a state certifies that the document accords with the legislation of that particular state. It attests the validity of the notary signature and the seal thereto. Legalization is carried out by the embassies and consular departments of Georgia in foreign states.

## What is Apostille?

A certificate confirming the authenticity of a document issued in one of the signatory countries for legal purposes in all the other signatory states. Georgia is a member of The Hague Convention Abolishing the Requirement of Legalization for Foreign Public Documents (October 5, 1961). Therefore, legalization can be substituted by the Apostille in countries that are members of the Hague Convention (please see Appendix #9).

## What activities require obtaining licenses and permits?

Certain types of activities in Georgia can be carried out only after obtaining the respective license or permit (e.g. Construction Permit, Communication License etc.). Such activities are exhaustively listed in the Georgian Law on Licenses and Permits.

## How long does it take to register an enterprise in Georgia?

The registration procedure takes only 1 day in Georgia. The state and tax registration of a business entity is carried out by the Tax Inspection and performed immediately after submission of all the necessary documentation.



## What are the preconditions of legal stay in Georgia?

A person possessing an ordinary visa and wishing to stay on the territory of Georgia longer than the period determined by the visa, should apply to the respective regional services of the Civil Registration Agency of the Ministry of Justice of Georgia to receive temporary or permanent residence permit, before the expiration of the terms of their legal stay. The duration of a temporary residence permit can be up to 6 years.

## For what time-period can a company be incorporated?

In accordance with the Georgian legislation a company can be incorporated for unlimited and limited time-period. The latter is entirely dependent upon the choice of the founders.

## Can a foreign national be a managing director/officer of a Company?

Yes, Georgian legislation does not contain any restraints with regard to the nationality of personae that are entitled to participate in the corporate governance of a Company.

## What are the minimum charter capital requirements?

A Company shall have a charter capital, but the legislation does not contain any specific requirements with regards to the amount of such capital. Therefore, it is at the discretion of the founding partners to determine the amount of charter capital.

## What is the minimum/maximum number of company directors/founders permitted in Georgia?

Georgian legislation does not contain any limitations with regard to the minimum/maximum number of directors/founders of a company.



# CONTENT OF THE APPLICATION FORM

Application form<sup>2</sup> contains the following information:

1. Company (firm) name of the business entity;
2. Legal form of the business entity;
3. Legal address of the business entity;
4. Name, address, personal number and signature of the founding partner(s), persons (including a proxy) responsible for representing and leading the business entity. If the founder is a business entity – the application should include its legal name and registration details, legal address, the name of the body that registered the business entity, the date of registration and identification code, information regarding its representatives;
5. The duration of a business entity (if a company is founded for a determinate time period, its duration shall be indicated by years);
6. If a business entity has several persons responsible for its representation, the application should indicate whether they represent the company jointly or separately;
7. The date of submission of the application for registration;
8. The application for the registration of a LP should indicate which of the partners is/are complementar and which is/are comandit.

---

<sup>2</sup> Sample of Application form as approved by the Ministry of Finance of Georgia can be found on:

[http://www.mof.ge/default.aspx?sec\\_id=2150&lang=1](http://www.mof.ge/default.aspx?sec_id=2150&lang=1)

# REQUIRED DOCUMENTS FOR REGISTRATION OF AN ENTERPRISE

For the registration of an enterprise, the following documents shall be submitted (including Application) to the Tax Inspection. List of Necessary Documents<sup>3</sup>:

1. Decision of the founders on the creation of JSC/LLC/JLC/LP/CO in Georgia;
2. Charter (Articles of Association) of the founder company;
3. 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);
4. Decision on appointment of the Head of the Company (Director) or the relevant Power of Attorney thereof;
5. Passport photocopies of the founders and director(s).

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 a notary or made at the Tax Inspection itself in attendance of a responsible Tax Inspection official.

If the founders (partners) are not present during the submission of the Application Form at the Tax Inspection, 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.

