

**GEORGIA**



GEORGIAN  
CHAMBER OF  
COMMERCE &  
INDUSTRY



**INVEST IN GEORGIA**

# WHY GEORGIA



INVEST IN



**Competitively Priced, Skilled and Productive Workforce**



**Strategically located at the crossroad of Europe and Asia**



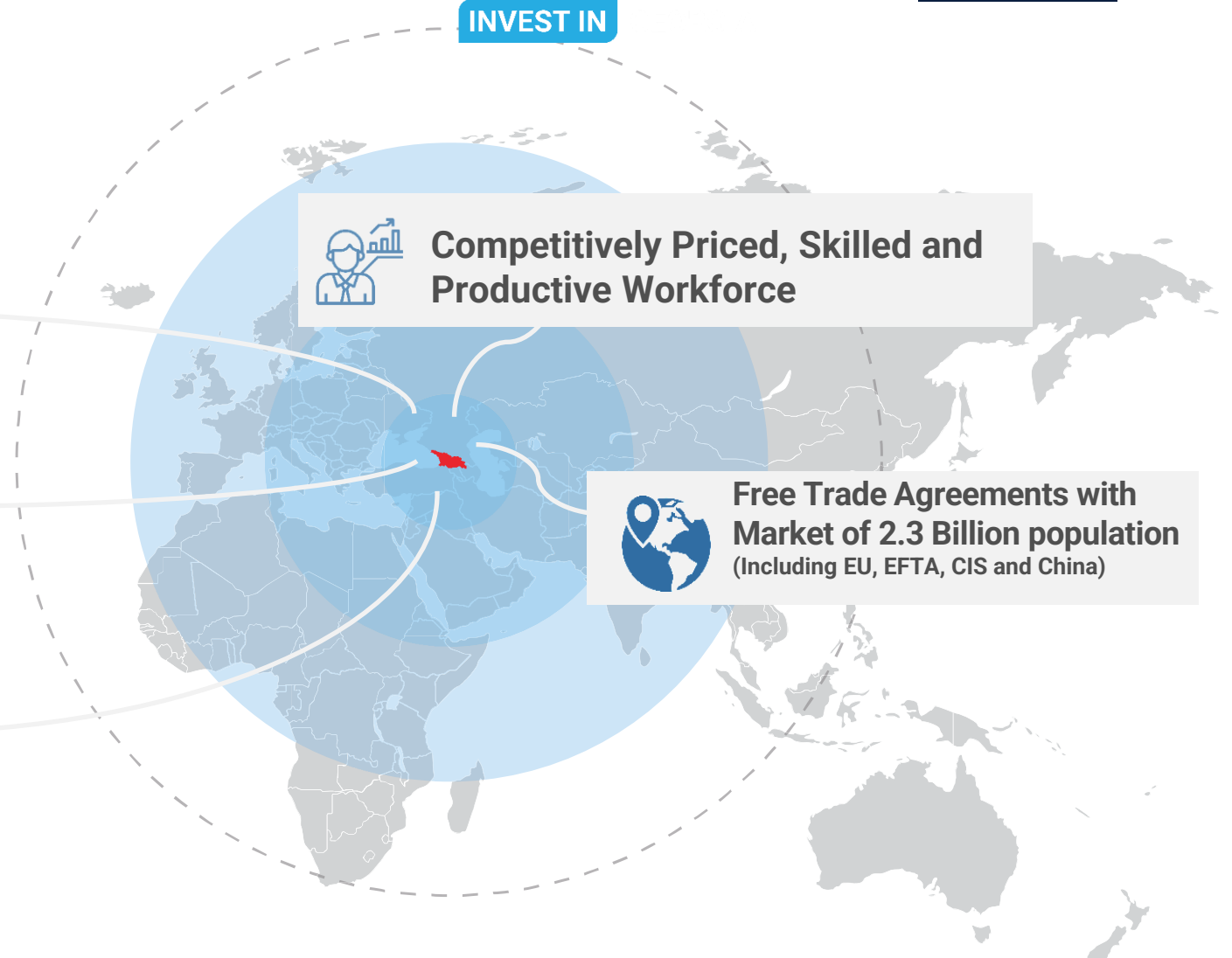
**7th Easiest Country to do Business**  
(World Bank's Ease of Doing Business Report 2020)



