

Government of Georgia

Ordinance No 619

8 October 2020

On Determining the Status of an International Company, and Approving the List of Permitted Activities and Certain Expenses

Article 1

Pursuant to Article 2(3), Article 23(12) and (15) of the Tax Code of Georgia, the following shall be approved:

1. 'Procedures for Granting to and Revoking the Status of International Company of a Georgian Enterprise' (Annex No 1).
2. 'Types of Permitted Activities of a Person with the Status of International Company' (Annex No 2).
3. 'List of Expenses in Relation to which, in the Case of Incurring such Expenses in Georgia, a Person with the Status of International Company has the Right to Reduce the Distributed Profit Amount Taxable by Profit Tax' (Annex No 3).

Article 2

This Ordinance shall enter into force upon its promulgation.

Prime Minister

Giorgi Gakharia

Annex No 1

Procedures for Granting to and Revoking the Status of International Company of a Georgian Enterprise

Article 1 – General provisions

1. The procedure(the Procedure) for granting and revoking the status (the status) of international company to a Georgian enterprise determines the conditions for granting the status, the procedures for reviewing an application related to the grating of the status and for decision making, and the terms and conditions for revoking the status.
2. The terms used herein have the same meaning as those in the Tax Code of Georgia.

Article 2 – Basic conditions and procedures for granting status

1. The status of international company may be granted in any of the following cases to a Georgian enterprise:
 - a) which has at least two years experience in carrying out the permitted activities referred to in Annex 2 of this Ordinance, on the basis of which it applies to obtain the status;
 - b) which is a representative of a non-resident enterprise in Georgia, if the non-resident enterprise has at least two years experience in the permitted activities provided for by Annex 2 to this Ordinance, which are carried out by a Georgian enterprise and on the basis of which it applies to obtain the status;
 - c) of which more than 50% of shares are owned by partner enterprises independently (each partner separately), and which has at least two years of experience in the permitted activities provided for by Annex 2 to this Ordinance, which are carried out by a Georgian enterprise and on the basis of which it applies to obtain the status.
2. An enterprise intending to be granted the status of international company must carry out activities permitted under the status in Georgia. Accordingly, a person with the status shall carry out basic income-generating activities in Georgia and have adequate



human resources to carry out such activities, with the necessary qualifications, and shall ensure the coverage of appropriate operating costs.

3. The status of international company may be granted only to a person with the object of profit taxation as provided for by Article 97(1) of the Tax Code of Georgia.

4. In order to obtain the status of international company, an interested person shall apply to the legal entity under public law called the Revenue Service (the Revenue Service) under the Ministry of Finance of Georgia, by submitting an application in the form (in writing or electronically) established by the Minister of Finance of Georgia.

5. An application shall include:

a) enterprise registration data (identification number, name, legal form);

b) legal and actual addresses of an enterprise;

c) the type of permitted activity (ies) provided for by Article 1 of Annex No 2, on the basis of which it intends to obtain the status;

d) the place of rendering services within the scope of the implementation of permitted activities provided for by Article 1 of Annex No 2;

e) the date of submission of the application and the signature of an authorised representative.

6. In the case provided for by paragraph 1 of this article, the application shall be accompanied by information / documentation confirming the implementation of the relevant activities, and in the case of carrying out activities subject to a permit, by the relevant permit. If necessary, the Revenue Service is authorised to request additional information from the applicant.

7. The Revenue Service shall verify the compliance of the application with the requirements established by this Procedure within 10 days.

8. If the application does not comply with the requirements of paragraphs 5 and 6 of this article, the Revenue Service is authorised to set a reasonable time limit for the applicant to correct the defect, which should not exceed 10 days.

9. The Revenue Service is authorised to make a decision to hold up an application and to refuse to submit an application to obtain the status of international company to the Ministry of Finance of Georgia, if in the case provided for by paragraph 8 of this article, the defect has not been corrected within the set time limit.

10. If the application to grant the status complies with the requirements set forth in this article, the Revenue Service shall submit the application to the Ministry of Finance of Georgia, together with the attached materials, which, in turn, shall submit the received documentation and a proposal to the Government of Georgia.

11. The decision to grant or refuse to grant the status of international company to a person shall be made by the Government of Georgia.

12. The Government of Georgia shall issue an ordinance on granting a person the status of international company. The status shall be granted for an indefinite time. A person shall be deemed to have the status from the beginning of the month when the status was granted.

13. An ordinance of the Government of Georgia on granting the status of international company to a person shall be sent to the applicant, the Ministry of Finance of Georgia and the Revenue Service.

