

WHY START A BUSINESS IN AJARA/BATUMI?

- ▶ Batumi received “5 Star Diamond Award 2012” by American Academy of Hospitality Sciences for being The Best New Destination, and Autonomous Republic of Ajara was awarded “5 Star Diamond Award 2012” as Investor-Friendly Region
- ▶ Georgia is number 16 out of 190 countries according to Ease of Doing Business 2017 (IFC/World Bank)
- ▶ Georgia is number 23 out of 178 countries according to Index of Economic Freedom 2017 (Heritage Foundation)
- ▶ Strategic geographic location connects several important economic regions including European Union, CIS Countries, Turkey and the Caucasus Region
- ▶ We have skilled low-cost labor force
- ▶ We offer low-cost utilities such as electricity, gas, and water
- ▶ We set no restriction on hiring expatriates
- ▶ We are a member of the World Trade Organization (WTO) since 14 June 2000
- ▶ EU-Georgia Association Agreement supports Georgia’s economic integration with the European Union and opening the EU internal market to the country.

HOW TO ESTABLISH A BUSINESS?

REGISTERING AUTHORITY

All companies shall be registered at the National Agency of Public Registry (NAPR) of the Ministry of Justice of Georgia located at the Public Service Hall
www.psh.gov.ge

LEGAL FORMS OF BUSINESS ENTITIES

The Law of Georgia on Entrepreneurs (hereinafter “LOE”) sets forth an exhaustive list of legal forms of business entities that can be established in Georgia. In particular:

- ▶ Joint-Stock Company (JSC)
- ▶ Limited Liability Company (LLC)
- ▶ General Partnership (GP)
- ▶ Limited Partnership (LP)
- ▶ Cooperative (CO)
- ▶ Individual Entrepreneur (IE)

N.B. The stipulations in the LOE equally apply to foreign and local companies. Therefore, foreign nationals are eligible to participate in incorporation of legal entities due to the lack of any applicable legal limitation.

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 entrepreneur, 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 may not issue new shares. LLC members are responsible only with their capital contributions.

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 debt the company may undertake.

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 are

limited to their investments into the company (limited partners - Comandits), whereas the other partners (Complementars) are personally liable for such debts.

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. Cooperative partners are responsible only in proportion of their contributions (shares) in capital.

INDIVIDUAL ENTREPRENEUR (IE)

As an owner of a business entity, 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 his/her own behalf. IE is not a legal entity. An individual entrepreneur uses his/her rights and performs his/her obligations as a physical person and bears personal responsibility before creditors for any and all obligations arising from his/her entrepreneurial activity. Such enterprise can be owned by the family, and also it can employ other people.

REGISTRATION REQUIREMENTS FOR JSC / LLC / GP / LP / CO

In order to register a JSC/LLC/GP/LP/CO, the founder(s) shall submit an application form approved by the Ministry of Justice of Georgia, and the Charter of the entity, in line with the Georgian legislation.

The application for registration and Charter to the NAPR shall be supported by the documents below:

- ▶ Decision of the founders on establishing JSC/LLC/GP/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 respective Power of Attorney
- ▶ Copies of the passport(s) of the founders and the director(s)
- ▶ Evidence of payment of the registration fee.

Charter - a company must have the Charter or the Shareholders' Agreement in which the founders stipulate the details of the company management and operation. The Charter must be submitted to the NAPR for registration and be kept by the company itself.

The Charter contains the following information:

- ▶ Company (firm) name
- ▶ Legal form of the business entity
- ▶ Legal address of the business entity
- ▶ Name(s), residential address(es), identification number(s) and signature(s) of the founding partner(s). If the founder is a business entity, the application should include its legal name and registration details, legal address, the name of the registering authority, the date of registration, the identification code, and information regarding its representatives
- ▶ Managerial body of the company, procedures for decision making, information on shareholding in the company and profit distribution among the shareholders (applies to LLC only)
- ▶ Any limitation to the representation power of persons (including a proxy) authorized to represent and lead a business entity
- ▶ In case of LP the Charter should indicate which partner(s) is/are complementar and which is/are comandit
- ▶ Name and Surname, Residential Address and Personal ID of Director and/or Representative Persons.

N.B. The Charter of the business entity must be signed by every partner and notarized in Georgia. If the signed and notarized Charter (Articles of Association) is sent from a foreign country, it must be legalized/apostilled in the founder's country and translated and notarized in Georgia.

REGISTRATION REQUIREMENTS FOR IE

For state and tax registration of an Individual Entrepreneur, a physical person (regardless of nationality) shall submit the following documentation to the NAPR:

- ▶ Application for registration
- ▶ Identification Document of the applicant

THE APPLICATION SUBMITTED TO THE NAPR INCLUDES THE FOLLOWING INFORMATION:

- ▶ Name of the applicant
- ▶ Address of the applicant
- ▶ ID number of the applicant
- ▶ The date of submitting the application for registration
- ▶ Signature of the applicant (the applicant is also entitled to use an electronic signature on the Application)
- ▶ Receipt confirming payment of the registration fee.

Legal Forms of Business Entities	Timelines & Fees		Responsibilities
	In 1 working day	The same day	
IE	GEL 20	GEL 50	IE is liable to creditors with all of the property
GP	GEL 100	GEL 200	Partners of GP are liable to creditors with the entire property
LP	GEL 100	GEL 200	Part of the LP partners, - Comandits – have limited liabilities, the other part - Complementaries - are liable with the full and unlimited access to the entire property
LLC	GEL 100	GEL 200	
JSC	GEL 100	GEL 200	Partners are liable only in proportion of their contributions (shares) in the capital
CO	GEL 100	GEL 200	