

## IFRS APPLICATION AROUND THE WORLD

### JURISDICTIONAL PROFILE: **Georgia**



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This Profile provides information about the application of IFRS Standards in Georgia. IFRS Standards are developed and issued in the public interest by the International Accounting Standards Board (the Board). The Board is the standard-setting body of the IFRS® Foundation, an independent, private sector, not-for-profit organisation.

This Profile has been prepared by the IFRS Foundation based on information from various sources. The starting point was the answers provided by standard-setting and other relevant bodies in response to surveys that the Foundation conducted on the application of IFRS Standards around the world. The Foundation drafted the profile and invited the respondents to the survey and others (including regulators and international audit firms) to review the drafts, and their comments are reflected.

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#### RELEVANT JURISDICTIONAL AUTHORITY

Organisation	Service for Accounting, Reporting and Auditing Supervision (SARAS) established under the Ministry of Finance
Role of the organisation	SARAS is responsible for adopting IFRS Standards, receiving and publication of the financial and non-financial statements, oversight of audit profession.
Website	<a href="http://www.saras.gov.ge">www.saras.gov.ge</a> – official website of SARAS <a href="http://www.reportal.ge">www.reportal.ge</a> – reporting portal where financial statements are published
Email contact	<a href="mailto:info@saras.gov.ge">info@saras.gov.ge</a>

#### COMMITMENT TO GLOBAL FINANCIAL REPORTING STANDARDS

Has the jurisdiction made a public commitment in support of moving towards a single set of high quality global accounting standards?	Yes.
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Has the jurisdiction made a public commitment towards IFRS Standards as that single set of high quality global accounting standards?	Yes.
What is the jurisdiction's status of adoption?	Georgia adopted IFRS Standards for large public interest and large entities. Small and medium sized companies are required to use the IFRS for SMEs Standard, Micro entities are required to use IFRS for SMEs based simplified local standards adopted by SARAS.
Additional comments provided on the adoption status?	<p>In accordance with the legislation the following entities are required to use IFRS Standards:</p> <ol style="list-style-type: none"> <li>1) all public interest entities (including entities whose securities are admitted to trading on the stock exchange, commercial banks and qualified credit institutions, microfinance organisations, insurers, founders of non-state pension plans, investments funds, non-bank deposit institutions and credit unions and specific entities defined as PIEs by the Government of Georgia);</li> <li>2) first category entities are those that satisfy at least two criteria out of the following three: <ul style="list-style-type: none"> <li>• the value of total assets exceeds GEL 50 million;</li> <li>• the revenue exceeds GEL 100 million;</li> <li>• the average number of employees during the reporting period exceeds 250 persons.</li> </ul> </li> </ol> <p>Large public interest and large entities have adopted IFRS Standards for the year ended 31 December 2017 and filed their IFRS financial statements before 30 September 2018. Small and medium sized entities adopted IFRS Standards for the year ended 31 December 2018 and filed their financial statements as of 30 September 2019.</p> <p>Micro entities should have prepared their financial statements for the year ended 31 December 2018 and filed before 30 September 2019, however based on the public announcement made on 26 September 2019 the amendments to the law on 'Accounting, Reporting and Auditing' have been initiated according to which reporting deadlines for Micro entities will be postponed for 2 years.</p>
If the jurisdiction has NOT made a public statement supporting the move towards a single set of accounting standards and/or towards IFRS Standards as that set of standards, explain the jurisdiction's general position towards the adoption of IFRS Standards in the jurisdiction.	Not applicable.

## EXTENT OF IFRS APPLICATION

### *For DOMESTIC companies whose debt or equity securities trade in a public market in the jurisdiction:*

Are all or some domestic companies whose securities trade in a public market either required or permitted to use IFRS Standards in their consolidated financial statements?	Yes.
If YES, are IFRS Standards REQUIRED or PERMITTED?	Required.

Does that apply to ALL domestic companies whose securities trade in a public market, or only SOME? If some, which ones?	All.
Are IFRS Standards also required or permitted for more than the consolidated financial statements of companies whose securities trade in a public market?	Yes.
For instance, are IFRS Standards required or permitted in separate company financial statements of companies whose securities trade in a public market?	Required.
For instance, are IFRS Standards required or permitted for companies whose securities do not trade in a public market?	All public interest entities and entities under first category are required to prepare financial statements using full IFRS Standards.  All other entities are not required but are permitted to use IFRS Standards.
If the jurisdiction currently does NOT require or permit the use of IFRS Standards for domestic companies whose securities trade in a public market, are there any plans to permit or require IFRS Standards for such companies in the future?	Not applicable.

