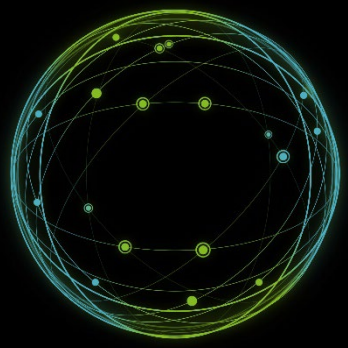
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International Tax
Georgia Highlights 2026

Updated January 2026



Investment basics

Currency: Georgian Lari (GEL)

Foreign exchange control: There are no restrictions on the import or export of capital. Funds may be repatriated in any currency. Although the GEL is the only legal tender in Georgia, transactions may be conducted in any currency within a Free Industrial Zone. Both residents and nonresidents may hold bank accounts in any currency.

Accounting principles/financial statements: IAS/IFRS apply. Financial statements must be prepared annually. The law "On Accounting and Financial Audits" requires certain statements (financial statements, management reports, statements of payments made to the state, and audit opinions) to be submitted after the ninth month of the reporting period by certain categories of entities defined in the law.

Principal business entities: These are the joint stock company, limited liability company, general and limited partnership, cooperative, and sole proprietorship. A branch of a foreign enterprise is not considered a separate entity, but rather a subdivision of its head office.

Corporate taxation

Rates	
Corporate income tax rate	15%/20%
Branch tax rate	15%
Capital gains tax rate	15% (gains are taxed at the corporate income tax rate)

Residence: An entity generally is considered a resident of Georgia if it is registered in Georgia.

Basis: Residents are taxable on their worldwide income; nonresidents are taxed only on Georgian-source income.

Companies are subject to corporate income tax (referred to as "profit tax") only if corporate profits are distributed. The distributed profit tax system currently applies only to Georgia resident companies and permanent establishments (PEs) of nonresident companies. Branches are taxed in the same way as subsidiaries.

Banking institutions, credit unions, microfinance organizations, and loan issuers are subject to profit tax on the difference between the gross income received during the calendar year and the deductions stipulated in the tax code. Banking institutions, credit unions, and microfinance organizations recognize the accrued interest on loans as income and deduct reserves for possible loan losses from gross income according to IFRS. Insurance organizations are subject to the distributed profit system.

Taxable income: Georgia resident companies and PEs of nonresident companies are taxed on their actual and deemed distributed profits, including the following: distributed profits, expenses incurred or other payments unrelated to economic activities, gratuitous supplies of goods or services or transfers of funds, and representation expenses that exceed the maximum amount set out in the tax code.

Certain types of payments are subject to profit tax as deemed profit distributions, including the following:

- Payments made for the acquisition of a debt security issued by a person resident in a low-tax jurisdiction (as set out in Resolution 615 of the Government of Georgia dated 29 December 2016) or by a person that is exempt from profit tax under the tax code (except a budgetary organization, or the Deposit Insurance Agency or the National Bank of Georgia (which are LEPLs, legal entities under public law));
- Payments of penalties or fines arising from contractual relationships or advance payments made to a person resident in a low-tax jurisdiction or to a person that is exempt from profit tax under the tax code (except a budgetary organization, the Deposit Insurance Agency, or the National Bank of Georgia);
- Capital contributions or payments made to purchase shares or interests (excluding the purchase of shares or interests on a stock exchange recognized by a foreign jurisdiction) for the right to participate in the equity of a nonresident or a person that is exempt from profit tax under the tax code;
- Granting of loans or payments made for the acquisition of a claim with respect to a person resident in a low-tax jurisdiction or a person that is exempt from profit tax under the tax code (except the Deposit Insurance Agency or the National Bank of Georgia); this rule does not apply to banking institutions, credit unions, microfinance organizations, and loan issuers, as defined in the law "On the National Bank of Georgia"; and
- Granting of loans to a resident individual or a nonresident (excluding the purchase of debt securities on a stock exchange recognized by a foreign jurisdiction); this rule does not apply to banking institutions, credit unions, microfinance organizations, and loan issuers, as defined in the law "On the National Bank of Georgia."

Payments made to a nonresident enterprise, whether in monetary or nonmonetary form, from profits earned from a PE's activities are treated as distributed profits of the PE (except profits of a PE earned before 1 January 2017).

Special rules apply to profits from oil and gas activities.

