



TBILISI FREE ZONE

BUILDING FUTURE, EXPANDING HORIZONS

GUIDEBOOK

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INTRODUCTION

PURPOSE OF THE GUIDEBOOK

This Guidebook has been developed for all potential and existing investors in TFZ in order to provide comprehensive information on operations in TFZ, its advantages, as well as technical, legal, tax/finance related and procedural matters.

Readers will understand all principal functions and responsibilities that are essential from the registration in TFZ ending through implementation of the activities.

MAIN TERMINOLOGY

- 01 TFZ – TBILISI FREE ZONE
- 02 ADMINISTRATOR/ORGANIZER – GEORGIA TECHNOLOGY PARK LLC
- 03 TFZ ENTERPRISE – LEGAL ENTITY REGISTERED IN TFZ
- 04 FIZ – FREE INDUSTRIAL ZONE
- 05 LICENCE – INTERNAL PERMIT ISSUED BY GEORGIA TECHNOLOGY PARK LLC FOR TFZ ENTERPRISES IN LINE WITH THEIR BUSINESS ACTIVITIES IN TFZ

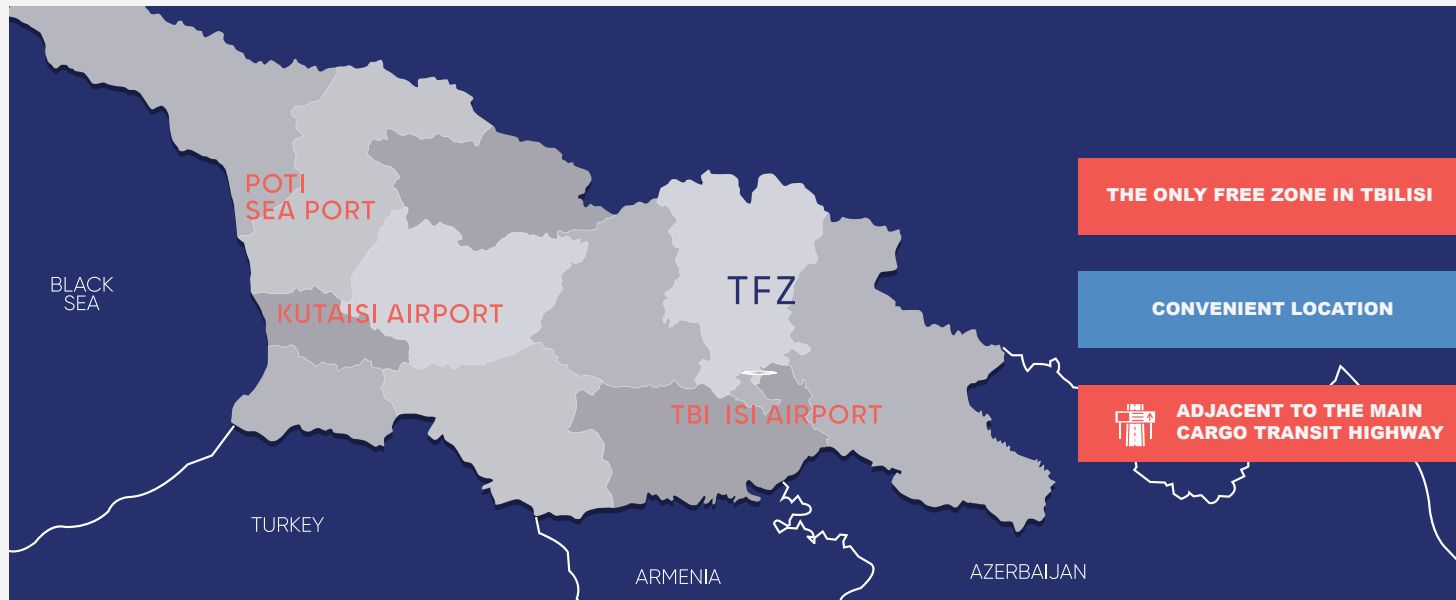
INTRO TO TBILISI FREE ZONE (TFZ)

TFZ is conveniently located on Tbilisi main cargo transit highway. Capital International (including cargo) Airport is just 20 minutes away, while city center is just in 25 minutes' drive. TFZ is well linked with regional countries of Azerbaijan (70 km), Armenia (60 km) and Russia (100km).

Considering its location and unique advantages (further described in the separate section of the guidebook) TFZ represents an excellent Industrial, Logistics and Trading hub in the region of Caucasus giving wide opportunities to local and foreign companies to develop and expand company's reach in a unique business environment.

TFZ seeks to attract local & international tenant companies to locate their export-oriented businesses in the bonded tax-free area. TFZ is prepared to welcome SMEs from diverse fields of business including: Building materials, chemical, pharmaceutical, Food & Beverages, technology, Electronics, Auto & Auto spare parts, General trading and Import/Exporters, Services, etc.