**3<sup>rd</sup> Least Tax Burden Country, with**  
(World Bank Group)



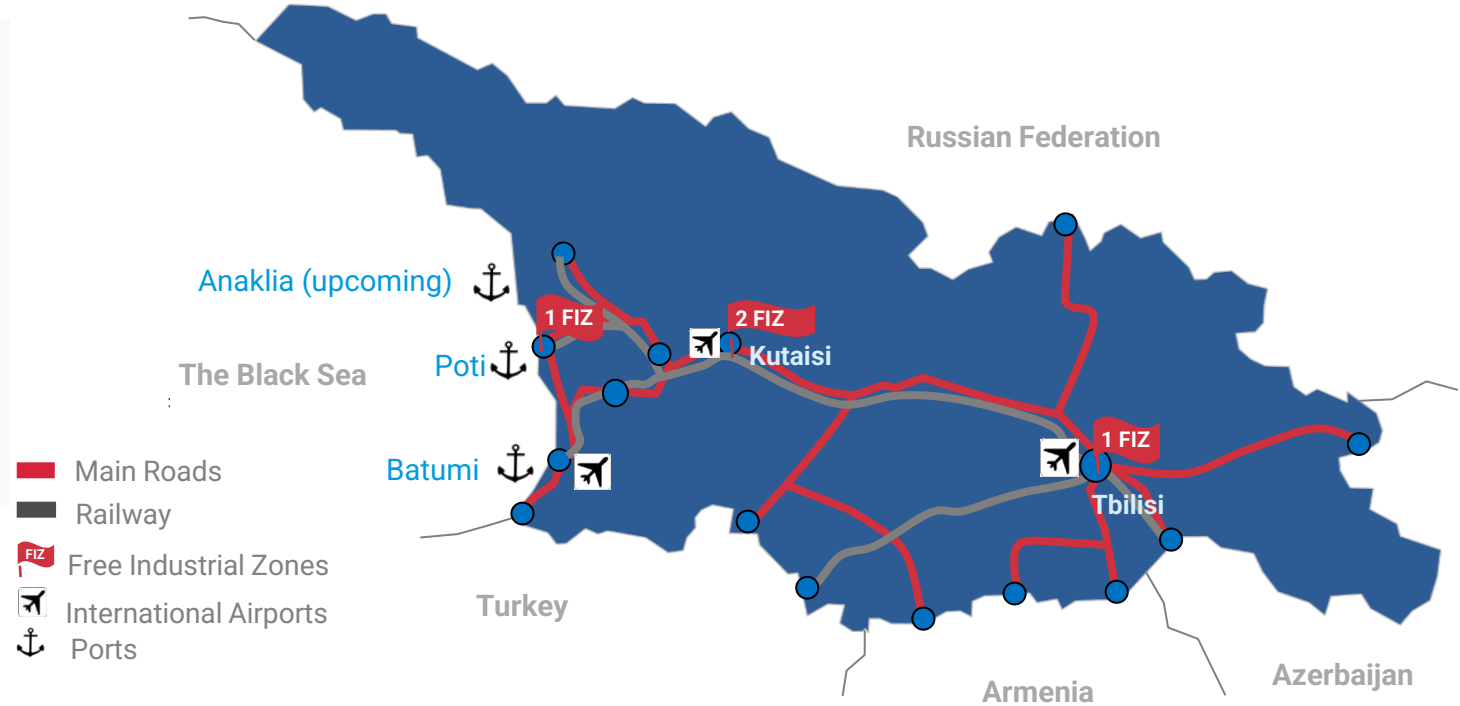
**Free Trade Agreements with Market of 2.3 Billion population**  
(Including EU, EFTA, CIS and China)