Rate

General

The tax rate is 15%. To calculate the taxable amount on which the 15% rate applies, the net amount of a distribution subject to taxation is grossed-up (i.e., divided by 0.85). A 20% profit tax rate applies to banking institutions, credit unions, microfinance organizations, and loan issuers.

Surtax

There is no surtax.

Alternative minimum tax

There is no alternative minimum tax.

Global minimum tax (Pillar Two)

Georgia has not made any announcements regarding the implementation of the global anti-base erosion (GloBE) or "Pillar Two" model rules published by the OECD/G20 Inclusive Framework on BEPS that are designed to ensure a global minimum level of taxation of 15% for multinational enterprise groups with annual consolidated revenue of at least EUR 750 million.

Taxation of dividends: Dividends paid between Georgian companies are excluded from the taxable base, other than dividends paid out of net profits earned between 1 January 2008 and 31 December 2016. However, further distributions of taxed dividends by a Georgian company (except for a sole proprietor or a person that is exempt from profit tax under the tax code) are not deemed to be profit distributions. A further distribution of taxed dividends received from insurance organizations is not deemed to be a profit distribution for net profits earned between 1 January 2008 and 31 December 2023. A further distribution of taxed dividends received from banking institutions, credit unions, microfinance organizations, and loan issuers is not deemed to be a profit distribution for net profits earned after 1 January 2008.

Dividends paid from net profits earned after 1 January 2008 are deemed to be profit distributions if distributed to banking institutions, credit unions, microfinance organizations, and loan issuers.

Dividends paid from net profits received by insurance organizations during the period from 1 January 2015 through 1 January 2024 are recognized as profit distributions. Dividend distributions received by insurance organizations for reporting periods prior to 1 January 2024 are not considered profit distributions.

Resident enterprises, except for PEs of foreign entities, that distribute dividends on or after 1 January 2017 from net profits that were subject to tax between 1 January 2008 and 1 January 2017, and insurance organizations that distribute dividends on or after 1 January 2024 from net profits that were subject to tax between 1 January 2015 and 1 January 2024, may offset the tax paid on the distributions against the profit tax paid in the prior reporting period, based on a formula set out in the tax code. The profit tax credit may not exceed the tax paid on the profit distribution.

The distribution of dividends received from foreign enterprises (with the exception of entities resident in low-tax jurisdictions) is not subject to profit tax.

Dividends paid by banking institutions, credit unions, microfinance organizations, and loan issuers from profits arising in 2023 and subsequent periods are not taxed at source and are excluded when calculating the recipient's gross income.

Capital gains: There is no separate capital gains tax. Capital gains are taxed in the same manner as regular income.

Where gains are derived from a related party transaction (that is not subject to taxation under the distributed profit tax system) carried out at a value that differs from market value, the difference is deemed to be distributed profits for Georgian resident companies and PEs.

Losses: Losses may be carried forward for up to five years, although a taxpayer may request a 10-year carryforward period from the tax authorities for losses incurred in 2010 or subsequent years. The carryback of losses is not permitted. However, these rules do not apply to resident entities and PEs that are subject to the distributed profit tax rules.

Foreign tax relief: Tax paid on income earned outside Georgia may be credited against Georgian tax, but the credit is limited to the tax assessed in Georgia on the income. This rule also applies to PEs of foreign entities, with credit allowed against the profit tax on distributed profits.

Participation exemption: There is no participation exemption.

Holding company regime: There is no holding company regime.

Incentives: Georgia is seeking ways to stimulate economic growth and attract increased investment from foreign and local investors. The distributed profit tax system enables resident companies and PEs of nonresident companies to reinvest their profits without incurring an additional profit tax liability in Georgia.

Tax incentives are available for entities classified as innovative startups, innovative small and medium-sized enterprises, or research and development service providers, as defined by the Law of Georgia "On Innovations."

Compliance for corporations

Tax year: The tax reporting period is the calendar month for taxpayers taxable on distributed profits and the calendar year for other taxpayers.

Consolidated returns: Consolidated returns are not permitted. Companies in the same group must file tax returns and pay tax individually.

Filing and payment: Georgia operates a self-assessment regime. Tax returns for taxpayers that are taxable on their distributed profits must be filed and the tax paid by the 15th day of the month following the reporting calendar month. For other taxpayers, annual income tax returns must be filed by 31 March of the year following the tax (calendar) year. The deadline for filing the annual tax return may be extended for up to three months but this does not result in an extension of the tax payment deadline. Advance payments of tax are made in four installments for calendar year taxpayers; those taxable on their distributed profits do not make advance payments.

