



SOCIAL ENTREPRENEURSHIP ECOSYSTEM IN GEORGIA

ადმუენებლობა
სოციალური მენარმებით

Building Back Better Through
Social Entrepreneurship

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Junior Achievement Georgia

Project: Building Back Better through Social Entrepreneurship

Social Entrepreneurship Ecosystem in Georgia

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Overview

The work presents an analysis of the ecosystem of social entrepreneurship in Georgia. Initially, the legislative framework of Georgia, tax, civil and administrative, was studied to determine whether the definition of a social enterprise is contained in any legislative document. In addition, it describes how a social enterprise can be created (procedure, conditions, rules, regulations, persons involved, expenses) and whether there are any specific tax issues or tax benefits that can be taken into account by a social entrepreneur; What organizational and legal forms of entities (types of companies) may carry out noncommercial activities in Georgia; In what form can a noncommercial company/organization be created under the legislation of Georgia, and what rules apply to noncommercial companies/organizations. In general, the research provides everything that a developer of a social enterprise in Georgia needs to know. This work is useful for those who want to start a simple small business or non-profit activity. The content will also greatly help SMEs operating in Georgia. The work has scientific and policy development value for determining fiscal effectiveness in Georgia and plan future steps for Increasing employment, poverty reduction and economic growth.



Abbreviations

CSR - Client Social Responsibility

GDP – Gross domestic product

GEL or ₾ – Georgian Lari

MVP - minimum viable product

N(N)LE - Non-Entrepreneurial (Non-Commercial) Legal Entity

VAT – Value added Tax

SE – Social enterprise

SMEs – Small and medium Enterprises

SR - Social Responsibility

USD – United State Dollar



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1. Introduction

Social enterprise (SE) is a business model that: seeks positive social impact (solves a social/environmental problem), has financial sustainability, generates a certain part of income from economic activities (sells goods or services) and reinvests income in activities (enhances the impact by working on them, spreads solution of a social/environmental problem). Social Enterprises differ from commercial and non-governmental/non-profit organizations in that their mission is to solve a social and/or environmental problem. Such organizations strive to solve people's problems, get market returns, and offer shared value. Social Enterprises rely on solvent customers, are self-sufficient and profitable, hire the best specialists around the world, empower the economically needy and have a direct impact on various social problems.

The mission of a commercial organization is to maximize the property of shareholders or owners and make a profit. Of course, profitable organizations have a corporate social responsibility, one of the goals of which is the responsibility for a positive impact on the environment and / or society, however, business does not spend most of its main revenue in it. For this purpose, the International Organization for Standardization has separately developed ISO 26000 Social Responsibility¹, while commercial organizations develop social programs according to this Standard. Generally, a commercial organization aspires to see profit/gain in the market, relying on solvent customers and other corporations. In general, a commercial organization strives to see profit/gain in the market, relying on solvent customers and other corporations. It is self-sufficient and profitable, hires the best specialists, impacts globally on the society through Client Social Responsibility (CSR) initiatives.

Non-governmental / non-profit organizations work for the benefit of the society and represent its interests. They mainly work with the help of project financing or sponsors. Work is often based on the principle of volunteerism.

¹ <https://www.iso.org/iso-26000-social-responsibility.html>



Non-profit charities strive to solve big problems. They rely on donations, individual, corporate and government support. Their income is not self-sufficient, it is difficult for them to attract the best talents, in addition, beneficiaries may become dependent on them.

Financial stability aspects are also noteworthy. When implementing commercial activities, the organization is engaged in profitable activities and the resulting return is invested for the continuity and development of business activities, where shareholders / owners receive dividends. In case of a social enterprise, the organization is engaged in commercial activities and generates profit, however, it invests first of all in solving social problems as well as in the continuity of the organization's activities, works for the good of society and represents its interests.

Social entrepreneurs are ready to take risks and make efforts to create positive changes in society through their initiatives and entrepreneurial approach. To enter the field of social entrepreneurship, we need to know 6P of how to become a social entrepreneur.

6P for becoming a social entrepreneur are as follows:

1. PEOPLE & PLANET
2. PROBLEM
3. PLAN
4. PRIORITIZE
- 5, PROTOTYPE
6. PURSUE

Let's consider each of them:

1. PEOPLE & PLANET

Most social entrepreneurs start their activities by determining what benefits people want to receive, or by solving environmental problems. Sometimes these people work on the problems of their particular geographical region. They may also belong to a certain socio-demographic group (for example, people with low incomes). If social entrepreneurs do not clearly define who they want to serve, it will be difficult for them to correctly define the scope



of their enterprise. This puts an enterprise that has not yet been created at risk of not having a clear vision.

