

Georgia Tax Knowledgebase

Employee personal income tax

Tax residence

An individual is considered a tax resident of Georgia if they have been physically present in the country for at least 183 days within any continuous 12-month period that ends in the current tax year.

Tax residency status – whether resident or non-resident – is determined separately for each tax period. Furthermore, days counted toward residency in a previous tax period are not carried over when assessing residency for the following tax period.

Conditions for the obligation to file the PIT

Resident and non-resident individuals are taxable only on Georgia-sourced income. Dividends and interests received by resident individuals from resident companies are excluded from the taxable base.

The term “Outside Georgia Source Income” should not be interpreted literally. Income received from abroad does not automatically qualify as non-Georgian source income. Article 104 of the Georgian Tax Code provides specific criteria for determining whether income is considered Georgian or non-Georgian in origin.

Examples of non-Georgian source income that may be exempt from individual taxation include:

- Dividends received from companies that are not residents of Georgia;
- Interest paid by non-resident entities operating outside Georgia;
- Pension payments originating from foreign sources;
- Capital gains from the sale of shares in a non-resident company, unless the majority of that company’s assets consist of immovable property located in Georgia.

Tax report in question (Form name)

In Georgia, the annual individual income tax return for 2024 (submitted in 2025) must be filed using Form DAPN (დაპნ).

Individuals who have earned income that is not taxed at source or who have additional income (e.g., foreign income, rental income, self-employment, or other taxable gains) have to file Form DAPN.

Tax year

The tax year is the calendar year (1 January - 31 December).

Tax rates

Employment income (including benefits) and income from self-employment are taxed at a flat rate of 20%. 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%.

Tax returns and payment of tax

Each registered taxpayer-individual must file a separate return; however, families may file joint property tax returns.

A tax return must be submitted by 31 March of the year following the tax year. Tax on employment income is withheld and remitted to the tax authorities by the employer with the monthly tax return.

Other income is self-assessed. Income tax payable by a sole proprietor (except for persons with special status) is due in four annual instalments. 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.

An individual entrepreneur has to make estimated payments of PIT amounts proportionally in four instalments by 15 May, 15 July, 15 September and 15 December.

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 the under declaration of the tax liability.

Personal deductions (salary)

For sole proprietors, expenses related to business activities are deductible. There are no personal deductions or allowances for individuals.

How to submit the tax return

Tax returns in Georgia are submitted electronically. Each taxpayer has their own page on the online platform of the Georgian Revenue Service (<https://www.rs.ge>). Tax declarations should be submitted on this platform. Besides declarations, taxpayers have an obligation to fill in general information about their business, open and read statutory notifications from GRS, as well as send reports to the national statistics office.

Others

Personal Income Tax (PIT) for Micro Business Status: fully exempt (0% rate)

Micro businesses are required to file their tax declaration and settle any obligations by March 31st of the year following the reporting period.

PIT on cryptocurrency gains: 0%

The status of crypto as a currency is currently undetermined in Georgia law.

Employee taxation of income (int, div, royalties)

Interest income: Tax rates

Interest paid by, or on behalf of, a resident permanent establishment (PE) of a non-resident individual or entity or by a non-resident without a PE in Georgia is subject to a 5% withholding tax, unless a lower rate applies under an applicable tax treaty. However, this rate increases to 15% if the interest is paid to a non-resident registered in a low-tax jurisdiction..

Dividend income: Tax rates

Dividends received by individuals, whether residents or non-residents, are subject to a 5% withholding tax. However, this rate may be reduced if an applicable tax treaty is in place.

Capital gains: Tax rates

Georgia does not have a separate capital gains tax. Instead, capital gains are generally taxed at the standard individual income tax rate of 20%. Gains from the sale of private property by individuals, provided they are not linked to business activities, are included in gross income and, after applicable deductions, are taxed at 20%.

Royalty income: Tax rates

- Royalties paid to resident individuals: 20%
- Royalties paid to non-resident persons: 5%
- Royalties paid to residents of offshore jurisdictions: 15%

Withholding

Withholding tax on interest: Rates

5%

Withholding tax on dividends: Rates

5%

Withholding tax on capital gains: Rates

20%

Withholding tax on royalties: Rates

Royalties received by resident individuals (unless they are VAT payers) are subject to a 20% withholding tax. For non-resident individuals, the withholding tax rate is 5%, unless reduced under an applicable tax treaty. However, if the recipient is a resident of a low-tax jurisdiction, the rate increases to 15%.

Fees for technical services:

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 20% withholding tax.

Technical service fees paid to a non-resident not engaged in oil and gas activities are subject to 10% withholding tax.

Employee tax - Special regimes to apply

Special tax regimes (if applicable)

Small businesses' preferential tax rates

Preferential tax rates for small businesses are available upon obtaining small business status and do not apply retroactively to previously earned income.

- 1% tax on annual turnover up to GEL 500,000.
- 3% tax applies on the portion exceeding GEL 500,000 within a calendar year.

Native Teams

Important: If turnover exceeds GEL 500,000 for two consecutive years, the small business status will be revoked. Small business income must be reported and tax paid by the 15th of each month.

Digital nomads' tax regimen

The small business status in Georgia is a preferential tax regime designed for individual entrepreneurs, offering a significantly reduced 1% tax on gross turnover. This framework has become particularly relevant for remote professionals and digital nomads who seek a simplified and efficient tax structure.

To qualify, the annual turnover must not exceed 500,000 GEL (approximately \$160,000 USD). The regime applies exclusively to individuals registered as sole entrepreneurs. Legal entities, such as limited liability companies (LLCs), are not eligible for this tax status.

There are specific activity-based restrictions in place. Professions such as consulting, gambling, legal services, and certain financial activities are excluded from the benefits of this regime. Only activities explicitly permitted under Georgian tax law can be taxed at the reduced rate.

The 1% tax is levied on gross revenue, without deductions for expenses or other allowances. This approach simplifies compliance and eliminates the need for detailed profit-and-loss accounting. Importantly, income earned under this status can originate from both domestic and international sources; there is no requirement for the business to generate revenue from within Georgia.

A critical feature of this tax status is its non-retroactive application. The reduced rate becomes effective only after the successful registration as a small business taxpayer. Any income generated prior to registration is subject to the standard 20% personal income tax rate.

Overall, the Small Business Status represents a strategic tax planning opportunity for individual entrepreneurs operating within the permitted scope of activities and within the turnover threshold. It is frequently utilised by remote workers and internationally based professionals who establish tax residency in Georgia while maintaining business operations abroad.

Double taxation agreements (link website)

<https://taxsummaries.pwc.com/georgia/corporate/withholding-taxes>

Digital nomads' tax regime

How to apply and deadlines for employees

Applying for such a Visa is easy, fast, totally free and can be done 100% online. To be eligible, the following conditions must be met:

- Employment with a company based outside of Georgia or ownership of a location-independent business;
- Financial capacity to cover taxes while residing in Georgia;
- A minimum monthly income of \$2,000 or proof of funds, such as a bank statement showing a balance of \$24,000;
- Compliance with mandatory quarantine requirements, including submission of a COVID-19 Vaccine Certificate or a negative PCR test result;
- Travel insurance valid for a minimum of six months;
- Willingness to adhere to the country's protocols and regulations.