Penalties: Penalties are imposed for failure to register with the tax authorities, late filing of or failure to file a tax return, late payment of tax, and under-declaration of tax liability.

Rulings: A legally binding ruling may be obtained from the tax authorities on the tax consequences of a transaction.

Individual taxation

Rates	
Individual income tax rate	1%/3%/5%/10%/15%/20%
Capital gains tax rate	0%/20% (gains generally are taxed at the 20% individual income tax rate)

Residence: An individual is a resident of Georgia if they are present in Georgia for more than 183 days in any continuous 12-month period ending in a tax year, or if the individual was abroad during the tax year in the public service of Georgia. An individual also may become a tax resident of Georgia if the individual has high net worth, as defined under the securities market law.

Basis: Resident and nonresident individuals are taxable only on Georgian-source income. Dividends and interest received by resident individuals from resident companies are excluded from the taxable base.

Taxable income: The main categories of taxable income include employment income, income from independent activities, including business income (i.e., sole proprietors), dividends, interest, royalties, pensions, rental income, and income from the disposal of property.

Rates: Employment income (including benefits) and income from self-employment are taxed at a flat rate of 20%. This rate may be reduced by 50% for residents of high-mountain settlements in certain limited circumstances.

Income from certain gambling activities is taxed at a rate of 15%.

Income from renting out residential property to a person solely for residential purposes, and where no deductions are taken from such income, is taxed at 5%.

The taxable income of an individual with small business status (i.e., with an annual turnover not exceeding GEL 500,000) is taxed at 1%. If the individual's total income from economic activities exceeds GEL 500,000, all income is taxed at 3%.

Dividends, interest, and royalties are subject to a final withholding tax of 5%, 5%, and 20%, respectively (see "Withholding tax," below).

Surplus income from the sale of a vehicle or a residential apartment (house) with an attached land plot is taxed at 5%.

Capital gains: There is no separate capital gains tax in Georgia and gains generally are taxed at the 20% individual income tax rate. Gains derived by individuals from the sale of private property not related to a business activity are not taxable if the property has been held for more than two years. Gains derived from a business activity are included in gross business income and, after relevant deductions, are taxed at a rate of 20%.

Deductions and allowances: Expenses related to business activities are deductible for sole proprietors. There are no personal deductions or allowances for individuals.

Foreign tax relief: Tax paid outside of Georgia may be credited against Georgian tax, but the credit is limited to the tax assessed in Georgia on the income.

Compliance for individuals

Tax year: The tax year is the calendar year.

Filing status: Each registered individual taxpayer must file a separate return. However, families may file joint property tax returns.

Filing and payment: A tax return must be submitted by 31 March following the tax year. Tax on employment income is withheld and remitted to the tax authorities by the employer with the monthly tax return, see "Social contributions and payroll taxes" under "Other taxes on corporations and individuals," below. Other income is self-assessed. Income tax payable by a sole proprietor (except for persons with special status) is due in four annual installments. Persons with special status submit monthly tax returns. For other individual taxpayers, the liability is settled on 31 March of the year following the tax year.

Penalties: Penalties are imposed for failure to register with the tax authorities, late filing of or failure to file a tax return, late payment of tax, and under-declaration of tax liability.

Rulings: A legally binding ruling may be obtained from the tax authorities on the tax consequences of a transaction.

Withholding tax

Rates

Type of payment	Residents		Nonresidents	
	Company	Individual	Company	Individual
Dividends	0%	5%	5%	5%
Interest	0%	5%	5%/15%	5%/15%
Royalties	0%	20%	5%/15%	5%/15%

Dividends: No withholding tax is payable on dividends paid to a resident company. Dividends paid to nonresident entities, noncommercial legal persons, and individuals (whether resident or nonresident) are subject to a 5% withholding tax, unless the rate (on payments to nonresidents) is reduced under an applicable tax treaty.

Interest: No withholding tax is payable on interest paid to a resident company. Interest paid by or on behalf of a resident or a PE of a nonresident to individuals or nonresident entities without a PE in Georgia is subject to a 5% withholding tax, unless the rate (on payments to nonresidents) is reduced under an applicable tax treaty. The rate on payments to a nonresident increases to 15% where the interest is paid to a nonresident registered in a low-tax jurisdiction.