2. PROBLEM

Social entrepreneurs try to solve problems.

Social entrepreneurs identify the problems faced by certain demographic groups of people based on the needs that surround them. Usually, at the stage of "brainstorming" when creating an enterprise, a social entrepreneur connects these two problems. For example, social entrepreneurs may be trying to eradicate homelessness in their region. A social entrepreneur in this situation seeks to help certain people (people with low incomes) because of the problem (lack of affordable housing). Finally, social entrepreneurs can engage in environmental and health issues for the benefit of the society in which they live.

3. PLAN

In accordance with the identified people and the social or environmental problem, the social entrepreneur must create a plan to solve such a problem.

Social entrepreneurs not only seek to create Canvas Business Model for the social enterprise business environment to function, they must also define how this type of entity will receive funding and remain financially sustainable. The social entrepreneur must also assess how he can help external stakeholders in achieving their social goals.

4. PRIORITIZE

One of the biggest challenges for the social entrepreneur is the lack of resources to solve the problem.

This means insufficient money, insufficient special knowledge, or external forces that cannot be controlled. Social entrepreneurs face many limitations. This means that they must prioritize what they are trying to solve, how they continue to work, and how they can expand.

5. PROTOTYPE

Because resources are limited, social entrepreneurs often test solutions on smaller scales / markets before expanding.



That is, they create a minimum viable product (MVP) . It can be a product, service or process. The social entrepreneur also tests how he can help society achieve its goals with different funding and resources.

Despite the fact that at this stage, the trust in someone who has invested in a social enterprise in advance may not increase, other investors may be happy to see an MVP or a prototype.

6. PURSUE

By conducting a test according to the situation, social entrepreneurs look for the best solution, determining what was good and what was not in their work. Testing often examines those who helped compile the solution, as well as those who received benefits. This last step completes the full cycle of activity, but the social entrepreneur must periodically evaluate each aspect and constantly monitor ways to more effectively implement social change.

2. Social Entrepreneurship in Georgia

Currently, there is no definition of a social enterprise or entrepreneurial activity in the legislation of Georgia. In 2009, the N(N)LE “Center for Strategic Research and Development of Georgia” was one of the first organizations that started working in the direction of development social entrepreneurship. Just this organization offers the following definition of social entrepreneurship: “Social enterprise is an organization that uses business approaches to solve social problems. Unlike ordinary profit-oriented enterprise, a social enterprise pursues a dual purpose: economic and social, of which social is paramount. In the case of a social enterprise, economic and commercial activities represent a means in the process of achieving a more valuable, social goal. Therefore, the profit of such organizations is not measured only by financial indicators, and the achieved social results are much more important. There are no imposed scales in the case of social enterprise, it can range from a rural community store to large construction firms. Regardless of the scale, it is important that a social enterprise is a good example of how social goals and financial success can



be combined. It should also be noted that in the decision-making process, in the case of a social enterprise, all members have the right to vote, regardless of their share in the organization².

N(N)LE “Center for Strategic Research and Development of Georgia” considers social entrepreneurship also as a contribution to the development of the following areas: equal opportunities, inclusive society and economic systems, solving newly emerging social and environmental problems in society, strengthening active citizens for sustainable positive changes³.

On 01 November 2018, the Draft Law “On Social Entrepreneurship and Its Support⁴” was initiated in the Parliament of Georgia. The purpose of the prepared draft was to create a legal basis for institutionalization of social entrepreneurship and support for the development of social entrepreneurship. The package of amendments to different drafts was also initiated together with the draft law. The issue was intended to be discussed by the Parliament of Georgia in September 2020, however, without specifying reason, the draft law was not discussed at the session as a result of the alleged opposition from the government. With the re-formation of state bodies as a result of the 2021 elections, this initiative has not been supported since the new parliament convened⁵. At this stage, the only state initiative that serves to promote the legal environment for social entrepreneurship is related to the youth strategy of the state of Georgia (2020-2025) and the accompanying action plan⁶.

² <https://www.segeorgia.org/ge/>

³ <https://www.csrdg.ge/ge/programs/sotsialuri-metsarmeoba>

⁴ <https://info.parliament.ge/file/1/BillReviewContent/132460>

⁵ Parliamentary Decree №242-IVmc-Xmp, 18 February 2021 .