# THE COUNTRY AT A GLANCE



- **Region: Europe**
- **Population: 3.7 Million**
- **Capital: Tbilisi**
- **Government type: Parliamentary system**
- **GDP Per Capita (2021): USD 5,015**
- **Inflation (2021): 9.6%**
- **Currency: Georgian Lari**



 <b>GDP in 2021</b> <b>18.7 bln USD</b>	 <b>Real GDP Growth Rate (2021)</b> <b>10.4 %</b>	 <b>Share of Reinvestments (2017-2021 average)</b> <b>53%</b>	 <b>FDI to GDP Ratio (2017-2021 average)</b> <b>7.4%</b>	 <b>FDI Over Last 5 Years (2017-2021)</b> <b>6.4 bln USD</b>
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Source: Geostat

# GEORGIA STANDING OUT



## OECD FDI Regulatory Restrictiveness Index 2020



**8<sup>th</sup>**

Georgia ranks 1<sup>st</sup> among non-EU countries

## TRACE Matrix 2021

Interaction: Contact with government



**1<sup>st</sup>**

Georgia ranks 29<sup>th</sup> in overall standings out of 194 countries

## Global Services Location Index - GSLI 2021

KEARNEY

**19<sup>th</sup>**

Georgia ranks 7<sup>th</sup> in Europe

## WJP Rule of Law Index 2021

Eastern Europe & Central Asia Region



**1<sup>st</sup>**

Georgia also ranks 5<sup>th</sup> in the group of Upper Middle Income countries

“Deep reforms in economic management and governance have earned Georgia a reputation as star reformer” - World Bank Group Georgia

