

BGI Alert

31 January 2025

Deadline Approaching for Compliance with the Law on Entrepreneurs

The Law on Entrepreneurs adopted in 2021 (the “**Law**”) establishes the obligation of all commercial legal entities incorporated in Georgia till 1 January 2022 to bring their corporate documents in compliance with the Law by **1 April 2025**. The initial deadline for the fulfilment of the compliance obligation was 1 January 2024, which was extended to 1 April 2025 by amendment dated 30 November 2023.

More specifically, the Law requires the entities falling under the above category to submit to the Registry of Entrepreneurial and Non-entrepreneurial (Non-commercial) Legal Entities (the “**Entrepreneurial Registry**”) resolutions of general meetings adopting instruments of incorporation (*‘founding agreements’*) and charters reflecting the requirements of the Law.

According to Article 254 of the Law, from 1 April 2025, the Entrepreneurial Registry shall suspend registration of the legal entities that do not fulfill the above requirement. The suspension, unless lifted within the next 12 months, shall lead to liquidation and deregistration of the entity.

Suspension of the registration implies the following:

- 1) Respective record on suspension of registration shall be made in the company’s profile with the Entrepreneurial Registry throughout the period of suspension, and therefore, be visible to any interested third party.
- 2) Corporate extracts of such entities shall not be issued.
- 3) Throughout the period of suspension, **powers of directors of the suspended entities shall be restricted**, and therefore, such entities may not be able to enter into valid contracts.
- 4) The information about suspension shall be transferred to the Revenue Service, the Service Agency of the Ministry of Internal Affairs, as well as the banks operating in Georgia.
- 5) The suspended entities shall not be able to **dispose their property, participate in taxable transactions, manage bank accounts, dispose funds available on their bank accounts**, open new accounts, or take credits.

Where the compliance obligation is not fulfilled by 1 January 2026, the Entrepreneurial Registry shall issue a decision regarding the defect of the entity’s registration and shall set a 3-month final deadline for curing the defect. The legal entities that fail to cure the defect within this period (*i.e.*, till 1 April 2026) shall be deregistered.

Therefore, from 1 April 2025, the entities that will not be brought in compliance with the Law will effectively become inoperable.

Finally, there is no public information whether further extension of the deadline is planned.

In light of the above, all commercial entities that have not already done so, should undertake necessary steps to avoid the risk of suspension of activities leading to eventual statutory de-registration.

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