⁶ State support for social entrepreneurship, Civil Society Institute, 2022 https://civilin.org/wp-content/uploads/2022/02/Social_Entrepreneurship_Research.pdf



3. Features and Costs of Establishing and Organizing Social Enterprise in Georgia

Since there is no legal definition of social enterprise in Georgia at the legislative level, they can be met with both commercial and noncommercial status.

According to Article 25 of the Civil Law of Georgia⁷, these organizations are legal entities under private law (entrepreneurial or non-entrepreneurial (non-commercial) and may engage in any activity not prohibited by law, regardless of whether or not this activity is provided for in its articles of association. The law defines also that a legal person may engage in certain kinds of activities, the list of which is determined by law, only after obtaining a special license/permit or authorisation. The right of a legal person to engage in such activity shall arise from the moment the license/permit or authorisation is obtained. The capacity for the rights of a legal person shall arise from the moment of its registration and shall cease to exist from the moment that the completion of its liquidation is registered. A non-entrepreneurial (noncommercial) legal person may engage in an entrepreneurial activity of an auxiliary nature the profit from which shall be used for achieving the objectives of the non-entrepreneurial (noncommercial) legal person. The profit made from such activity may not be distributed to the founders, members, or donors of the non-entrepreneurial (noncommercial) legal person or to those having managerial and representative powers in such non-entrepreneurial (non-commercial) legal person.

According to the Civil Code of Georgia, there is one subject of private law - non-entrepreneurial (noncommercial) Legal Entity. In this form, the Charter can regulate the structure, which will be membership-based , if organized as a fund. In case of request for registration of a non-entrepreneurial (noncommercial) legal entity, the interested person shall submit to the Registering Authority the Partner Agreement, application, and mandatory

⁷ Civil Code of Georgia <https://matsne.gov.ge/ka/document/view/31702?publication=131>



data established by the law of Georgia “On Entrepreneurs” for registration of a legal entity.

In case of requesting registration of a non-entrepreneurial (noncommercial) legal entity, its constituent documents shall indicate: a) the purpose of the activity of a non-entrepreneurial (non-commercial) legal entity; B) the procedure for admission, withdrawal and exclusion of a member of non-entrepreneurial (noncommercial) legal entity if it is a membership-based non-entrepreneurial (noncommercial) legal entity. For more information see the Civil Code of Georgia, Chapter II⁸.

Anyone who wants to start a social enterprise in the form of a commercial organization should be guided by the law of Georgia on entrepreneurs⁹. According to the Law, an entrepreneur is a natural person or a legal person that has an undertaking. An undertaking is an organised system for carrying out business activities. A business activity is a legitimate, repeated, independent and organised activity carried out for the purpose of earning profit. Business activities may be carried out by an individual entrepreneur or a company. Types of company are: general partnership, limited Partnership, limited liability company, joint-stock company, and cooperative.

A company is a legal person, while an individual entrepreneur is not a legal person. An individual entrepreneur exercises his/her rights and fulfils his/her obligations in business relations as a natural person. An individual entrepreneur shall be personally liable to a creditor with all his/her assets for the obligations arising from his/her business activities, unless otherwise provided for by an agreement between the individual entrepreneur and the creditor

Of the types of Social Enterprises, limited liability companies and cooperatives, as well as non-entrepreneurial (noncommercial) legal entities are met in Georgia. Regardless of these forms, constituent agreement and

⁸ Civil Code of Georgia <https://matsne.gov.ge/ka/document/view/31702?publication=131>

⁹ Law of Georgia “On Entrepreneurs” <https://www.matsne.gov.ge/ka/document/view/5230186?publication=9>



charter must be prepared for their registration, and the place of registration at the legal address must be established, for which the consent of the owner of the property at this address is required. Registration of enterprises is carried out by the National Agency of Public Registry.

The modal charter and constituent documents of such organizations are posted on the website <https://www.napr.gov.ge/required-info>. Persons who wish to register an enterprise in accordance with the selected management style can modify modal statutes and constituent agreements that will be tailored to their needs, then these documents must be printed and submitted for registration to the [territorial office of the National Agency of Public Registry](#) or [the Public Service Hall](#)¹⁰. Additional information can be obtained on the hotline +995 322 405 405, where detailed information is provided to interested parties. The term of registration of enterprises is 1 day, and the average cost is about 250 (200 registration 7 for per signature Confirmation) GEL, if a defect is found in the registration documents, 30 calendar days are provided for correction. If the defect is not eliminated during this period, registration proceedings must be restarted.