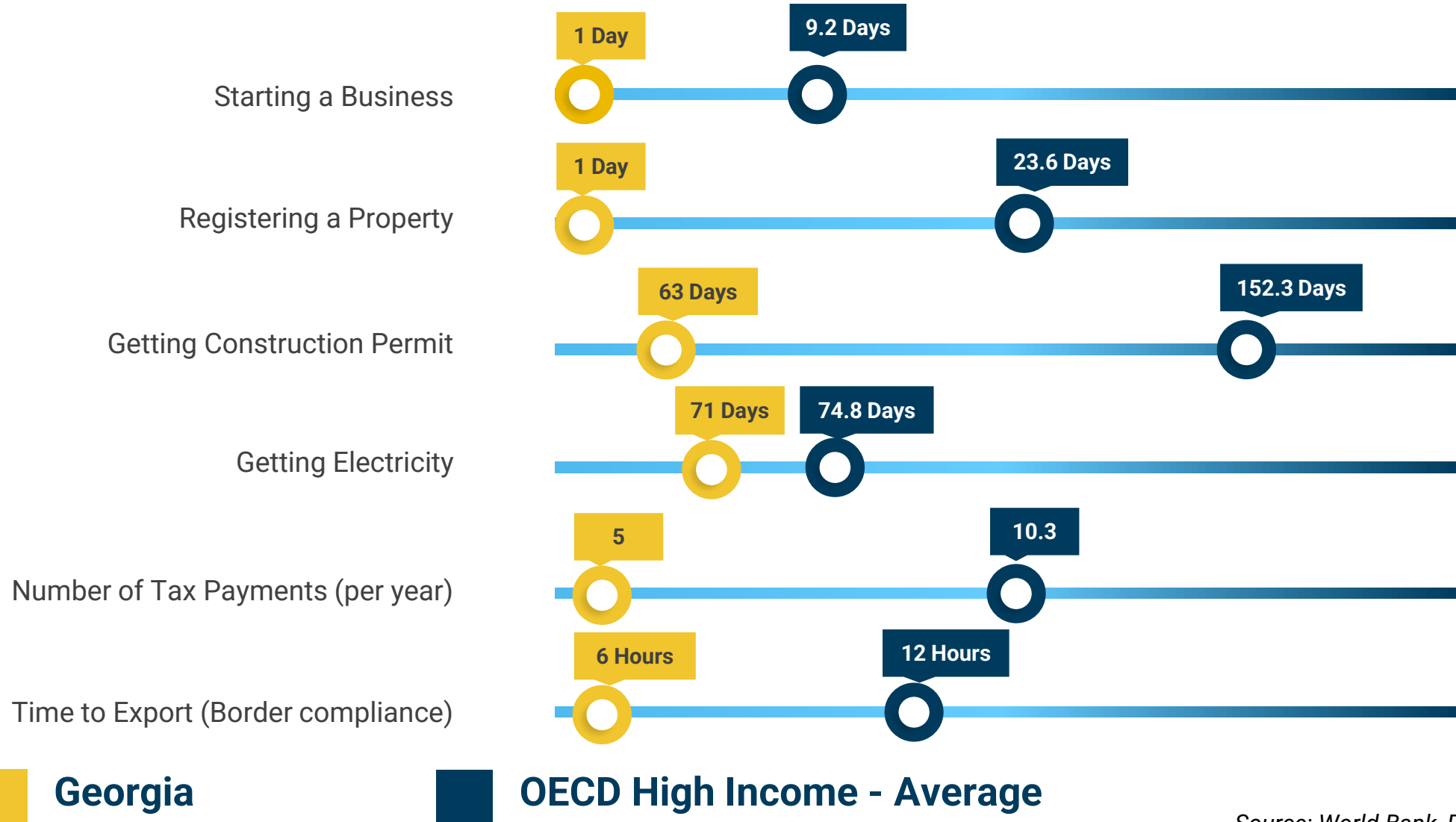




# SPEND LESS TIME ON PAPERWORK



## Georgia Ranks 7<sup>th</sup> in Ease of Doing Business Ranking, Here's Why:



# YOUR NEARSHORING DESTINATION



**Centrally located** to access Europe, Asia and the Middle East



Simple and **service-oriented customs policy** and administration



**80%** of goods are **free from import tariffs**



Membership of both **Middle Corridor** and **TRACECA**



Connected to the **EU's Trans-European Transport Networks**

■ EU - DCFTA

■ UK - FTA

■ EFTA - FTA

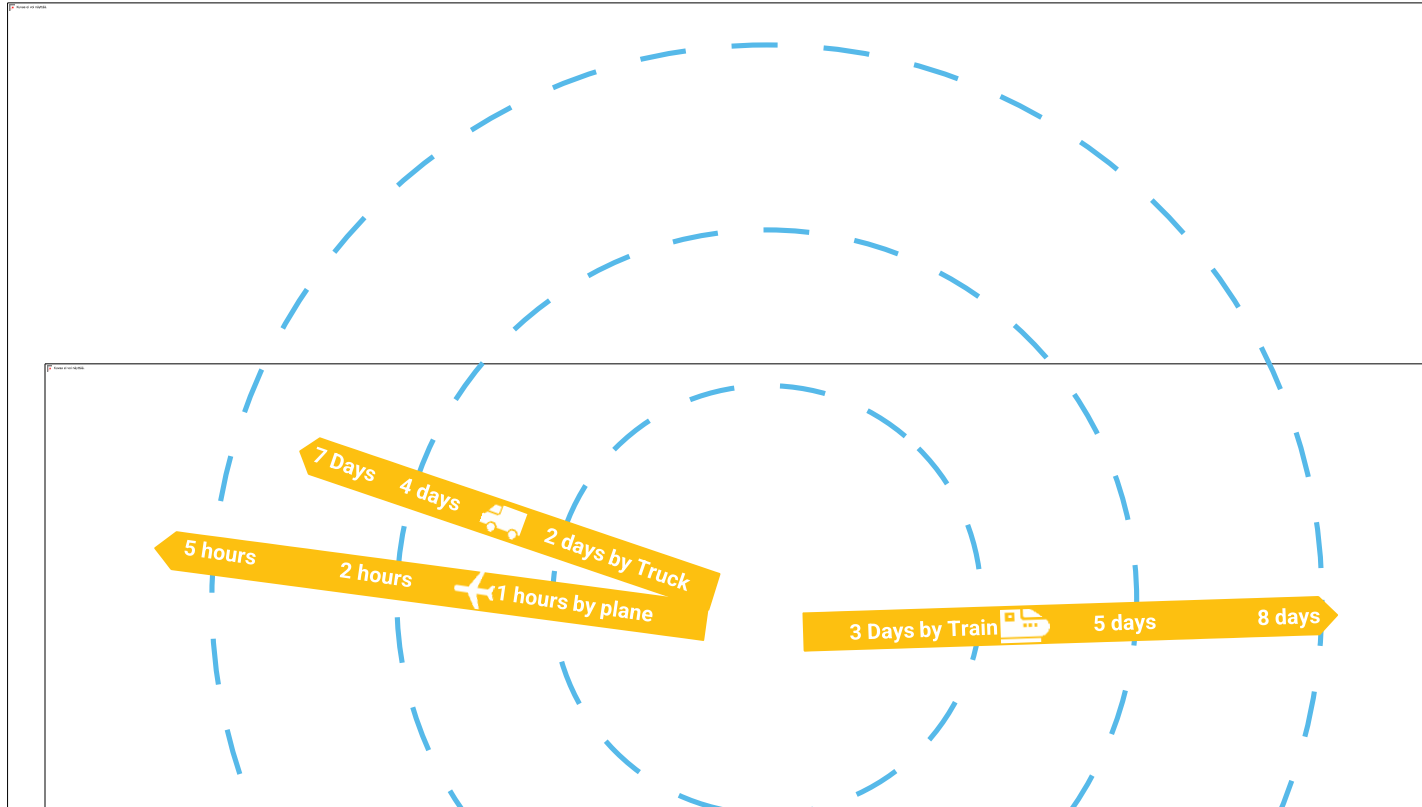
■ CIS - FTA

