

Top reasons to do business in Georgia

Fast growing economy. GDP of Georgia has permanently been increasing in late 5 years with around 5% average annual rate.

World's leading performer. Georgia is consistently ranked as prominent performer by international institutions:

- 16th by World Bank Ease of Doing Business (among 190 countries); 3rd position in region - Europe & Central Asia (among 25 countries); improved by 7 position since last year.
- 23rd by Heritage Foundation Economic Freedom.

Corruption-free destination. According to the Transparency International Global Corruption Barometer, Georgia is perceived as a corruption-free destination.

Growth-friendly tax policy. According to the 2015 World Economic Forum report, Georgia has one of the lowest taxes worldwide standing on the 9th position with 16.4% total tax rate. In 2017, Government of Georgia implemented new tax policy. In new model of taxation system, retained earnings will be free of tax - meaning profit tax will be deductible only in case of profit distribution.

Liberal cross-border trade. We have the agreement of DCFTA with EU, Free Trade Agreement with CIS countries and Turkey, signed agreement with EFTA (European Free Trade Association), finalized negotiations for Free Trade Agreement with People's Republic of China and started with Hong Kong.

Strategic geographic location at the crossroad of Europe and Asia serving as the bridge and shortest route for transportation of goods.

Attractive tourism destination. Huge variety of touristic activities, including but not limited to beaches, skiing, hiking and famous spa and wellness resorts. Compound annual growth rate of international travelers to Georgia in last 5 years is around 18%, from 2.8 million in 2011 to 6.35 million in 2016.

Key Facts and Figures:

Area	69,700 sq. km
Population	3.7 mln
Official Language	Georgian
Capital	Tbilisi
National Currency	Lari, GEL, ₾
Inflation rate average 2010-2016	3.3%
GDP (2015)	USD 14 bln
GDP Real Growth Rate (2015)	2.9%
GDP Real Growth rate forecast (by World Bank)	2017 - 5.2%; 2018 - 5.3%; 2019 - 5%
GDP per capita (PPP 2015)	USD 3,766
GDP Structure (2015) (3 leading sectors)	Industry – 16.8%; Trade – 16.7%; Transport and Communication – 10.5%
FDI Inflows	2015 - USD 1.56 bln; 2016Q1-Q3* – USD 1.3 bln
Unemployment Rate (2015)	12%
External Trade Turnover (2016)	USD 11.97 bln
Total Tax Rate	16.4%
Credit Rating	BB- Stable
Ease of Doing Business by World Bank	16th position
Economic Freedom by Heritage Foundation	23rd position
Infrastructure	3 international airports; 4 ports
Bilateral Investment Treaties	30 countries
Double Taxation Avoidance Treaties	54 countries

4 pillars reform agenda:

Government of Georgia has packed 4-pillar reform plan and is actively engaged to the implementation process. 4-point reform agenda encompasses:

- Economic Development
- Education System Reform
- Infrastructure and Regional Development
- Good Governance.

Macroeconomic overview:

Georgia's economy is characterized with dynamic growth tendency. For past 5 years, Georgian Economy annually grew by around 4%. According to recent projections of World Bank, GDP will grow by 5.2 in 2017, by 5.3% in 2018. It should be highlighted that Georgia has one of the highest forecasted rates of economic growth within the region.

Georgia attracted significant amount of Foreign Direct Investments in the past few years. FDI inflow amounted to USD 1.75 billion in 2014 and USD 1.56 billion in 2015. Tendency of growth is continuing and according to preliminary data, FDI inflow for 3 quarters of 2016 amounts to USD 1.29 billion. This means 40% increase compared with the average indicator of the same period during past 5 years.

The progress that Georgia has undergone in recent years has widely recognized by international community. According to recent World Bank Doing Business rating (2017), Georgia 16th among 190 countries. Georgia advanced by 7 steps– from 23rd position in previous year. According to the latest report of Fraser Institute (2016), Georgia ranks as a country with the 5th freest economy out of 159 assessed states. According to Transparency International Global Corruption Barometer, Georgia is perceived as a corruption-free destination. In addition, Georgia stands on 7th position as one of the safest countries worldwide in terms of safety index 2016 published by Numbeo.

Georgia has one of the lowest taxes worldwide standing on the 9th position with 16.4% total tax rate due to World Economic Forum report. Furthermore, from 2017 new profit tax model is in force, whereas retained profit is free of tax - meaning profit tax is deductible only in case of profit distribution.

Tax reform

Tax reform includes:

- Introduction of the new profit tax model, whereas retained profit will be free of tax - meaning profit tax will be deductible only in case of profit distribution. It gives a perfect opportunity to the private sector to develop through reinvestment and sharply increase their competitiveness on the market;
- Limiting the freeze of bank accounts by the court decision during a tax dispute, carrying out the tax audits only by the tax authority;
- No VAT payment on import of machinery used in the operations subject to VAT, etc.

Trade regimes:

Georgia is oriented on diversification of export markets by continuous expansion of existing opportunities. Georgia offers numerous preferential/free trade agreements, such as: DCFTA with Europe; free trade agreements with Turkey and CIS countries; signed FTA with EFTA countries and concluded negotiations on FTA with People's Republic of China and started negotiations on FTA with Hong-Kong.

Agreement on Deep and Comprehensive Free Trade Area between Georgia and European Union came into force on 1st September 2014 and currently Government of Georgia, according to its commitments under DCFTA, is implementing large scale reforms in different fields of economy, among them: Food Safety, Intellectual Property Rights, Competition Policy, Public Procurements etc.