---

<sup>3</sup> Please note that documents issued abroad, also samples of the signatures needed, should be notarized and legalized/ or apostilled in the founder's country, translated and notarized in Georgia

# SAMPLE OF THE MINUTES OF SHAREHOLDERS/ PARTNERS MEETING

(To Establish an Enterprise in Georgia)

The Meeting was convened on ----- in-----  
-----, -----. The Meeting started at  
----- p.m. and ended at ----- p.m.

The Meeting was attended by the following part-  
ners: ----- Mr./Ms. -----  
----- opened the General Meeting and presented to  
the participants the agenda of the meeting.

#### AGENDA:

1. Establishing the JSC/LLC etc. under the laws of Georgia;
2. Elect the members of the Supervisory council (if any);
3. Elect the members of the Board of Directors;
4. Approve the Charter of the company;

Meeting discussed the issues determined by the agenda and resolved:

- To establish the JSC/LLC etc. under the legal name of -----JSC/LLC etc. (the company), the company name in Georgian -----"
- Charter Capital of the company shall be ----- GEL;
- The Share Capital of the Company is ----- GEL of total ----- registered shares with the nominal value of 1 (one) GEL each. (WITH REGARD TO JSC ONLY)
- The shares shall be distributed among the founding shareholders as follows: ----- shares -----%; ----- shares -----%;
- The legal address of the company shall be: -----.
- Supervisory Council of the Company consists of ----- members.  
Members of the Supervisory Council are: o -----
- Board of Directors of the Company was elected consisting of --- members. Members of the Board of Directors are: o -----
- Mr./Ms----- was elected as a CEO of the Company.
- Shareholders approved the charter of the company.

Thus the Chairman announced the meeting adjourned.  
Signatures of the founding shareholders:

---

# REQUIRED DOCUMENTS FOR THE REGISTRATION OF A BRANCH OFFICE

The Tax Inspection requires the following documents to be submitted by foreign legal entities of a branch<sup>4</sup> (including an application for registrations):

1. Decision of the founder on opening a branch in Georgia;
2. Charter (Articles) of the founder company;
3. Documents certifying the proof of registration of the founder company in the foreign jurisdiction; if the founder is a legal entity, the same or the separate document should indicate the names of the authorized representatives and other corporate details of the founder;
4. Decision on appointment of the Head of the Company (director) or the relevant Power of Attorney thereof;
5. Passport photocopies of the director to be appointed at a branch;
6. The application for registration should be accompanied by signature samples (facsimile) of person(s) responsible for leading the branch (director or directors). The sample of a signature should either be certified by notary or made at the Tax Inspection itself in attendance of a responsible Tax Inspection official;
7. Power of Attorney of the director (head) to be appointed at the branch.

In addition, the Application Form shall include the following information:

1. Company name of a branch;
2. Legal address of a branch;
3. The legal name of the founder of a branch and its registration details, legal address, the name of the body that registered the business entity, the date of registration and identification code;
5. Date of submission of the application for registration.

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<sup>4</sup> Please note that documents issued abroad, also samples of the signatures needed, should be notarized and legalized/ or apostilled in the founder's country, translated and notarized in Georgia

# SAMPLE OF BOARD OF DIRECTORS RESOLUTION

(To Establish a Branch Office in Georgia)

(Place: \_\_, \_\_\_\_\_ )

On this day of \_\_\_\_\_, 2009, We, the undersigned, being members of \_\_\_\_\_, being empowered and acting pursuant to the signature rights of \_\_\_\_\_ of \_\_\_\_\_, registered under the laws of \_\_\_\_\_, on \_\_\_\_\_, Registration No. \_\_\_\_\_, legal address: \_\_\_\_\_ (hereinafter - the Company), declare as follows:

1. It has been resolved that the Company shall open a branch in Georgia under legal name of \_\_\_\_\_ the Branch of \_\_\_\_\_ (hereinafter - the Branch).
2. It has been further resolved that the principal activities of the Branch shall be \_\_\_\_\_.
3. It has been further resolved that the legal address of the Branch shall be \_\_\_\_\_.
4. It has been further resolved that the representation authority of the Branch shall be vested to the Director: \_\_\_\_\_ (please indicate: name, surname, nationality, passport number, ID number (if any), domicile of the directors) including the power to organize and manage the offices in more than one regions of Georgia.
5. It has been further resolved to issue a power of attorney to \_\_\_\_\_ (born on dd/mm/yyyy, ID card No. \_\_\_\_\_, Personal No. \_\_\_\_\_, expiry date: dd/mm/yyyy, residing at: \_\_\_\_\_) and \_\_\_\_\_ (ID card No. \_\_\_\_\_, Personal No. \_\_\_\_\_, residing at: \_\_\_\_\_) In order to jointly and/or separately carry out actions necessary and appropriate to register the Branch in Georgia, sign any document on behalf of the founder related with registration including the Bylaws of the Branch, application on registration and the lease agreement or the memorandum of understanding for the local office space. The trustees shall be authorized to pay any expenses necessary for prompt registration of the Branch. The trustees shall also be authorized to open the bank account of the Branch.

Signed: \_\_\_\_\_

Signed: \_\_\_\_\_

Notary: \_\_\_\_\_

# REQUIRED DOCUMENTS FOR REGISTRATION OF A BUSINESS PARTNERSHIP

For state and tax registration of a Business Partnership the following documentation shall be submitted to the Tax Inspection:

1. Application for registration;
2. Identification cards of the partners, or duly certified copies thereof if the application is sent by registered mail or submitted through a representative.

The Application submitted to the Tax Inspection shall include the following information:

1. Name of the partners, in case of legal person - the name of the company;
2. Addresses of the partners;
3. ID number of the partners, in case of legal person – the registration number;
4. Term of Activity;
5. The date of submission of the application for registration;
6. Signatures of the applicants, in case of a legal person – a signature of the duly authorized representative thereof (the applicant is also entitled to use an electronic signature on the Application);
7. If the partner is a foreign legal entity, the apostilled or legalized documentation of registration of the legal person shall be submitted.

Partners of the Business Partnership who are natural persons and are not registered as entrepreneurs in the Tax Inspection, at the moment of registration of BP shall be registered as Individual Entrepreneurs in a way defined in Appendix #7 .

The Business Partnership shall be registered immediately after submission of the application.

No tax, state duty or other levies are payable for registering a Business Partnership.

# REQUIRED DOCUMENTS FOR REGISTRATION OF A BUSINESS PARTNERSHIP

For state and tax registration of an Individual Enterprise, a natural person (regardless of nationality) shall submit the following documentation to the Tax Inspection:

1. Application for registration;
2. Identification card of individual, or duly certified copy thereof, if the application is sent by registered mail or submitted through a representative.

The Application submitted to the Tax Inspection shall include the following information:

1. Name of the applicant;
2. Address of the applicant;
3. ID number of the applicant;
4. The date of submission of the application for registration;
5. Signature of the applicant (the applicant is also entitled to use an electronic signature on the Application).

The Individual Enterprise shall be registered immediately after submission of the application.

No tax, state duty or other levies are payable for registering an Individual Enterprise.