■ Turkey - FTA

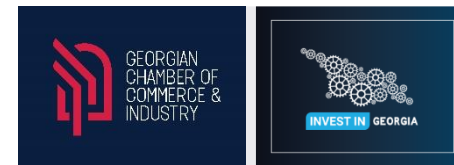
■ Ukraine - FTA

■ China (incl. Hong Kong) - FTA

**FREE TRADE AGREEMENTS COVER  
MARKET WITH 2.3 BLN POPULATION**



# ACCESS YOUNG, SKILLED AND COMPETITIVE TALENT POOL



Flexible Labor Code  
No Minimum Wage Regulation



Labor Productivity Growth  
8.5%  
(ILOSTAT)



Total Workforce  
1.5 mln

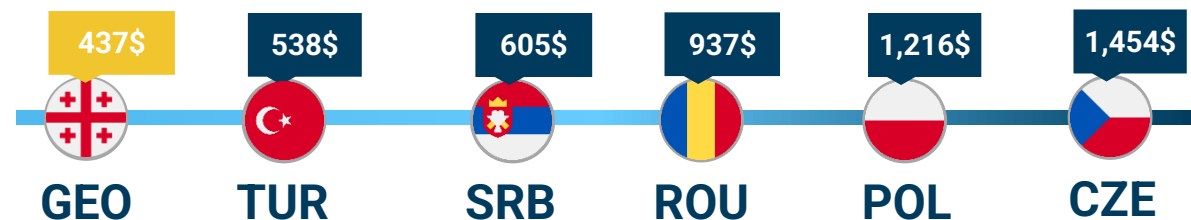


Unemployment  
19%

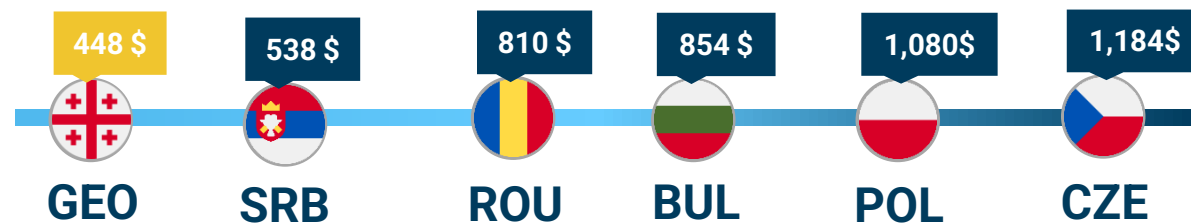


Unemployment with advanced education  
11.3%

Average Monthly Salary for Skilled Production Operative (including social security)



