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GUIDE TO THE OPENING OF BUSINESS IN GEORGIA

According to the article of Law on Entrepreneurs “*A legitimate and repeated activity carried out independently and in organized manner to gain profit*” is an entrepreneurial activity the registration of which is a mandatory within the state borders of Georgia.

Currently, Georgia is considered as a politically stable, corruption-free investment destination with low business costs, which has launched simple and efficient procedure based on a transparent system which aims to promote the establishment of new enterprises.

Registry of Entrepreneurs and Non-entrepreneurial (Non-commercial) Legal Entities is a compilation of registration data of entrepreneurs and non-entrepreneurial (non-commercial) legal entities, as well as of branches of a foreign enterprise or non-entrepreneurial (non-commercial) legal entities. It is a record of information regarding establishment, changes to the registration data and/or termination of registration in the Registry of Entrepreneurs and Non-entrepreneurial (Non-commercial) Legal Entities, based upon making the relevant decision.

General conditions for registering a business in Georgia is stipulated under the Law of Georgia on Entrepreneurs¹, which sets for an exhaustive list of enterprises that can be established in Georgia:

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

It should be highlighted that the regulations set by the Law on Entrepreneurs equally applies to foreign and local companies. Therefore, foreign nationals are eligible to incorporate legal entities enlisted herein, considering the absence of any applicable legal limitation.

General Rules Applicable to All Types of Business Entities

- Registering Authority – The registration of companies is conducted by the *LEPL National Agency of the Public Registry* operating within *the Ministry of Justice of Georgia*² (hereinafter referred to as Public Registry). Once the registration

¹ <https://matsne.gov.ge/ka/document/view/28408>

² <https://napr.gov.ge/>



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process is duly performed the Public Registry shall issue a corporate extract indicating the identification data of the company. It should be noted, that each document submitted before the Public Registry for the registration purposes is publicly available. By launching the simple and efficient procedures the registration can be completed on the next business day upon submission of all the necessary documents before the Public Registry. However, if the last day of the term coincides with holidays or weekends, the last day of the term is the end of the following business day. Opposed to the above-mentioned, the incorporation procedure of a business entity can also be carried out on accelerated basis by the Public Registry on the same business day upon submission of all the necessary documentation.

- Charter - A company registered under the laws of Georgia must have its Charter (otherwise referred as - Articles of Association, Bylaws) containing the identification data of the company and rules governing the corporate structure. The Charter must be presented to the Public Registry for the registration purposes and should be maintained at the company itself. Stipulated that the Charter of the company is publicly available, the founder(s) of the company may additionally conclude the

Shareholders' Agreement articulating the details of corporate management and operation of the company. The founder(s) are not obliged to submit the Shareholders' Agreement to the Public Registry and it is maintained at the company.

- Charter Capital - Company does not have to indicate the amount of its Charter Capital in any of the documents submitted to the Public Registry. In another words, a Company shall have a charter capital, but the legislation does not contain any specific requirements with regards to the amount of such capital, which means that it is upon the discretion of founding partners to determine the charter capital amount.
- Stamp - Companies in Georgia are not required to maintain a stamp; however, in dealings with banks, tax authorities and civil counteragents, the company will be requested to use the stamp on various documents. Consequently, it is recommended for companies to maintain stamps.
- Apostille / Legalization - Please note that the documents executed in countries other than Georgia shall be notarized and legalized or apostilled in a manner duly applicable to the respective procedure.



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For the purposes of registration of an enterprise, the registration authority shall be furnished with a duly certified registration application signed by all partners of the enterprise, which also serves as part of the partners' agreement and which shall state:

- The enterprise name/company name;
 - The legal form of the enterprise;
 - The legal address of the enterprise;
 - The name, surname, residential address, and personal number of the partner(s) of the enterprise, and if the partner is a legal person – its company name, legal form, legal address, registration date, identification number, and details of its representatives; (It should be taken into the consideration that Georgian legislation does not contain any limitations with regard to the minimum/maximum number of Directors/Founders of a company.)
 - The management body and decision-making procedure of the enterprise, and in case of a limited liability company or a limited partnership – the details of shareholdings of partners; the shares of the partners of a limited liability company or a limited partnership shall be fractional/percentage and their sum shall be equal to 1 (one);
- The name and surname, residential address and personal number of the manager (if any) of the shares of the partners of a limited liability company or a limited partnership;
 - In case of a limited partnership – which partners are limited and which partners are general;
 - In case of a limited liability company or a limited partnership – the obligations related to the limitation of title of the shares of partners;
 - The name and surname, residential address and personal number of the person(s) authorized to manage and represent the enterprise, and their term in office;
 - The name and surname, residential address and personal number of the authorized signatory, *prokurist* (if any);
 - If the enterprise has several authorized representatives – whether they



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represent the company jointly or severally;

- In case of a natural person authorized to register a change in the registration application – the name and surname, residential address and personal number, and, in case of a legal person authorized to register a change in the registration application – its company name, legal form, legal address, registration date, identification number and data on its representatives;
- An e-mail address and an address different from the legal address indicated above, where mail shall be deemed delivered;

Currently, regulations regarding the Business name has changed and nowadays, it shall be defined in Georgian language by using Georgian alphabet. To be specific, a business name may be defined in other language as long as business name contains the components in Georgian alphabet. No attention shall be paid to etymological definition of a word whether the word included in a business name is Georgian or no, for example, the following business name is acceptable: თბს სბს - LLC ANA.

Registration of a Branch Office

The foreign legal entities' (commercial or non-commercial) decision to establish and operate its business without the purpose of incorporating any of the aforementioned separate legal entities under the laws of Georgia can be upheld by registering a branch office in the Public Registry. The Branch Office is the sub-unit of a business entity and is not considered as 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.

With an intent to register a branch office the foreign legal entity shall submit following documents to the Public Registry:

- Decision of the founder on opening a branch in Georgia;
- Charter (Articles) of the founder company;
- Document 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;
- Decision on appointing the Head of the Company (director) or the relevant



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Power of Attorney thereof and consent of the latter on such appointment;

- Notarized permission of the company's legal address owner or rent agreement, if office area is rented;
- Passport photocopies of the director to be appointed of a branch;
- Power of Attorney from the director (head) to be appointed at the branch;
- Receipt evidencing payment of registration fee.

For the purposes of registering annulment of registration of entrepreneur and non-entrepreneurial (non-commercial) legal entity reference has to be made to Public Service Hall or any territorial office of National Agency of Public Registry by submitting the following documentation:

- Application, which has to be filled in by front desk operator;
- Proof of identity document;
- If legal entity - A document verifying annulment of registration (a decision of partners/founders on annulment of registration, made in accordance with the rule prescribed by the charter, a

court judgment or other; if Individual Entrepreneur - a confirmation document on declaration of Individual Entrepreneur's death or missing, on death of Individual Entrepreneur);

- A confirmation document on registration service fee payment, which can be done on the spot;
- In terms of legal representation of an interested person properly attested Power of Attorney and proof of identity document should be presented.

Due to the attractive investment and business environment, strategic geographical position, easy accessibility to the regional and European markets and other various competitive advantages the economy of Georgia is highly integrated with international markets. For these purposes the definition of the present guide is essential.



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About the BMG Consulting

The BMG Consulting is the business management group bringing together top tier talents who have long expertise in investment consulting, accounting and audit, legal services, project management, marketing and digital marketing.

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