



ANNUAL REVIEW & STRATEGIC OUTLOOK

ASSOCIATION OF GEORGIAN VIRTUAL ZONE PERSONS

ECONOMIC IMPACT AND THE ROLE OF VIRTUAL ZONE COMPANIES

Key achievements and priorities. Results of 2025

2025 became a year of strengthening the role of Virtual Zone companies as one of the key components of Georgia's economy.

Amid rapid growth of the IT sector, the Association focused on

- Protecting the interests of VZP companies
- Establishing legal and operational predictability
- Developing partnerships and institutional dialogue
- Strengthening trust in the Virtual Zone status among government and business

The Association serves as a connecting link between the rapidly growing IT sector, public institutions, and the international business community, contributing to the sector's sustainable development.



GROWTH DYNAMICS OF GEORGIA'S IT SECTOR AND THE STRATEGIC ROLE OF THE VIRTUAL ZONE

The IT sector remains one of the fastest-growing industries in Georgia and a key source of export revenues for the country. Data from the National Bank of Georgia and Geostat confirm the sector's stable growth and its strategic importance for the national economy.

Virtual Zone companies represent one of the core pillars of Georgia's export-oriented IT segment, making a significant contribution to budget revenues, employment growth, and the country's international competitiveness.

Key Growth Indicators

- 160-fold between 2013 and 2025
- USD 489 million – IT sector revenues (H1 2025)
- Over GEL 200 million in tax contributions from Virtual Zone companies (2023–2025)

What This Means

The rapid growth of the IT sector significantly increases its importance for the state. At the same time, it creates a strong need for a stable, clear, and predictable regulatory environment that enables businesses to plan and invest with confidence.

The role of the Association is to support this growth by safeguarding the interests of Virtual Zone companies and ensuring the sector's resilience throughout periods of regulatory and legislative change.

Sources

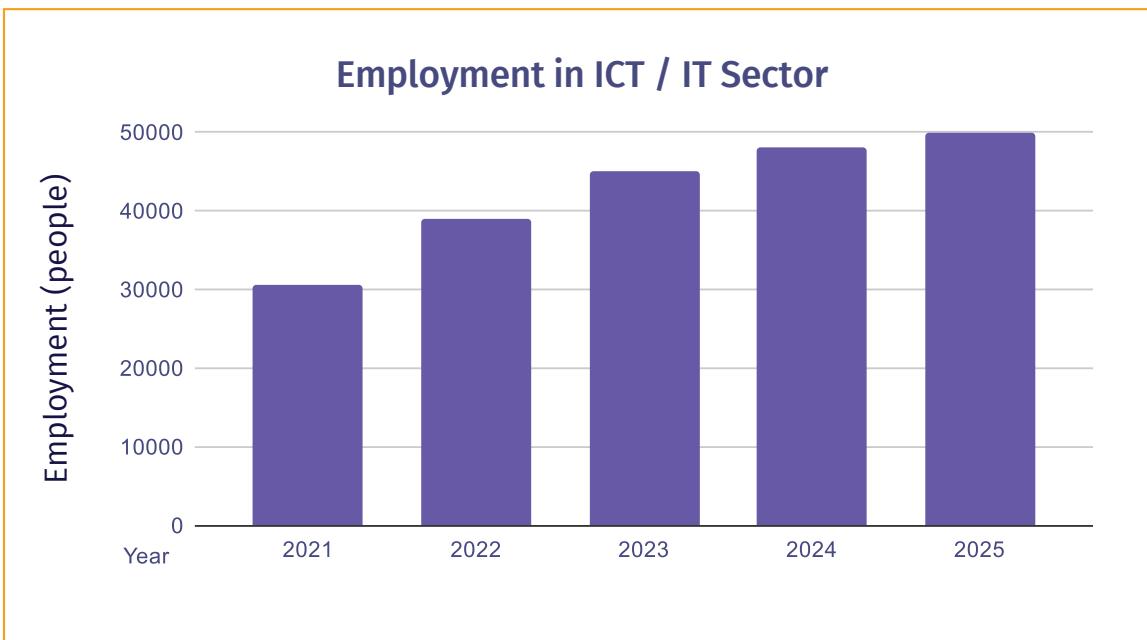
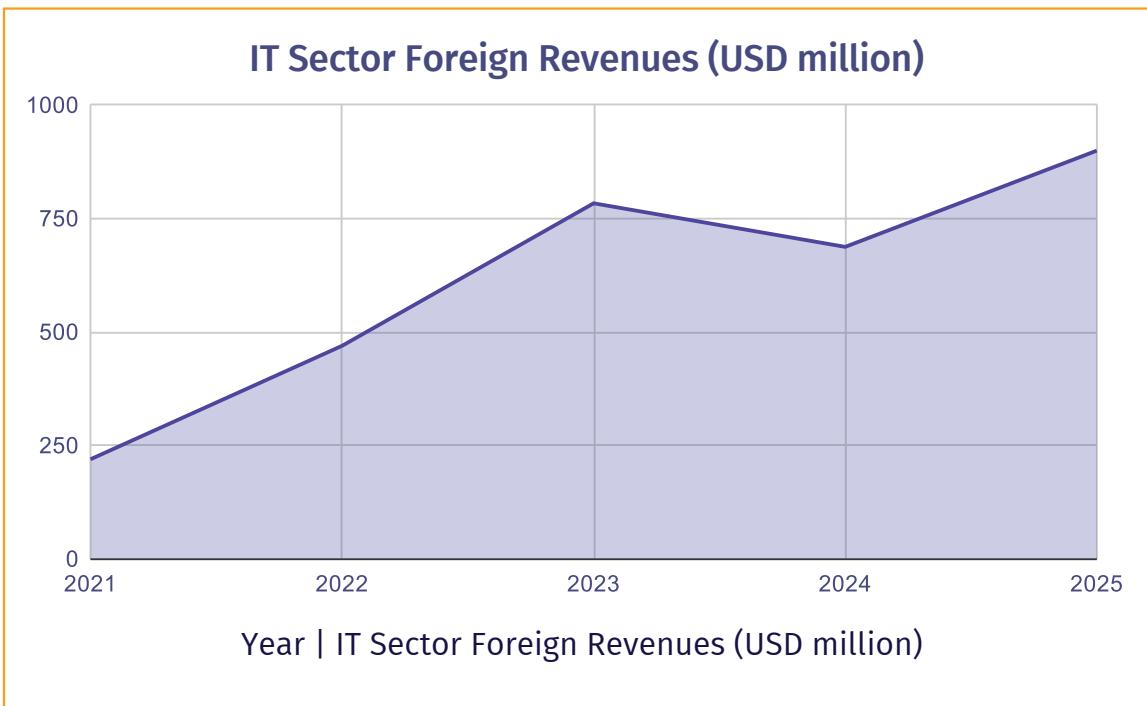
[Contribution of Virtual Zone Companies to the Country's Economy 2025](#)

