

# Employment Hiring Guide - Georgia

## Comprehensive Overview of Labor Regulations and Contract Types

### Introduction to Legal Framework

The labor market in Georgia is governed by a framework designed to balance employer flexibility with fundamental employee protections. The legal system has undergone significant reforms to align with international labor standards, creating a more structured and predictable environment for both local and foreign investors. Understanding this framework is crucial for any organization planning to hire personnel in the country. The legislation primarily aims to regulate employment relationships, ensure safe working conditions, and define the rights and obligations of all parties involved.

### Main Labor Laws

The cornerstone of Georgian labor legislation is the **Labour Code of Georgia**. This comprehensive act, last amended significantly in 2023, consolidates the primary regulations governing the entire employment lifecycle, from hiring and contract formation to termination and dispute resolution. The Code details minimum standards for working conditions, remuneration, leave entitlements, and health and safety. It serves as the primary reference for all employment matters and is supplemented by various governmental decrees and ministerial orders that provide more specific guidance on its implementation.

### Regulatory Bodies

Several government institutions oversee the enforcement of labor laws in Georgia:

- **Ministry of Internally Displaced Persons from the Occupied Territories, Labour, Health and Social Affairs of Georgia:** This is the key ministry responsible for developing and implementing national labor policy. It drafts legislation, sets strategic priorities for the labor market, and oversees social protection programs.
- **State Labour Inspectorate:** As the primary enforcement agency, the Inspectorate is tasked with monitoring compliance with labor laws, occupational health standards, and safety regulations. It has the authority to conduct workplace inspections, investigate complaints, and impose sanctions on employers found in violation of the law.
- **Revenue Service of Georgia:** This body manages the administration of payroll taxes and social security contributions, including the registration of employers and employees for the mandatory funded pension scheme.

## Permitted Contract Types

Georgian law provides for several types of employment contracts to suit different business needs. The written employment contract is mandatory and must be concluded before the employee commences their duties. The contract must specify key terms, including the job description, remuneration, working hours, and contract duration.

### Permanent Contracts

An **indefinite-term (permanent) contract** is the standard form of employment. It does not have a pre-determined end date and continues until it is lawfully terminated by either the employer or the employee. This type of contract provides the highest level of job security for the employee. Termination by the employer is only permissible on specific grounds stipulated in the Labour Code, such as employee misconduct, redundancy, or other legitimate business reasons, and requires adherence to strict procedural requirements.

### Fixed-Term Contracts

A **fixed-term contract** is concluded for a specific period or for the completion of a specific task. According to the **Labour Code of Georgia**, a fixed-term contract can be concluded if the work is, by its nature, temporary.

- **Maximum Duration:** The total duration of one or more consecutive fixed-term contracts with the same employer for the performance of the same work shall not exceed **30 months**. If the employment relationship continues beyond this period, the contract is automatically deemed to be of an indefinite term.
- **Renewals:** Contracts can be renewed, but the cumulative duration is subject to the 30-month rule. The justification for using a fixed-term contract must be objective and related to the temporary nature of the tasks involved.

## **Project-Based Contracts**

This is a variation of the fixed-term contract where the duration is not defined by a specific date but by the completion of a particular project or set of tasks. The contract must clearly define the scope of the project and the conditions that will signify its completion. Once the project is concluded, the employment contract automatically terminates without the need for a separate notice period.

## **Part-Time Contracts**

A **part-time employment contract** is established for employees who work fewer hours than the standard full-time schedule (typically 40 hours per week). The employee's remuneration, annual leave, and other benefits are generally calculated on a pro-rata basis, proportional to the hours worked. Part-time employees are entitled to the same fundamental rights and protections as full-time employees under the Labour Code.

## **Hiring Requirements**

Employers must adhere to specific administrative and legal procedures when hiring a new employee to ensure full compliance with Georgian law.

## Required Documentation

To formalize an employment relationship, an employer must collect and verify certain documents from the prospective employee:

- **Identification Document:** A valid national ID card (for Georgian citizens) or a passport and valid residence/work permit (for foreign nationals).
- **Registration Number:** The personal identification number issued by the Georgian authorities.
- **Bank Account Details:** For the purpose of salary payment.
- **Diplomas or Certificates:** If the position requires specific qualifications or professional certifications.

## Registration with Authorities

Employers are legally obligated to register their employees with the relevant state bodies. The primary registration is with the **Revenue Service of Georgia**. This registration is essential for the administration of income tax and for contributions to the state-funded pension scheme. The registration process must be completed electronically through the Revenue Service portal.

## Legal Deadlines

The employment relationship must be formalized promptly. The **written employment contract** must be signed by both parties **before or on the first day of work**. The employer must then register the employee with the Revenue Service no later than the date of the first salary payment, although it is best practice to do so immediately upon hiring.

## Fundamental Employee Rights

The Labour Code of Georgia establishes a set of non-negotiable rights designed to protect the well-being and dignity of employees.

## Standard Working Hours

The standard full-time working week in Georgia is **40 hours**, typically distributed over five 8-hour days. Any hours worked beyond this limit are considered overtime and must be compensated at an increased rate as stipulated by law or the employment contract. The law also regulates rest periods, including a minimum daily rest period between shifts and a meal break during the workday.

## Rest Days

Every employee is entitled to a minimum of **24 consecutive hours of uninterrupted rest per week**. While typically falling on a Saturday or Sunday, the specific day can be determined by the employment contract or internal company policy, especially in sectors that require continuous operation.

## Protection Against Dismissal

Employees are protected from arbitrary or unfair dismissal. An employer may only terminate an employment contract on grounds explicitly permitted by the Labour Code, which include:

- Gross misconduct by the employee.
- Persistent underperformance.
- Economic reasons, such as redundancy or reorganization.
- Long-term incapacity of the employee.

In all cases of termination initiated by the employer, specific notice periods and, in some cases, severance payments are required.

## Employer Obligations

Beyond respecting employee rights, employers have several affirmative duties mandated by law. Failure to comply can result in financial penalties and legal

disputes.

## Employee Registration

As mentioned, employers have a mandatory obligation to register every employee with the **Revenue Service**. This ensures that the employee is officially recognized within the tax and social security system, granting them access to associated benefits and protections.

## Social Security

Georgia operates a mandatory funded pension scheme. Employers are required to make contributions on behalf of their employees. The contribution structure is as follows:

- **Employer's Contribution:** 2% of the employee's gross salary.
- **Employee's Contribution:** 2% of the employee's gross salary (withheld and remitted by the employer).
- **State Contribution:** The state contributes an additional 2% for employees whose annual gross income is less than GEL 60,000.

These contributions are managed by the Pension Agency of Georgia.

## Government Reporting

Employers must submit monthly declarations to the Revenue Service. These reports detail the income tax withheld from employees' salaries and the pension contributions made by both the employer and the employee. Timely and accurate reporting is a critical compliance requirement.

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