

ON INFORMATION TECHNOLOGY ZONES

**Article 1 - Purpose of the Law**

1. This Law is intended to attract foreign investments and create a favourable environment for legal persons operating in the Information Technology (IT) sector.
2. The relationships related to IT activities and issues related to the taxation of virtual zone persons are regulated by this Law, the Tax Code of Georgia and other legal acts.

**Article 2 - Definition of terms**

The terms used in this Law have the following meaning:

- a) virtual zone - a virtual zone person or an aggregate of virtual zone persons;
- b) virtual zone person – a legal person engaged in IT activities and holding an appropriate status;
- c) information technologies (IT) – study, support, development, design, production and introduction of computer information systems, as a result of which software products are obtained.

**Article 3 - Tax benefits for virtual zone persons**

1. The issues related to the taxation of virtual zone persons are regulated in accordance with the Tax Code of Georgia.
2. The following shall not be levied:
  - a) tax on the profits earned from supplying outside Georgia the information technologies created by virtual zone persons;
  - b) tax on the supply with VAT outside Georgia of information technologies (ITs) created by virtual zone persons
  - c) export duties on exporting from the customs territory of Georgia of the information technologies produced by virtual zone persons.
3. The expenses, related to earning income from supplying within or outside of the territory of Georgia of the ITs produced by a virtual zone person, shall be deducted from the gross income in proportion to the share of the income earned from supplying the ITs within the territory of Georgia.

*Law of Georgia No 5969 of 27 March 2012 - website, 12.4.2012*

**Article 4 - Regulatory benefits for virtual zone persons**

1. Virtual zone persons shall be exempt from any special regulations.
2. Virtual zone persons do not need licences, permits and other regulatory documents to conduct their activities.



## **Article 5 - Granting the status of virtual zone person**

1. The status of a virtual zone person is granted to an interested person by a person designated by the Government of Georgia.
2. The status of a virtual zone person is granted to an interested person not later than 10 working days after submitting an application for the status.

The procedure and terms for granting the status of a virtual zone person are determined by an ordinance of the Government of Georgia.

3. An electronic certificate evidencing the status of virtual zone persons shall be issued not later than 2 working days after the status of a virtual zone person is granted.

## **Article 6 - Activities in the virtual zone**

Activities in the virtual zone shall comprise the economic activities of legal persons related to the production of ITs in the territory of Georgia.

## **Article 7 - Transitional provision**

The Government of Georgia shall, by an ordinance, determine the procedure and terms for granting the status of a virtual zone person.

## **Article 8 - Final Provision**

This Law shall enter into force from 1 January 2011.

**President of Georgia  
Saakashvili**

**M.**

**Tbilisi,**

**15 December 2010**

**No4064-RS**