[The Association's Perspective on IT Sector Growth and the Role of the Virtual Zone](#)

[Georgia's IT sector continues its upward momentum in the first half of 2025](#)



IT SECTOR GROWTH: REVENUES AND EMPLOYMENT





REGULATORY FRAMEWORK AND GROWTH-RELATED CHALLENGES

In 2025, the accelerated growth of the IT sector was accompanied by increasing regulatory and operational challenges.

Virtual Zone companies were affected by a number of developments, including

- Updates to migration and residency regimes;
- Intensified oversight of tax and IT-related practices;
- Growing compliance requirements;
- The need to prepare for upcoming legislative changes.

In this evolving environment, timely interpretation of regulatory rules and their effective practical application became a critical factor for sector resilience and business sustainability.



KEY TRENDS OF 2025

In 2025, a number of significant changes were introduced, directly affecting companies that are members of the Association

- The launch of the IT residency mechanism;
- Introduction of new sanctions for overstaying the legally permitted period in Georgia;
- Preparation for the implementation of the Labor Migration Law (effective from 2026);
- Changes to the rules governing the issuance and renewal of ID cards, residence permits, and passports;
- Stricter requirements related to the development and use of software products;
- Revision of tax audit practices applied to IT companies.

The Association ensured timely clarification of all key changes and provided detailed explanations of their practical implications for Virtual Zone companies.





THE ASSOCIATION'S WORK ON THE REGULATORY AGENDA IN 2025



Within the 2025 regulatory agenda, the Association focused not on a formal listing of changes, but on explaining their practical implications for businesses.

Throughout 2025, the Association provided systematic and targeted support on regulatory matters

Including

- Preparation of analytical reviews and explanatory materials;
- Development of practical guidelines tailored to companies' real operational needs;
- Timely and competent responses to inquiries from employers and foreign specialists;
- In-depth analysis of cases related to taxation, labor migration, and IT residency;
- Regular expert commentary by the Association's representatives in business and industry media.

Key materials

[Is your business ready for potential new tax audits?](#)

[Residency in Georgia: Updates and Document Preparation Guide](#)



In 2025, the Association of Georgian Virtual Zone Persons played a decisive role in establishing a landmark court precedent aimed at protecting the interests of Virtual Zone companies. Special recognition should be given to the Association's strategic partner and legal expert Giorgi Zhujunashvili (Just Advisors), whose professional expertise was instrumental in achieving this outcome.

Key outcomes

- Full cancellation of additional tax assessments, penalties, and late payment charges totaling GEL 34,709;
- Confirmation of the company's lawful entitlement to Virtual Zone tax incentives;
- Court recognition that internal methodological guidelines do not have the force of law and cannot restrict statutory rights.

Impact

The first court precedent significantly strengthening the legal protection framework for all Virtual Zone companies.

Source

[Landmark Ruling: First Full Fine Removal for Virtual Zone Company in Georgia](#)



The screenshot shows a video conference interface. At the top, it says 'Meeting' and 'Just Advisors's screen'. There are four video feeds in a grid: Shonana Kapanadze, Ivan S, Ana Bakradze, and Giorgi Zhuchunashvili. Below the video feeds, the 'Association of Georgian Virtual Zone Persons' logo is on the left and 'Just Advisors' logo is on the right. The main title of the webinar is 'Exclusive Legal & Tax Webinar for Virtual Zone Companies'. On the right side of the screen, there is a 'Participants (21)' list with names: Olga, Shava, and Tatia Kerkadze. A message from Tatia Kerkadze is visible: 'Can someone tell me my question: I am a director and only employ myself a salary. I am a resident of Georgia but a foreign national.' There are also buttons for 'Invite' and 'Mute all'.