If someone decides to start a social enterprise in the form of an individual entrepreneur, the National Agency of Public Registry shall register it. An interested person should apply for registration to the territorial office of the National Agency of Public Registry or the Public Service Hall. Documents to be submitted for registration are: as follows:

Application (to be filled in by the operator receiving the documents).

1. Identity document of the person concerned (ID card, passport, residence card, neutral ID card or neutral travel document) and its copy.
2. A document confirming the payment of the service fee - 26 GEL.

Registration takes place within 1 working day. It is possible to carry out an accelerated service – on the day of filing the application, the registration fee is 75 GEL.

¹⁰ <https://psh.gov.ge/>



The economic activity of some enterprises is also subject to mandatory registration in the Register of Economic Activity if the enterprise is engaged in economic activity, that is, all those activities that are carried out for the purpose of profit, income or compensation, regardless of the results of such activities. Types and list of economic activities are described in the National Classifier of Georgia, which is developed and approved by the National Statistics Office of Georgia. According to said classifier, economic activity is the process by which products (goods or services) are obtained. Economic activity takes place only when resources (equipment, labor force, technical means, raw materials) are combined to create specific products. Types of economic activity are divided into two categories: types of mandatory and voluntary registration activities. It is clear that registration of types of voluntary registration activities is not mandatory, while the category of types of activities that are subject to mandatory registration according to the applicable laws, includes the following:

- Activities provided for by the Code on Food/Feed Safety, Veterinary Medicine and Plant Protection related to the production, primary production, processing, distribution of food/feed, animal and plant products, veterinary drugs, pesticides, agrochemicals, as well as services in the fields of veterinary medicine and plant protection
- Activities provided for by the law “On Labor Migration”, which are related to the provision of employment and to assistance in the provision of employment outside Georgia;
- Activities provided for by the law “On Public Health” where aesthetic and cosmetic procedures are carried out in public places .

For registration in the Register of economic activities, additional 40 GEL is required to pay.

All registered entities must register as taxpayers. Upon registration by the National Agency of public registry, the enterprise is automatically registered on the Revenue Service Portal www.rs.ge from where you can activate the portal with the help of an online assistant or you should apply to any service center of the Revenue Service, where you will be given the first data to log



in to the portal . Subsequently, the declaration is submitted electronically from the Revenue Service website¹¹. It is important to open a bank account and if you have an open type of trading space, purchase and register a cash register, which costs about 400 GEL. It also needs a monthly service amounted to 10 GEL as it registers checks recorded on the tax portal by cellular transfer, totally baying and a year fiscal service is maximum 520 GEL.

Enterprises may have employees who are involved in the pension scheme under the Georgian law on accumulative pension. Therefore, they need to register on the pension agency portal after registering on the tax portal. See <https://pesnion.ge/>.

4. Taxation

According to the tax Code of Georgia, "a tax is a mandatory, unconditional monetary payment to the budget made by a taxpayer in accordance with this Code, based on the necessary, non-equivalent and gratuitous character of the payment". According to this Code, taxes shall be national and local. National taxes shall be the taxes the payment of which is mandatory across the whole territory of Georgia. A local tax shall be a tax imposed by this Code and introduced by a normative act of the municipality representative body – Sakrebulo (within marginal rates), the payment of which is mandatory within the administrative boundaries of the municipality concerned. National taxes shall be: a) income tax; b) profit tax; c) value added tax (VAT); d) excise tax; e) import duty. A property tax shall be a local tax. Below we will consider the basic concept of these payments in relation to social enterprises.

It is believed that in general, Georgia has a fairly light tax system, since in the case of profit tax distribution among the founders, profit tax will be paid, which means that in the case of registration of a non-profit social enterprise, such social enterprise will not have to pay profit tax if it directs

¹¹ The electronic portal can be accessed, registered and the user / password can be recovered from the following link: https://eservices.rs.ge/Login.aspx?redirect_url=https://eservices.rs.ge/Login.aspx



its commercial profits to achieve its goals. However, it should be noted that according to the tax code of Georgia, some expenses may be non-deductible, that is, non-economic, and it must be taxed with profit tax. In general, profit tax rate is 15% and the income tax from the distributed dividend is 5%. Filing a profit tax return is necessary for the 15th day of each subsequent month

All types of organizations in Georgia act as payment agents. Therefore, the organization must withhold 20% income tax from the employee's salary and pay it to the budget. And for those persons who are involved in the pension scheme, the organization withholds at first 2% and then from the remaining - Income tax 20%. Also, the enterprise itself pays the employee's pension contribution in the amount of 2% of his/her full salary, that is, it must transfer 2%+2% of his/her full salary, i.e. 4%, to the pension agency¹². The tax return shall be submitted by the 15th day of each next month, separately at the Revenue Service www.rs.ge on income tax and separately as pension contribution, in the pension agency <https://pensions.ge>.