Average Monthly Salaries in Customer Service (including social security)



Source: fDi Benchmark from the Financial Times Ltd 2022

'We have found the Georgian workforce to be highly skilled, highly educated and add value to our company' - Ann Davies, Head of Country, Georgia, BP

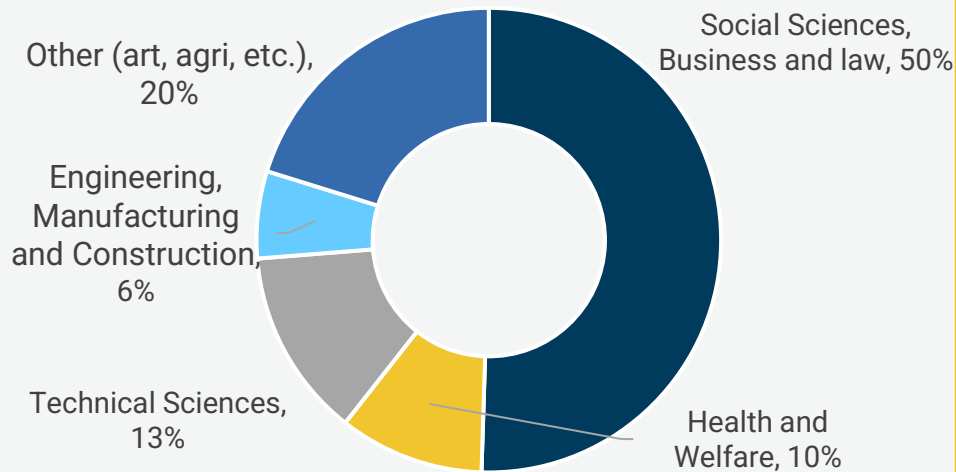


# ACCESS TO FRESH TALENT POOL

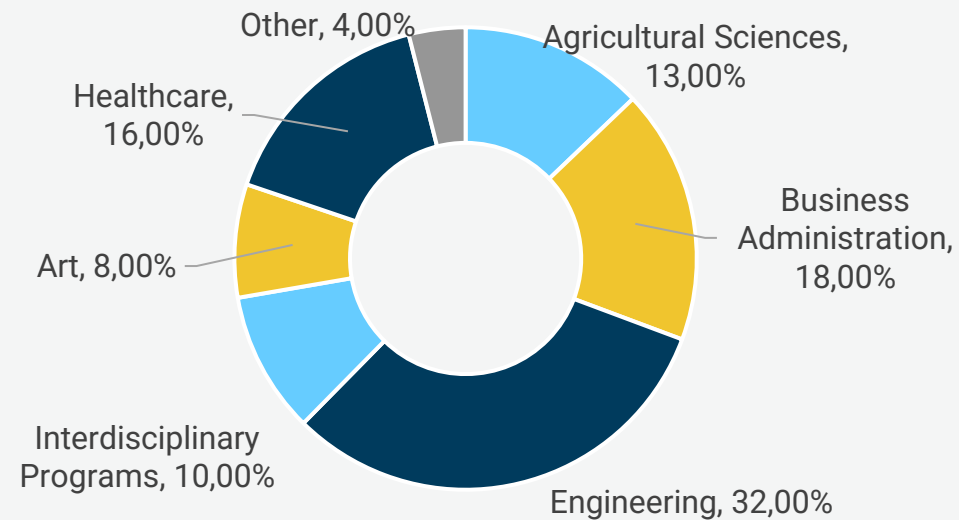


## BREAKDOWN OF GRADUATES BY FACULTIES, 2020

### HE INSTITUTES



### VET SCHOOLS



### OVER LAST 5 YEARS

Source: Geostat, Ministry of Education of Georgia



**122,104** graduated from bachelor, master and professional programs



**46,024** students graduated from vocational education institutions

**'We have today a very good engineering team because they are very responsive and very well educated'**

Arie Weisbord, CEO Aerostructure Technologies Cyclone



Literacy Rate

**98 %**



**64 HEIs and 66 VETs**



Population with Secondary Education

**92 %**



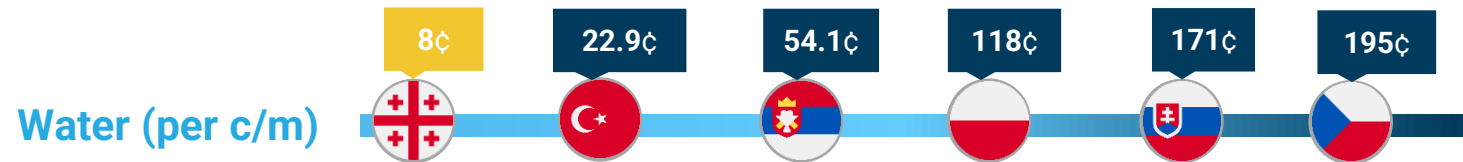
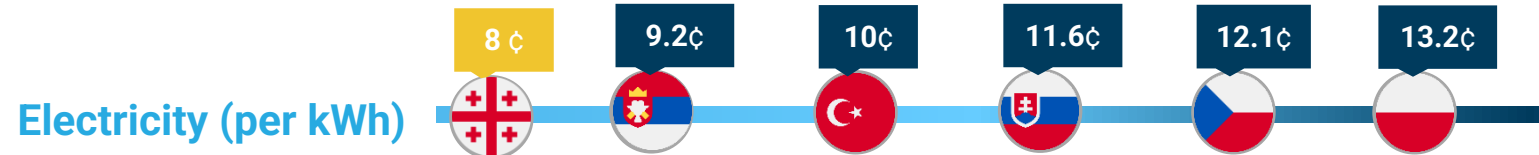
# COMPETITIVE OPERATIONAL COSTS

**Green Energy**  
70% of generation form renewables

**Power Exchange**  
Day ahead, intra day and balancing markets (operated By Nord Pool)

**Corporate PPAs**  
All consumers (ex. Household) can find direct supplier

**Partially Deregulated Gas Tariff**  
Buyer can choose supplier and negotiate price