In 2025, the Association significantly strengthened its educational activities, with a strong focus on delivering practical and actionable knowledge for Virtual Zone IT companies.

Key activities

Legal and Tax Matters for Virtual Zone Companies

Tax regulation and taxation regimes, remote work criteria and legal requirements, updates in corporate structure and compliance obligations.

IT Residency and Labor Migration

New residence permit options, employer obligations, and preparation for legislative changes coming into force in 2026.

Information Security for Business

Key risks, baseline requirements, and practical implementation steps for companies.

Event formats

included closed and open webinars, live Q&A sessions, and access to tailored materials for Association members.

Member value

expert consultations, practical guidelines, and hands-on support in implementing regulatory requirements within business operations.



In 2025, the Association continued to strengthen its partnership ecosystem, bringing together highly qualified professionals and organizations with strong industry expertise. The Association cooperates with trusted and reputable partners across legal, tax, audit, consulting, migration, and corporate advisory fields. This broad and high-quality network enhances the Association's institutional capacity, enables comprehensive support for its members, and contributes to the development of practical, sustainable solutions for Virtual Zone companies in an evolving regulatory environment.

Result

Partnerships provide members with access to expertise, regulatory dialogue, and practical tools for sustainable business development.



ადგილობრივი და საერთაშორისო პლატფორმები



ვესტორთა საბჭო; ევროპული გკონომიკური თანამშრომლობის პლატფორმა; ქალთა გაძლიერების ინციდენტი (UN Women); ევროპული საწარმოების ქსელი (ბრიუსელი); ევროპული ბიზნესისაციის საერთაშორისო ქსელი (ბრიუსელი), ევროპული მცირე და საშუალო მეწარმეების განიზაცია (ბრიუსელი)





ACTIVE MEDIA ENGAGEMENT VA2025



In 2025, the Association strengthened its public presence and professional positioning of the IT sector and Virtual Zone companies within the business and public agenda.

Key media focus areas

- Growth of the IT sector and the role of the Virtual Zone in the national economy;
- Clarification of legal and tax matters relevant to IT companies;
- Public protection of Virtual Zone companies' interests through precedent-setting court cases;
- Emphasis on the importance of regulatory stability and predictability.

Key publications and media appearances

- [Kommersant](#) – overview of trends and risks in the IT sector;
- [BM.GE](#) – coverage of a landmark court case won by a Virtual Zone company, a member of the Association;
- [Business Formula \(Formula TV\)](#) – tax disputes and the role of the IT sector in the national economy;
- [Georgian Business Consulting](#) – outlook for IT sector development and the role of the Virtual Zone;
- [Business Today](#) – economic growth dynamics and key challenges facing the IT sector.

Role of the Association

Representing the unified voice of Virtual Zone companies and contributing to the formation of economic and regulatory discourse through public advocacy and expert engagement.



Throughout 2025, the Association strengthened its internal transparency mechanisms and enhanced the effectiveness of engagement with its members.

Key steps

- Defining the membership structure and membership fees;
- Ensuring transparent and accountable use of membership contributions;
- Improving communication through the Telegram channel and regular newsletters;
- Increasing member engagement in the Association's activities;
- Expanding partnership benefits and added value for members.

The Association's focus remains unchanged — strengthening trust, enhancing transparency, and increasing tangible value for its members.



In 2026, the Association's activities will focus on deepening support for Virtual Zone companies and fostering the sector's long-term development.

Key priorities

- Attracting new members and increasing the value and relevance of membership;
- Strengthening engagement with existing members and expanding support services;
- Developing and expanding the network of strategic partners and industry experts;
- Advocating for the interests of Virtual Zone companies in dialogue with public and international institutions;
- Introducing new educational, practical, and advisory formats;
- Strengthening international cooperation and partnerships;
- Ensuring the global competitiveness and long-term sustainability of the Virtual Zone status.



CONCLUSION

2025 marked a stage of strengthening institutional impact for the Association of Georgian Virtual Zone Persons.

As we move into 2026, new opportunities emerge for expanding partnerships and further enhancing the role of the Virtual Zone sector within the national economy.

Looking ahead to 2026, the Association sees strong potential for the development of strategic partnerships and for the continued growth of the Virtual Zone sector as a key component of Georgia's IT ecosystem.

The Association remains committed to its mission — creating predictable, legally clear, and long-term sustainable conditions for the development of Virtual Zone companies.

We sincerely thank all members and partners for their trust, support, and active engagement. Your involvement and collaboration enable the Association to further strengthen Virtual Zone companies and contribute to the continued development of Georgia's IT sector.





Association of
Georgian Virtual Zone
Persons

Our Partners

Partners of the Association



Media Partners



Cooperation and Support



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