# SAMPLE OF POWER OF ATTORNEY

Place: \_\_, \_\_\_\_\_

In accordance with the decision of \_\_\_\_\_, identification code: \_\_\_\_\_, legal address: \_\_\_\_\_), dated \_\_\_\_\_, represented by its Director Mr./Ms. (name/last name: \_\_\_\_\_, residing address: \_\_\_\_\_, passport number: \_\_\_\_\_, personal number: \_\_\_\_\_, expiry date: \_\_\_\_\_), dated \_\_\_\_\_, this power of attorney is issued to Mr./Ms. \_\_\_\_\_ (born on dd/mm/yyyy, ID card No. \_\_\_\_\_, Personal No. \_\_\_\_\_, expiry date: dd/mm/yyyy, residing at: \_\_\_\_\_) and Mr./Ms. \_\_\_\_\_ (ID card No. \_\_\_\_\_, Personal No. \_\_\_\_\_, residing at: \_\_\_\_\_) in order to jointly and/or separately carry out actions necessary and appropriate to register the JSC/LLC etc. (please indicate the name of a JSC/LLC etc.) in Georgia, sign any document on behalf of the founder related with registration including the Charter/ Shareholders Agreement of the JSC/LLC etc., application for registration and the lease agreement or memorandum of understanding for the local office space. The trustees shall be authorized to pay any expenses necessary for the registration of the company.

Signed: \_\_\_\_\_

Notary: \_\_\_\_\_



# SIGNATORIES TO THE HAGUE CONVENTION

- Albania
- American Samoa
- Andorra
- Anguilla
- Antigua & Barbuda
- Argentina
- Armenia
- Aruba
- Australia
- Austria
- Azerbaijan
- Bahamas
- Barbados
- Belarus
- Belgium
- Belize
- Bermuda
- Bosnia & Herzegovina
- Botswana
- British Antarctic Territory
- British Guyana
- British Virgin Islands
- Brunei
- Bulgaria
- Comoros Islands
- Cook Islands
- Croatia
- Cyprus
- Czech Republic
- Denmark
- Djibouti
- Dominica
- Ecuador
- El Salvador
- Estonia
- Falkland Islands
- Fiji
- Finland
- France
- French Guiana
- French Polynesia
- Germany
- Gibraltar
- Greece
- Grenada
- Guadeloupe
- Guam
- Guernsey
- Honduras
- Hong Kong
- Hungary
- Iceland
- India
- Ireland
- Isle of Man
- Israel
- Italy
- Japan
- Jersey
- Kazakhstan
- Kiribati
- Korea (Republic of)
- Latvia
- Lesotho
- Liberia
- Liechtenstein
- Lithuania
- Luxemburg
- Macao
- Macedonia
- Malawi
- Malta
- Marshall Islands
- Mauritius
- Mexico
- Moldova
- Monaco
- Montserrat
- Mozambique
- Namibia
- Netherlands Antilles
- Netherlands
- New Caledonia
- New Zealand
- Niue (Savage Island)
- St Kitts & Nevis
- St Lucia
- Suriname
- Swaziland
- Sweden
- Switzerland
- Tonga
- Trinidad & Tobago
- Turkey
- Turks & Caicos
- Tuvalu
- Ukraine
- United Kingdom & Northern Ireland
- United States of America
- Venezuela
- Wallis & Futuna
- Yugoslavia

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website: [www.investinggeorgia.org](http://www.investinggeorgia.org)
  
- **CIVIL REGISTRY AGENCY,**  
Ministry of Justice of Georgia  
Hot line: 40 10 10  
web-page: [www.cra.gov.ge](http://www.cra.gov.ge)
  
- **MINISTRY OF FINANCE OF GEORGIA**  
web-page: [www.mof.ge](http://www.mof.ge)  
Hot line: 077
  
- **REVENUE SERVICE OF THE MINISTRY OF  
FINANCE OF GEORGIA**  
Address: 16 Gorgasali St., Tbilisi, 0105, Georgia  
Contact Centre Tel: 077  
e-mail: [callcenter@mof.ge](mailto:callcenter@mof.ge)
  
- **LARGE TAXPAYERS INSPECTION**  
Address: 30 Tsothe Dadiani St., Tbilisi  
Tel: (832) 26 21 37; (832) 26 21 42
  
- **TBILISI TAX INSPECTION (Regional Center)**  
Address: 8 Baghdadi St., Tbilisi  
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