OUR ADDRESS, CONTACTS, LOCATION

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 (+995) 32 2 500 070
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Head Office

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TFZ Location

KEY ADVANTAGES OF TBILISI FREE ZONE

STRATEGIC LOCATION FOR BUSINESS - LOGISTICAL ADVANTAGES

- ◆ Key logistics hub for access to Caucasus, EU, and Central Asia via the Middle Corridor.
- ◆ Distributional and Manufacturing hub reaching 2 billion-size market
- ◆ The only Free Zone in Tbilisi – Direct access to 80% of labor of Georgia – the only labor pool in the country

BUSINESS START-UP – SIMPLE & FAST

- ◆ Company Registration in 1 day, including remote registration
- ◆ 100% foreign ownership allowed
- ◆ No initial capital or minimum investment required
- ◆ Fast and easy bank account opening



NO TAX



No tax permanently on Corporate Profit, Dividend and Property



No VAT permanently on all Imports and Exports



100% capital and profit repatriation



Double taxation with 56 countries



Tax-Free and Quota-Free Trade with the EU, China, Ukraine, Turkey & CIS countries



Preferential Trade (GSP with USA, Norway, Switzerland, Canada, Japan)



COMFORTABLE OPERATIONS

- ◆ Modern High-quality industrial & warehousing facilities from 50 m²
 - Flexible rental durations
 - Flexible payment options
 - Buildings with loading ramps
 - Connected utilities
 - Short & Long-term warehousing
 - Full warehousing services



- ◆ Various on/off-site services
 - Cargo loading/unloading (forklift, manpower)
 - Customs brokerage
 - Certificate of Origin
 - Financial & Accounting
 - Construction & Renovation
 - Local & International Logistics
 - Various administrative and consulting services

- ◆ Land Plots for development from 500 m²
- ◆ Comfortable offices
- ◆ Lowest electricity cost in the region – electricity is provided to the plot
- ◆ Simple and fast customs procedures. Import/Export from as low as 1 hour
- ◆ International trading permitted
- ◆ No price control on mark-up
- ◆ No limitations or quotas on import/export

HUMAN CAPITAL AND LABOR ADVANTAGES

- ◆ Cheap Labor – No minimum wage regulations
- ◆ Liberal Labor Code – Flexibility of “Employee to Employer” relationships
- ◆ Free training opportunities – Education training centers
- ◆ Qualified young labor aged 20-34



PROCEDURAL INFORMATION

REGISTRATION OF THE COMPANY IN TFZ

As an initial step, company (or physical entity) interested to register in TFZ, fills up a simple Application Form (provided by TFZ, also available on the website: www.tfz.ge). Based on the founders' structure (whether physical or legal entity(ies)), registration procedure can be finalized within 1-2 days.

FINILIZED IN 1 DAY

Application Form

1

Local & State Registration

2

Signature of the contract

3

After registration, company signs license contract with TFZ and gets the Free Zone License.



TARIFF POLICY

The tariff policy of TFZ is determined by the administrator through the tariff card, which is mandatory for TFZ registered enterprises. It defines the prices for facilities & licenses as well as operational and technical services. The tariff card may be subject to changes from time to time. As a norm, updated tariff card is distributed by Administrator to the existing customers of TFZ through their official email account indicated in their Application Forms.

- ◆ Rates include VAT
- ◆ Paid taxes/rates are non-refundable
- ◆ The local exchange rate will be calculated according to the rate established by the National Bank of Georgia for the day of payment

OPERATIONAL LICENSES IN TFZ

It is mandatory for companies registered in TFZ to sign the License contract and obtain respective license that can be renewed annually according to their business activities. The license is an internal document issued by the administrator. The annual costs for different types of licenses are determined by the administrator and are indicated in the tariff card. Listed and explained below are the licenses required for the activities permitted in TFZ.

**INDUSTRIAL
LICENSE**

Is issued to a company that carries out certain processing activities in TFZ: further processing of raw materials and/or goods, production, assembly/disassembly or packaging and further sale of the final product.

**GENERAL
TRADING LICENSE**

Is issued to a company that carries out import- export, distribution, storage, trade of two or more types of goods without further processing.

**SPECIAL
TRADING LICENSE**

Is issued to a company that carries out import- export, distribution, warehousing, trade of only one type of products (eg: construction materials and electrical equipment, etc.) without further processing.

SERVICE LICENSE

Is issued to a company that provides one type of services.

**GENERAL
SERVICE LICENSE**

Is issued to multi-service provider companies.

Note: according to the law, Free Zone enterprises are prohibited to render services to resident companies of Georgia.

