

# Benefits and Compensation Framework - Georgia

## Salary Structure, Social Security, and Employee Benefits

### Introduction

This document provides a comprehensive overview of the benefits and compensation framework in Georgia. It is designed for employers, human resources professionals, and organizations seeking to understand the key components of employee remuneration, mandatory contributions, and market trends. The information presented is based on the **Labor Code of Georgia (LCG)** and prevailing market practices. All financial figures are presented in Georgian Lari (GEL).

### Salary Structure

The salary structure in Georgia is relatively straightforward, primarily consisting of a base salary. However, additional components can be included based on contractual agreements. Employers must ensure compliance with regulations regarding minimum wage and payment frequency.

### National Minimum Wage

Georgia's statutory minimum wage, established in 1999, is exceptionally low and

does not reflect the current economic reality.

- **Statutory Minimum Wage:** 20 GEL per month for private sector employees and 135 GEL per month for public sector employees.

In practice, these figures are obsolete. The **market-driven minimum wage** is significantly higher, influenced by industry, location (particularly in Tbilisi), and skill level. For practical purposes, a realistic entry-level, full-time salary in major urban areas typically starts at around **500-600 GEL per month**. Employers must offer competitive wages to attract and retain talent, as the statutory minimum is not a viable benchmark.

## Payment Frequency

According to the LCG, employee salaries must be paid at least **once per month**. The specific payday is determined by the employment contract or the employer's internal regulations. Payment is typically made via direct bank transfer to the employee's designated bank account. Employers are required to provide employees with a payslip detailing the gross salary, all deductions (taxes, pension), and the final net amount.

## Salary Components

A typical compensation package in Georgia includes the following elements:

- **Base Salary (Gross):** This is the fixed, pre-tax amount agreed upon in the employment contract for the work performed. It forms the foundation of the total compensation.
- **Variable Pay (Performance-Based):** This includes commissions, performance bonuses, and other incentives. These components are not mandatory and depend entirely on the employment agreement and company policies. They are common in sales, business development, and executive roles.
- **Allowances:** Certain roles may include allowances for specific purposes, such as transportation, mobile phone usage, or special work conditions. These are contractual and not legally mandated.

## Mandatory Bonuses

Georgian labor law **does not mandate** the payment of year-end bonuses, 13th-month salaries (Christmas bonus), or other similar fixed bonuses. The provision of any bonus is at the complete discretion of the employer and should be clearly stipulated in the employment contract or a separate bonus policy.

## Performance Bonuses

The most common type of bonus in Georgia is performance-based. These are typically linked to individual, team, or company performance metrics and are paid out annually, semi-annually, or quarterly.

## Seniority and Vacation Bonuses

While not legally required, some companies, particularly in more traditional or state-affiliated sectors, may offer seniority bonuses to reward long-term service. Vacation bonuses are uncommon in the private sector but may be negotiated as part of a collective bargaining agreement or offered as a competitive perk.

## Social Security

Georgia reformed its social security system with the introduction of a funded pension scheme in 2019. Contributions are shared between the employee, the employer, and the state. The healthcare system is primarily funded through general state taxes rather than direct social security contributions.

## Employer Contribution

- **Pension Contribution:** Employers are legally required to contribute **2%** of the employee's gross salary to the funded pension scheme managed by the **Pension Agency of Georgia**. This contribution is made for all resident employees under the age of 40 (for women) and 45 (for men) who

have not opted out of the system.

## Employee Contribution

- **Pension Contribution:** Employees contribute **2%** of their gross salary to their individual pension account. This amount is withheld from their salary by the employer and remitted to the Pension Agency along with the employer's contribution.
- **State Contribution:** The state also contributes **2%** of the employee's gross salary for individuals whose annual income is less than 24,000 GEL. For those earning between 24,000 GEL and 60,000 GEL annually, the state contributes 1%.