Royalties: No withholding tax is payable on royalties paid to a resident company. Royalties paid to a resident individual (other than an individual that is a VAT payer) are subject to a 20% withholding tax. Royalties paid to a nonresident are subject to a 5% withholding tax, unless the rate is reduced under an applicable tax treaty. The rate on payments to a nonresident increases to 15% if the recipient is resident in a low-tax jurisdiction.

Fees for technical services: No withholding tax is payable on technical service fees paid to a resident company. Technical service fees paid to a resident individual (other than a sole proprietor, VAT payer, notary officer, private enforcement officer, or

an individual with the status of a micro business or fixed taxpayer conducting one of these activities) are subject to a 20% withholding tax. Technical service fees paid to a nonresident not engaged in oil and gas activities are subject to a 10% withholding tax. A 4% rate applies where the nonresident provides technical services with respect to oil and gas transactions. The rates on payments to a nonresident may be reduced under an applicable tax treaty. The rate is 15% if the foreign recipient (other than a person engaged in oil and gas activities, international telecommunications, or international transportation) is resident in a low-tax jurisdiction.

Branch remittance tax: There is no branch remittance tax.

Anti-avoidance rules

Transfer pricing: Georgia has comprehensive transfer pricing rules that generally follow the 2022 OECD transfer pricing guidelines. There are provisions in the tax code aimed at regulating the taxation of related party transactions. The tax authorities can challenge such transactions where the price agreed between the parties diverges from the market value. The tax authorities can compare the conditions of transactions between related persons with those of transactions between unrelated parties and allocate income and expenses between related parties based on principles that would have applied in transactions between independent persons.

The transfer pricing rules apply to transactions between a Georgian resident company and a related foreign company, and between a Georgian resident company and an unrelated foreign company that is registered in a low-tax jurisdiction.

Five pricing methods are recognized for evaluating whether prices are on arm's length terms: the comparable uncontrolled (independent) price, resale price, cost plus, net profit margin, and profit split methods.

Taxpayers must maintain contemporaneous transfer pricing documentation, which must be submitted to the tax authorities within 30 calendar days of a request.

Georgia is a member of the OECD/G20 Inclusive Framework on BEPS and is introducing laws on transfer pricing intended to increase the transparency of corporate operations.

A Georgian resident company that is the ultimate parent entity of a group of multinational enterprises with a total consolidated annual group income exceeding EUR 750 million must submit a country-by-country report to the tax authorities no later than 12 calendar months following the reporting year.

Interest deduction limitations: Intercompany loan arrangements may be subject to local interest deduction limitations in cases where an intragroup loan is determined to possess capital characteristics. In such cases, the tax authorities may assess the arm's length nature of the borrowing. This assessment uses benchmarking of financial ratios from comparable entities to reclassify the portion of debt into equity, thereby limiting the overall interest deduction.

Controlled foreign companies: There is no controlled foreign company legislation.

Anti-hybrid rules: There is no specific anti-hybrid legislation.

Economic substance requirements: There are no specific economic substance requirements.

Disclosure requirements: There are no disclosure requirements other than for transfer pricing purposes (see "Transfer pricing," above).

Exit tax: There is no exit tax.

General anti-avoidance rule: There is no general anti-avoidance rule.

Value added tax

Rates	
Standard rate	18%
Reduced rate	0%

Taxable transactions: The VAT law is based on the principles of the EU VAT directive. VAT is imposed on the sale of goods and the provision of services and imports that are deemed to be carried out within Georgia. A taxable transaction occurs at the time of a supply of goods or services (in the case of a supply of goods involving loading, the time of loading) or at the time any advance payments are made to the supplier of the goods or services, if earlier. A reverse charge mechanism applies to certain purchases.

A nonresident provider of telecommunication, radio or television broadcasting, or electronic services in Georgia that is not established in, does not normally live in, or does not have a fixed establishment in Georgia, is not required to register as a VAT payer in Georgia but must calculate and pay the VAT due on the supply. This obligation does not arise where the supply is subject to VAT under the reverse charge mechanism.

Rates: The standard VAT rate is 18%, although certain transactions are exempt.