Article 3 – Revocation of the status

1. The status of international company shall be revoked if:

a) a person with the status of international company submits an application to the Revenue Service to revoke the status of international company;

b) a person with the status of international company carries out activities other than those permitted under the status provided for by Article 1 of Annex 2 to this Procedure, the income from which exceeds the threshold amount provided for by Article 2 of the same Annex;



c) a person with the status of international company no longer meets the requirements set forth in paragraphs 1 – 3 of Article 2 of this Procedure.

2. Where grounds for the revocation of the status of international company provided for by paragraph 1 of this Article are identified, the Revenue Service shall submit the relevant materials to the Ministry of Finance of Georgia within 10 days of identifying the said grounds, to review them at a session of the Government of Georgia.

3. The status of international company shall be revoked by a decision of the Government of Georgia, based on the recommendation of the Ministry of Finance of Georgia. The Government of Georgia shall issue an ordinance on revoking the status of international company in relation to a person.

4. The status of international company shall be deemed revoked:

a) in the case provided for by paragraph 1(a) of this article – from the beginning of the month when the decision on revocation of the status was taken;

b) in the case provided for by paragraph 1 (b) and/or (c) of this article – from the date of granting the status of international company.

5. The decision of the Government of Georgia on revoking the status of international company shall be sent to the person whose status of international company has been revoked, the Ministry of Finance of Georgia and the Revenue Service.

Article 4 – Maintaining the register

A unified electronic register of persons with the status of international company shall be maintained by the Revenue Service.

Annex No 2

Types of Permitted Activities of a Person with the Status of International Company

Article 1 – Types of permitted activities

A person with the status of international company has the right to provide the following services:

a) the following activities provided for by Code 58.2 of the Georgian National Classification of Economic Activities:

a.a) 58.2 – software release;

a.b.) 58.21 – releasing of computer games;

a.c) 58.29 – releasing of other software;

b) the following activities provided for by Code 62 of the Georgian National Classification of Economic Activities:

b.a.) 62.0 – computer programming, consulting and related activities;

b.b.) 62.01 – computer programming activities;

b.c) 62.02 – consulting activities in the field of computer technology;

b.d) 62.03 – computer management activities;

b.e) 62.09 – other activities related to information technologies and computer services;



- c) production and / or delivery of digital products, including software support and delivery of updated versions of software;
- d) website development and / or delivery;
- e) web hosting, remote maintenance of software and hardware;
- f) software and related updates;
- g) provide images, texts and information to ensure access to a database;
- h) remote system administration;
- i) online delivery of allocated memory capacity;
- j) grant access to or download software (including purchasing / accounting software or antivirus software) and updates;
- k) banner ads blocking programmes;
- l) download drivers, such as software that connects computers to peripherals (such as a printer);
- m) automatic online installation of filters on websites;
- n) automatic online installation of firewalls;
- o) commercial and maintenance services by a shipowner and / or those related to shipownership, including:
 - o.a) ship rental with or without a crew (bareboat charter)
 - o.b) route planning and / or analysis;
 - o.c) giving route instructions to a ship's captain as agreed with the charterer of vessels;
 - o.d) the counting of stallia, disbursement report analysis and management;
 - o.e) managing disputes over cargo-related claims, commercial and legal issues, and written chartering agreements;
 - o.f) organising new shipbuilding orders and / or the service of buying and selling used ships;
 - o.g) supervising the physical condition of a ship and / or supplying a ship with relevant technical parts and / or food products;
 - o.h) coordinating shipbuilding, ship docking and repair activities, and conducting inspections in accordance with the requirements of industry regulators;
 - o.i) ensuring compliance with the ISM Code, an international standard for the safe management and operation of ships and for pollution prevention, with the requirements of state control over flags and ports, and with the rules of a classification association.

Note: the activities provided for by sub-paragraphs (a) to (n) of this Annex shall mean services rendered on the basis of a service contract.

Article 2 – Revenue, the receipt of which shall not cause the revocation of the status of international company

A person having the status of international company is entitled to receive revenues other than those received from activities permitted under the status provided for by Article 1 of this Annex, if during the calendar year this type of revenue (excluding VAT) does not exceed 2% of the total revenues received from the activity (ies) permitted under the status by a person with the status of international company.



List of Expenses in Relation to which, in the Case of Incurring such Expenses in Georgia, a Person with the Status of International Company has the Right to Reduce the Distributed Profit Amount Taxable by Profit Tax

1. Salary expenses paid by a person with the status of international company to a hired citizen of Georgia.
2. Expenses of scientific-research, design and experimental-construction services in the field of activity (ies) permitted for an international company.