*\*all utility costs are given in USD Cents*

*Source: fDi Benchmark from the Financial Times Ltd 2022*



# BENEFIT FROM THE MOST ATTRACTIVE TAX SYSTEM



0%

**Tax on Retained Profit**



3<sup>rd</sup>

**Least Tax Burden Country  
in the World by Total Tax Rate  
(% of profit)**



4

**Free Industrial Zones**  
All located in strategic locations

- Pension contribution\* – 2% paid by Employer, 2% paid by Employee
- Personal Income taxes for interest, **dividends and royalties are just 5%**
- **Double Taxation** avoidance Treaties with 56 countries

\*up to 2% paid by Government until savings reach 60,000 GEL

## Taxation System



**0% or 15 %**  
Corporate Profit  
Tax



**20 %**  
Personal Income  
Tax



**18 %**  
Value  
Added Tax



**<1%**  
Property  
Tax



**Select Items**  
Excise Tax



**0%, 5%, or 12%**  
Import Tax  
(depending on  
goods imported)

# WE ARE HERE TO SUPPORT YOUR BUSINESS



## FREE INDUSTRIAL ZONES



### Special Tax Regime

- Exemption from all taxes except Personal Income Tax (20%), which is paid from employees' salaries (goods produced for export )
- In case of import from other territory of Georgia , the company has to pay VAT and 4% of revenue from national sales
- Simplified Procedures and Available Facilities
- Great Location: Tbilisi (capital city), Poti (sea port), Kutaisi (international airport)