LEASE OF FACILITIES AND LAND PLOTS

Warehouses and Industrial Buildings

Key beneficial component of TFZ is its modern infrastructure. Companies registered in TFZ can lease existing buildings for both cargo warehousing and industrial purposes. We also pioneer “Plug-in & Play” Free Zone management model for all our clients which means that we build, connect, equip and hand over our facilities in accordance to our clients’ needs. The minimum term of the lease is not defined. We offer facilities from as low as 50 m².

Lease agreement can be signed only with the companies registered inside TFZ and licensed by the administrator.



INDUSTRIAL LAND PLOTS

Those clients who opt to construct their own facilities, are free to lease free zone land at most competitive prices in the region. TFZ alternatively offers all-inclusive project design, construction & renovation services for the comfort of our tenants.

Building permits and related procedures are conducted inside the Free Zone without any demand of getting approvals from the governmental bodies, thus enabling clients to get fast and simplified approval of their projects.

OFFICES

It is also possible to rent an office inside TFZ. There are renovated office spaces available for the short and long-term lease.

Lease areas, as well as the minimum term, are not defined.



TFZ RELATED LAWS & REGULATIONS

TFZ works under the special legal framework created by the Government of Georgia since 2007 and systematically undergoes modifications matching the demands of the investors inside the Zone.

There are multiple laws, decrees and regulations of the Government and Parliament of Georgia referring to the Free Industrial Zones and operations inside it:

- 1 Law of Georgia on Free Industrial Zones.
- 2 Tax Code of Georgia.
- 3 Customs Code of Georgia
- 4 Resolution #549 of the Government of Georgia dated October 26, 2015 on the establishment of Tbilisi Free Industrial Zone.
- 5 Resolution #131 of the Government of Georgia dated June 3, 2008 on the approval of the rules for the creation, arrangement and operation of the free industrial zone.
- 6 Resolution #54 of the Government of Georgia dated March 10, 2008 on approval of the simplified procedure for issuing construction permits for free industrial zones.
- 7 Resolution #291 of the Government of Georgia dated June 15, 2017 on approving the rules for taxation of wages paid to employees by free industrial zone enterprises.
- 8 Resolution #11 of the Government of Georgia dated January 5, 2011 regarding the approval of the instructions on the amount of the guarantee to be submitted for the creation of the free zone, the conditions for the creation of the free zone and the manner of storing goods.
- 9 Order #290 of the Minister of Finance of Georgia dated July 26, 2012 on the approval of the instruction on movement and clearance in the customs territory of Georgia.
- 10 Decree # 646 of the Minister of Finance of Georgia dated March 10, 2008 on approval of accounting rules and forms for storage of products in the free industrial zone.

FINANCIAL TAX RELATED ISSUES

STATE TAXES AND TAX POLICY

Tax policy of the TFZ Enterprise is regulated by the Tax Code of Georgia, by Law on Free Industrial Zones of Georgia and by Customs code of Georgia. Herewith, presented are key highlights of tax implications on operations of Free Industrial Zone registered companies:

- ◆ FIZ Enterprise is not subject to value added tax on the import of foreign goods.
- ◆ Transactions carried out in the FIZ are not subject to value added tax.
- ◆ Property in the FIZ is exempt from property tax.
- ◆ Import of foreign goods to FIZ is exempted from import duties.
- ◆ An employee in the FIZ pays the personal income tax pursuant to declaration of his/her personal income.
- ◆ The dividends received in the FIZ from the FIZ Enterprise are not taxed at the source of the dividend payment and are not included in the gross income of the person receiving the dividends.
- ◆ The interest received in the FIZ from the FIZ Enterprise is not taxed at the source of the payment and is not included in the gross income of the person receiving interest.
- ◆ Activities allowed in the FIZ are exempted from the profit tax.
- ◆ The payments in the FIZ are made in any currency. The payment between the FIZ Enterprise and Georgian enterprise can be made in any currency.
- ◆ Entry of Georgian goods to the FIZ is treated as export.
- ◆ Export of goods from the FIZ to another country is treated as export.
- ◆ Entry of goods from the FIZ to another territory of Georgia is treated as a commodity operation defined by the Tax Code of Georgia.

ACCORDING TO ARTICLE 25 OF THE TAX CODE OF GEORGIA:

- 01 A FIZ Enterprise is Enterprise established under the law of Georgia on Free Zones.
- 02 A FIZ Enterprise shall in case of supply of goods to a person registered under the Georgian Legislation (other than a FIZ Enterprise) pay 4% of the income received/receivable by the supply of goods (in case of free of charge supply of goods, the market value of these goods) until the 15th day of the month following the month of supply of goods.
- 03 In case of supply of goods (except for the electricity, water and natural gas intended for use and/or production) by a person registered under the Georgian legislation (other than a FIZ Enterprise) to a FIZ Enterprise, the FIZ Enterprise shall pay 4% of the market cost of the supplied goods until the 15th day of the month following the month of supply of goods.
- 04 In case of supply of goods by a person registered under the Georgian legislation (other than a FIZ Enterprise) to a FIZ Enterprise, the market price of said goods will be used for the purpose of taxation.