All individual entrepreneurs pay income tax in the amount of 20% from profits. However, an individual entrepreneur can take advantage of preferential taxation regimes, gain the status of a fixed taxpayer, micro or small business¹³. . If an individual entrepreneur does not have any status granted, submit an income declaration before April 1 of each subsequent year, otherwise – monthly

Value Added Tax. Every type of enterprise, if its VAT-taxable economic income has reached gel 100,000 in the last 12 months, must be registered as a VAT payer. Of course, VAT tax registration is also possible voluntarily, based on the application. This tax in Georgia is one of the most severe for small and social enterprises, as the limit of gel 100,000 has not changed since 2004, although the cost of living and nominal Gross Domestic Product has increased by 6 times. The 2004 GDP was 5.13 billion USD and the 2023

¹² Pension Agency Portal <https://www.pensions.ge/ka/public-information/faq>

¹³ For details, see Tax Code of Georgia <https://new.matsne.gov.ge/ka/document/view/1043717?publication=223>



GDP was 30.54 billion USD¹⁴. The problem of the 100,000 VAT tax threshold actually destroys other preferential taxation regimes, and this tax is difficult in terms of administration and management and requires high-quality accountant services.

There are 2 types of property tax: a tax on the property of an enterprise (with the exception of land) and a tax on property on the land of an enterprise. The company's property tax is levied on **fixed assets, investment property, uninstalled equipment, construction in progress and leased property. The property tax rate is mainly 1%. The land tax is set depending on its status and location. Real estate purchased before 2018 is subject to price indexation.**

A natural person or an individual entrepreneur also pays property tax. He is exempt from paying property tax if his annual income does not exceed 40,000 GEL, while for income from 40,000 to 100,000 GEL an individual entrepreneur pays property tax in the amount of 0.2%, and for income over 100,000 GEL – 1%. These limits are also established by the Tax Code of 2004 edition and require indexation, because, for example, based on the information of the National Statistics Office of Georgia, in 2004 the average salary in Georgia was 285.8 GEL, and the same indicator in 2023 was 1970 GEL, i.e. increased almost 7 times¹⁵.

Non-entrepreneurial (noncommercial) legal entities, like other commercial enterprises, pay property tax if they are engaged in economic activities. The enterprises must submit the property tax return by April 1 of each subsequent year, while individual entrepreneurs must submit the property tax return to the tax authority no later than 01 November of subsequent calendar¹⁶.

Non-entrepreneurial (noncommercial) legal entities may receive the status of a charitable organization 1 year after the start of their activities, according

¹⁴ WB database, seen on 22 July 2024 <https://data.worldbank.org/indicator/NY.GDP.MKTP.CD?locations=GE>

¹⁵ Average salary by year in Georgia, National Statistics Office of Georgia, searched on 20 July, 2024

<https://www.geostat.ge/ka>

¹⁶ https://www.rs.ge/RsGe.Module/GetDoc/Get_File?doc_id=10744



to Article 32 of the tax Code of Georgia, and with this, they become obliged to submit audit report, financial statement and activity report to the tax authority by April 1 of each subsequent year. However, if other commercial societies donate funds of not more than 8% of their gross profits to a non-profit organization with this status, they will be exempt from profit tax.

For Poverty Reduction and development of mountainous regions, there are separate benefits for enterprises located in mountainous settlements, which provides several tax benefits, for example, such an enterprise does not pay property tax for 10 years. According to the Law of Georgia “On the Development of High Mountainous Regions”, a high mountainous settlement is mainly deemed to be a settlement located at not less than 800 meters altitude of sea level¹⁷. High mountainous settlement is a settlement defined by the Law of Georgia “On the Development of High Mountainous Regions”

5. Accounting and Reporting

In addition to accounting statements, a legal entity-entrepreneur is obliged to prepare financial statements and post them on a special portal www.reportal.ge. This issue is regulated by the Law of Georgia "On Accounting, Reporting and Auditing"¹⁸. Accounting and financial reporting must comply with international accounting and Financial Reporting Standards. By the Law “On Accounting, Reporting and Auditing”¹⁹, enterprises are divided into categories, and with the complexity corresponding to the category, they are required to prepare financial statements and audit reports and post them on the portal. Social enterprises mainly fall into the fourth or third category. An enterprise of the fourth category is an entity whose indicators, at the end of the reporting