Registration: A business with revenue of at least GEL 100,000 within the preceding 12-month period must register for VAT purposes. The following VAT-exempt transactions are taken into account in calculating the GEL 100,000 threshold:

- VAT-exempt transactions related to financial and immovable property transactions, unless connected to the taxpayer's primary activities;
- Exports; and
- Certain VAT-exempt supplies with the right to recover input VAT, and services rendered by an intermediary acting on behalf of another person participating in certain operations or in operations conducted outside of Georgia.

The GEL 100,000 threshold does not apply to transactions subject to reverse charge VAT.

A taxable person with a fixed establishment in Georgia must register as a VAT payer no later than the last day of the reporting period in which goods or services were first supplied in Georgia.

Filing and payment: Filing and payment must be made by the 15th day of the month following the reporting calendar month. Input VAT may be credited against output VAT. VAT invoices generally are issued electronically through the authorized web portal of the Revenue Service of Georgia; however, where necessary, a tax invoice may be issued in physical form. VAT payers are required to file VAT returns regardless of whether they had any taxable transactions in a reporting month.

Other taxes on corporations and individuals

Unless otherwise stated, the taxes in this section apply both to companies and individuals and are imposed at the national level.

Social contributions and payroll taxes: There is no social security system in Georgia but payments to a defined contribution pension scheme are required by employers, Georgian citizens, and foreign nationals and stateless persons residing in Georgia on a permanent basis. This effectively means that the scheme applies to foreign nationals who (i) are Georgian residents in accordance with the tax code; and (ii) simultaneously hold a permanent residence permit in Georgia. Under the scheme, the employee and the employer each contribute 2% of the employee's gross salary. The state contributes 2% of an employee's gross annual salary of up to GEL 24,000 and 1% of the excess up to GEL 60,000; no contribution is made where the annual salary exceeds GEL 60,000. A self-employed person makes a 4% contribution and the same state contribution structure applies.

Individual income tax returns and pension declarations are integrated. Employers must submit Individual income tax returns via the tax authorities' portal, ensuring pension contributions paid are reflected on pension fund balances before the tax returns are submitted. Pension declarations cannot be finalized if contributions are late, and any payments made after the 15th day of the following reporting month are subject to penalties. Individual income tax adjustments do not trigger fines if contributions are recorded in the pension fund beforehand; however, daily penalties still apply in line with the National Bank of Georgia's policy.

Capital duty: There is no capital duty.

Real property tax: Property tax is imposed at the local level and comprises land tax and property tax (imposed under different regimes for entities and individuals). Companies are subject to property tax at a rate that may not exceed 1% of the average residual value of fixed assets, investment property, uninstalled equipment, and construction in progress recorded annually in a company's balance sheet; leased property; and similar property listed on the balance sheet of an organization and used for economic activity, unless specifically exempt. To arrive at the taxable base for real estate for a specific year, the average net book value of real estate at the beginning and the end of that year is multiplied by a coefficient based on the purchase date if the taxable assets were purchased before 1 January 2005 (no coefficient applies for purchases on or after that date). The coefficients do not apply to state-owned companies or to certain Georgian companies that record their immovable property based on the revaluation method if other requirements are met.

Specific rates apply to land for both companies and individuals, depending on the location and fertility of the land.

Individual households with annual income below GEL 40,000 are exempt from property tax on real estate and light vehicles. Where annual income is more than GEL 40,000 but does not exceed GEL 100,000, the tax is payable at rates ranging from 0.05% to 0.2% of the market value of the taxable property; above GEL 100,000, the rates range from 0.8% to 1%.

Transfer tax: There is no transfer tax.

Stamp duty: There is no stamp duty.

Net wealth/worth tax: There is no net wealth tax or net worth tax.

Inheritance/estate tax: Gifts to individuals, other than gifts received from employers, with a value not exceeding GEL 1,000 per year are exempt. Gifts by individuals to first- and second-degree relatives are fully exempt from personal income tax, while gifts to third- and fourth-degree relatives are exempt up to GEL 150,000 per year.

Other: Any activity that requires a license for the use of natural resources (other than land) owned by the state is subject to a fee for the use of those resources.

Tax treaties: Georgia has concluded around 60 tax treaties. The Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting (BEPS MLI) entered into force for Georgia on 1 July 2019.

For information on Georgia's tax treaty network, visit Deloitte International Tax Source.

Tax authorities: Revenue Service of the Ministry of Finance

Contact us:

Giorgi Tavartkiladze
gtavartkiladze@deloitte.ge

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