## TAX INCENTIVES

### International Company status

Profit and personal income taxes for IT companies reduced to 5%

## FINANCIAL INCENTIVES



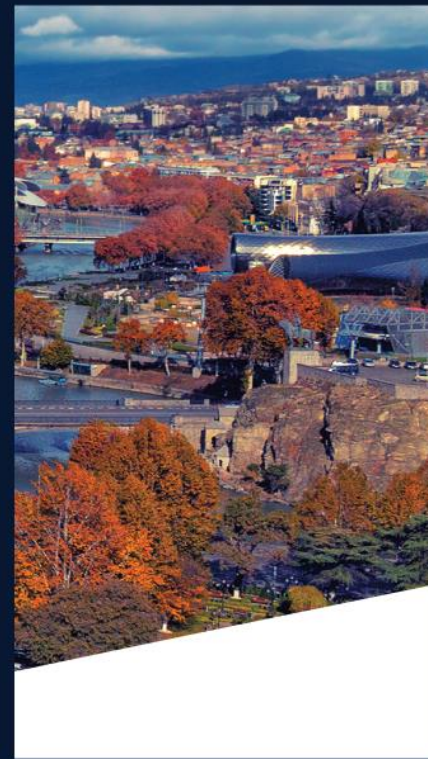
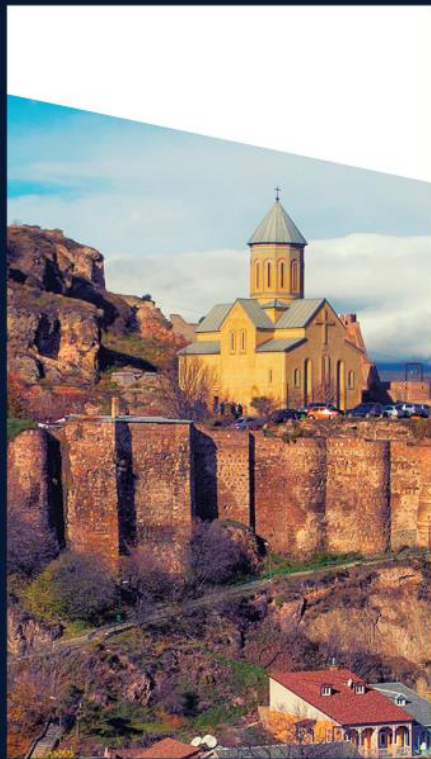
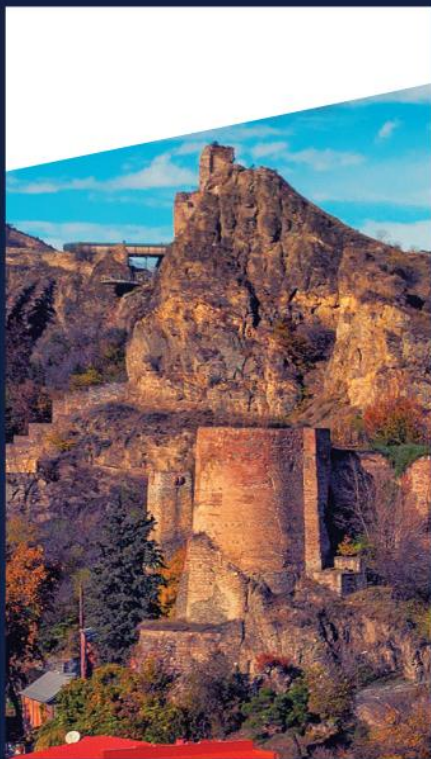
### State Support Programs

- Subsidies for loan interest payment – 6% (Hotels and Manufacturing)
- Collateral Guarantee co-financing - up to 60% of the principal (Hotels and Manufacturing)



### FDI Grants

- Eligible sectors: electronics, auto & aircraft parts, BPO, MRO, logistic centers
- Cashback on investment costs, including workforce training costs
- Investment obligations:
  - Manufacturing of electronics, auto& aircraft parts - at least 100 new jobs created and USD 2.5 mln investment
  - BPO/SSC/GBS - at least 200 new jobs created and USD 0.7 mln investment
  - IT - at least 50 new jobs created and USD 0.7 mln investment
  - MRO, logistic centers - at least 50 new jobs and USD 2.5 mln investment



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