GEORGIA MAINLAND VS FREE INDUSTRIAL ZONE COMPANIES

TAX COMPARISON

TYPES OF TAXES	GEORGIA MAINLAND COMPANY	FIZ COMPANY
VAT	18%	0%
CORPORAT PROFIT TAX	15%	0%
TAX ON DIVIDEND WITHDRAWAL	5%	0%
PROPERTY TAX	UP TO 1%	0%
IMPORT TAX	12% / 5% / 0%	0%
EXPORT TAX	0%	0%
CORPORATE PROFIT TAX FOR SERVICE COMPANIES	15%	15%
PERSONAL INCOME TAX	20%	20%



OPERATIONAL ISSUES ON-SITE SERVICES



CARGO HANDLING

TFZ offers its tenants cargo handling services through the 100% subsidiary service company in TFZ. Services tariffs are free from VAT and they are very competitive. Companies are allowed to make service orders from as low as 12 hour short notice.

CUSTOMS BROKERAGE

Our partner brokers will swiftly prepare the necessary documents and clear your import and export goods through customs within an hour.

CONSTRUCTION & RENOVATION SERVICES

TFZ provides all-inclusive project design, construction & renovation services for those companies that lease free zone land inside the Zone. Due to its supportive nature, our fees are very competitive as compared to the market prices.

LOCAL BUILDING PERMITS

With TFZ, you can obtain building permits in as little as 3 days. Since TFZ operates independently from local government authorities, companies save significant time, energy, and resources.

CLEANING & WASTE MANAGEMENT

Maintaining a clean and well-managed environment is important to us at TFZ. We provide fast and affordable cleaning services for both industrial and household waste.

TRANSPORTATION SERVICES

One of our newly introduced service includes shuttle transportation of TFZ tenant employees from/to nearest Metro station to TFZ and back. Within our goal to create maximum comfort for our tenant companies, our professional drivers will service the employees several times daily.



FACILITY MANAGEMENT SERVICES

Our extensive facility management services include 24/7 security, reliable high-speed internet support, infrastructure maintenance, and cargo receiving, storage, and release services. We aim to ensure the comfort and satisfaction of our TFZ community.

VIDEO SURVEILLANCE AND SECURITY

The Zone territory is fenced and there is 24-hour security on site. TFZ has video surveillance system, and entry/exit occur only through a single controlled customs post.

While having these facilities at place, the TFZ Administrator is not responsible for the security of facilities inside the territory. Thus, enterprises that possess leased premises inside the Zone have the opportunity to ensure the security of their leased property.



OFF-SITE SERVICES





OFF-SITE SERVICES

COMPANY REGISTRATION

We can register your company, including remotely, within 1 day. Just send us the necessary notarized or apostilled power of attorney and we will handle all the paperwork for you. Registration includes all necessary procedures and state fees.

BANK ACCOUNT OPENING

We provide fast and flexible bank account solutions for TFZ resident companies, both locally and internationally.

CERTIFICATE OF ORIGIN

TFZ industrial/manufacturing companies are eligible for Georgia Certificates of Origin, allowing them to trade tax and quota-free with the EU, China, Turkey, Ukraine, and CIS countries. We can assist you in obtaining these certificates quickly and easily.

FINANCIAL & ACCOUNTING

Our professional partners can help you smoothly manage your financials. The simplified operations at the Free Zone reduce your costs for these services.

RELOCATION SUPPORT

We can guide and assist you in acquiring work and residential permits for your company employees. Your employees can become residents of Georgia within 10 days of the application.

SUMMARY

Tbilisi Free Zone is the ideal tenancy destination for international and local companies because it combines the benefits of a capital city location and a tax-free environment.

In addition to numerous tax and customs incentives shared by all free industrial zones across the country, TFZ is particularly well-positioned to maximize value to companies with labor- and power-intensive activities. Located in Tbilisi, TFZ enjoys immediate proximity to 80% of the skilled labor pool of Georgia, as well as direct adjacency to electricity sub-station enabling low-cost electricity for our tenants.

To start your FIZ Enterprise registration process, please visit our website www.tfz.ge and fill in the online application form or download and submit the signed paper copy. Your application will be processed and approval may be granted in ONE business day.



PROJECTS IN TFZ



PROJECTS IN TFZ



PROJECTS IN TFZ



OUR ADDRESS, CONTACTS, LOCATION



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