¹⁷ See the Law of Georgia „On the Development of High Mountainous Regions”

<https://new.matsne.gov.ge/ka/document/view/2924386?publication=8#DOCUMENT:1>

¹⁸ Law of Georgia "On Accounting, Reporting and Auditing”

<https://www.matsne.gov.ge/ka/document/view/3311504?publication=16>

¹⁹ Law of Georgia "On Accounting, Reporting and Auditing”

<https://www.matsne.gov.ge/ka/document/view/3311504?publication=16>



period, meet at least two of the following three criteria: a) The total value of assets does not exceed 1.0 MIO GEL; b) The income does not exceed 2 MIO GEL; and c) The average number of employees during the reporting period does not exceed 10. An enterprise of the third category is an entity which is not an entity of the fourth category and the indicators of which, at the end of the reporting period, meet at least two of the following three criteria: a) The total value of assets does not exceed 10 MIO GEL; b) The income does not exceed 20 MIO GEL; and c) The average number of employees during the reporting period does not exceed 50.

For enterprises of the fourth category and non-entrepreneurial (noncommercial) legal entities, financial reporting standards are established by the “Accounting, Reporting and Audit Supervision Service”, and the application of these standards is mandatory. An individual entrepreneur who does not carry out auditing activities is entitled to use the financial reporting standards established for enterprises of the fourth category for the purpose of accounting and financial reporting.

Enterprises of the third category use the International Financial Reporting Standard established for small and medium-sized enterprises (IFRS for SMEs) which are standards approved by the International Accounting Standards Board (IASB) or its successor body, although they may also apply the International Financial Reporting Standards (IFRS).

6. Current Challenge of Ecosystem

On 28 May 2024, the Parliament of Georgia adopted the Law of Georgia “On Transparency of Foreign Influence²⁰”, which poses a significant threat to social enterprises, especially those which are registered in the form of a non-entrepreneurial (noncommercial) legal entity, because according to this law, another register is created, in which “A non-entrepreneurial (noncommercial) legal entity that is not established by an administrative

²⁰ Law of Georgia “On Transparency of Foreign Influence”
<https://matsne.gov.ge/ka/document/view/6171895?publication=0>



body, is not the National Sports Federation of Georgia provided for by the law of Georgia “On Sports” or the blood institution provided for by the law of Georgia on “Quality and safety of Human Blood and its Components” and whose source of more than 20% of the total income received during the calendar year is foreign power“. Many social enterprises have grant revenues from foreign sources and are engaged in commercial activities as well. This law can be turned into a significant hindrance to social enterprises, as it provides for fines from 5,000 GEL to 25,000 GEL, which can become a reason for bankruptcy for already small-income social enterprises.



Conclusions

- There is no definition of social enterprise in the legislative area of Georgia;
- The number and rate of taxes in Georgia is small, but there are many exceptions, which makes it difficult to properly conduct tax accounting without professional accountants and contains significant risks, and hiring a professional accountant is a very high cost for a social enterprise, so it is necessary to develop tax cases corresponding to the business models of a social enterprise;
- VAT registration threshold of 100,000 GEL is very low in relation to the current economic situation, and it is necessary to increase the VAT registration threshold to at least 500,000 GEL not only for the development of social enterprises but also for the development of small and medium enterprises, it is necessary to conduct an advocacy campaign in this direction.
- The tax threshold from natural person's property tax for income on 40,000 GEL and income on 100,000 GEL is also high and it is necessary to increase these indicators at least 5 times, as salaries in Georgia are increased at least 7 times during this period. Advocacy of this issue is required.
- Enterprises have to enter information on several different portals in addition to registration: 1. Revenue Service www.rs.ge 2. Pension Agency www.pension.ge pension contributions 3. Financial statements and audits <https://reportal.ge/> 4. Register of economic activities <https://rea.napr.gov.ge/> 5. If they have a charitable status, they should submit a program report, financial report and audit report to the Revenue Service www.rs.ge. All this requires knowledge and skills of high-level business activities and young people of social enterprises need significant support in this direction.
- The law of Georgia “On Transparency of Foreign Influence” concerns most social enterprises. If there is no repeal or mitigation of the law social enterprises should be registered in commercial form.