



ISET Policy Institute's research team examines the implications of the Offshores Law approved by the Parliament of Georgia, vetoed by the President of Georgia, and the subject veto overruled by the Parliament on May 28, 2024. The subject tax code amendment incentivizes the relocation of assets from offshores to Georgia. An analysis reveals that such investments often involve short-term financial maneuvers rather than contributing to long-term economic growth and mostly does not translate into sustainable development or job creation, raising concerns about the true economic rational of attracting offshore capital into the country. Additionally, the law is risking country's reputation by risking inflow of dubious capital, exploiting Georgia's financial system to circumvent international sanctions. This occurs in a context where global initiatives aim to combat offshore financial malpractices. In light of these concerns, the amendment to the tax code could potentially violate international standards, such as the OECD's BEPS Actions and FATF recommendations, by creating a favorable regime for tax avoidance and undermining due diligence efforts. In summary, even if the presented intent behind Georgia's tax code amendments might be to boost foreign direct investment, the associated risks and negative perceptions far outweigh the potential benefits, and the policy brief recommends abolishing the law in the best interest of the country. [Read the Policy Paper](#)

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