***For FOREIGN companies whose debt or equity securities trade in a public market in the jurisdiction:***

Are all or some foreign companies whose securities trade in a public market either REQUIRED or PERMITTED to use IFRS Standards in their consolidated financial statements?	Yes.
If YES, are IFRS Standards REQUIRED or PERMITTED in such cases?	Required.
Does that apply to ALL foreign companies whose securities trade in a public market, or only SOME? If some, which ones?	All.

**IFRS ENDORSEMENT**

Which IFRS Standards are required or permitted for domestic companies?	IFRS Standards as issued by the Board, i.e. standards and amendments are adopted/endorsed as and when issued by the Board.
The auditor's report and/or the basis of presentation footnotes states that financial statements have been prepared in conformity with:	IFRS Standards and in accordance with law of Georgia on Accounting, Reporting and Auditing.
Does the auditor's report and/or the basis of preparation footnote allow for 'dual reporting' (conformity with both IFRS Standards and the jurisdiction's GAAP)?	No.
Are IFRS Standards incorporated into law or regulations?	Yes.

If yes, how does that process work?	The Law on the Regulation of Accounting and Financial Reporting dated 5 February 1999 (the Accounting Law) stated that 'all legal entities, except small enterprises, were required to prepare their financial statements in conformity with International Accounting Standards (IASs) and temporary accounting standards'. The Accounting Law was supplemented in 2005 by Regulation No. 11 dated 6 April 2005, which adopted IFRS Standards issued by the International Accounting Standards Board as the accounting framework applicable in Georgia. The law was amended subsequently to adopt the IFRS for SMEs Standard.
	In 2016 the new law of Georgia on Accounting, Reporting and Auditing was adopted (repealing the old one) which categorises entities by sizes and public interest in line with EU Directive 34. According to this law IFRS Standards are required for public interest and large entities. Small and medium sized entities are required to apply IFRS for SMEs. Micro entities apply IFRS for SMEs based simplified standard. All category entities are entitled to apply higher level reporting standard on voluntary basis.
If no, how do IFRS Standards become a requirement in the jurisdiction?	Not applicable.
Does the jurisdiction have a formal process for the 'endorsement' or 'adoption' of new or amended IFRS Standards (including Interpretations) in place?	Yes
If yes, what is the process?	According to the Law of Georgia on Accounting, Reporting and Auditing, IFRS Standards are adopted by the decree of the Head of the Service for Accounting, Reporting and Auditing Supervision.
If no, how do new or amended IFRS Standards become a requirement in the jurisdiction?	Not applicable
Has the jurisdiction eliminated any accounting policy options permitted by IFRS Standards and/or made any modifications to any IFRS Standards?	No.
If yes, what are the changes?	Not applicable.
Other comments regarding the use of IFRS Standards in the jurisdiction?	None.

## TRANSLATION OF IFRS STANDARDS

Are IFRS Standards translated into the local language?	Yes, IFRS Standards are translated into Georgian and the translation is provided / coordinated by the IFRS Foundation. Currently the 2019 Blue Book is available in Georgian.
If they are translated, what is the translation process? In particular, does this process ensure an ongoing translation of the latest updates to IFRS Standards?	IFRS Standards are translated, adopted and published every years no later than 6 months after its release by IFRS Foundation. Editorial changes are also translated immediately upon release.

## APPLICATION OF THE IFRS FOR SME STANDARDS

Has the jurisdiction adopted the IFRS for SMEs Standard for at least some SMEs?	Yes, Georgia has adopted the IFRS for SMEs Standard.
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If no, is the adoption of the IFRS for SMEs Standard under consideration?	Not applicable
Did the jurisdiction make any modifications to the IFRS for SMEs Standard?	No.
If the jurisdiction has made any modifications, what are those modifications?	Not applicable.
Which SMEs use the IFRS for SMEs Standard in the jurisdiction, and are they required or permitted to do so?	SMEs that are not public interest entities are required to use the IFRS for SMEs Standard, unless they choose to use full IFRS Standards.
For those SMEs that are not required to use the IFRS for SMEs Standard, what other accounting framework do they use?	SMEs that are not public interest entities are required to use IFRS for SMEs unless they choose to apply full IFRS Standards.
Other comments regarding use of the IFRS for SMEs Standard?	None.