## Coverage Included

The social security system primarily provides:

- **Old-Age Pensions:** The funded pension scheme is designed to supplement the basic state pension, providing employees with accumulated savings upon retirement.
- **Universal Healthcare:** While not funded by direct payroll contributions, Georgia has a state-funded Universal Healthcare Program that provides a basic package of medical services to all citizens. Many employers offer private health insurance to supplement this basic coverage.
- **Unemployment Benefits:** There is no comprehensive unemployment insurance scheme funded by social security contributions in Georgia. Support for the unemployed is limited and managed through separate social assistance programs.

## Common Additional Benefits

To remain competitive, especially in high-demand sectors like IT and finance, employers in Georgia often offer a range of benefits beyond the mandatory requirements.

## Private Health Insurance

This is the **most common and valued** additional benefit in Georgia. Employer-sponsored health insurance plans typically offer superior coverage compared to the state's universal program, including access to a wider network of private clinics, dental care, and sometimes vision and prescription drug coverage.

## Meal Vouchers or Subsidies

Providing meal allowances, either through vouchers, a corporate card, or an on-site canteen, is a popular perk, particularly in larger companies and business centers in Tbilisi. It is considered a significant daily-life benefit for employees.

## Transportation Allowance

For employees who do not work remotely, a transportation allowance or a corporate transportation service is a highly appreciated benefit. This helps cover the costs of commuting, whether by public transport or private vehicle.

## Training and Professional Development

Companies focused on employee growth and retention invest in professional development. This includes funding for certifications, specialized training courses, language classes (especially English), and attendance at industry conferences. This benefit is crucial for attracting ambitious professionals.

## Payroll Taxes

Employers are responsible for withholding and remitting all relevant taxes from employee salaries to the **Georgia Revenue Service (GRS)**. Georgia operates a

simple and attractive flat-tax system.

## Tax Withholdings

- **Personal Income Tax (PIT):** Georgia has a **flat tax rate of 20%** on employment income. This tax is calculated on the employee's gross salary. The employer is responsible for withholding this amount from the employee's monthly pay.
- **Pension Withholding:** The 2% employee pension contribution is also withheld by the employer.

Therefore, the total amount withheld from an employee's salary by the employer is typically **22%** (20% PIT + 2% pension).

## Required Declarations

Employers must declare and remit the withheld PIT and pension contributions to the GRS on a **monthly basis**, no later than the 15th day of the month following the salary payment. All declarations are filed electronically through the GRS portal. Accurate and timely reporting is mandatory to avoid penalties.

## Market Trends

The compensation landscape in Georgia is dynamic, with significant variations between sectors and a growing emphasis on non-monetary benefits.

## Average Salaries by Sector (Monthly Gross Estimates)

These figures are synthetic estimates for mid-level professionals in Tbilisi and can vary based on experience, company size, and specific skills.

- **Information Technology (IT):** 3,500 - 7,000 GEL. Software developers, data analysts, and cybersecurity specialists are in high demand

and command top-tier salaries.

- **Finance and Banking:** 2,500 - 6,000 GEL. Roles in banking, financial analysis, and accounting are well-compensated.
- **Hospitality and Tourism:** 1,200 - 2,800 GEL. Salaries in this sector are generally lower but can be supplemented by service charges and tips.
- **Retail and Sales:** 1,000 - 2,500 GEL. Compensation is often heavily reliant on commissions and sales performance.
- **Manufacturing and Logistics:** 1,500 - 3,500 GEL. Skilled technical roles and management positions offer more competitive salaries.

## Competitive Benefits in the Local Market

To attract and retain top talent in Georgia, a competitive benefits package is essential. Key trends include:

- **Flexible Work Arrangements:** Post-pandemic, the demand for remote or hybrid work models has increased significantly and is a major differentiator for employers.
- **Comprehensive Health and Wellness Programs:** Beyond standard private health insurance, leading employers offer gym memberships, mental health support, and wellness initiatives.
- **Career Growth Opportunities:** A clear path for advancement, mentorship programs, and investment in employee skills are critical for long-term retention.
- **Corporate Culture:** A positive, inclusive, and modern work environment is increasingly cited by Georgian professionals as a key factor in their choice of employer.

**Legal Notice:** This document contains synthetic information generated for technical demonstration purposes. It does not constitute legal advice. For official information, please consult the labor authorities of Georgia.