

31 MARCH 2020 THE IMPLICATIONS OF COVID-19 PANDEMIC ON BUSINESS RENEWABLE NEWSLETTER



On 30 March 2020, the Government of Georgia adopted Ordinance N204* on making amendments to the Ordinance N181 On the Approval of Measures to be Implemented in connection with the Prevention of the Spread of the Novel Coronavirus (COVID-19) in Georgia.

The ordinance restricts any economic activities, except for ones under Article 7 of the ordinance.

1. ECONOMIC ACTIVITIES

According to the Tax Code of Georgia, any activity undertaken to gain profit, income or compensation is considered as an economic activity.

The following shall not be economic activity:

- activity of public authorities, national regulatory and local selfgovernment authorities
- charitable activity
- religious activity
- employment work
- placement of funds by natural persons into deposit accounts with banks and other credit institutions
- Sale of the 4 residential apartments (house) with the land owned by a natural person during every continuous 48 months.

As it is particularly important we'd like to explain what employment work means:

- performance of obligations by a natural person within the scope of the relations governed by the labour legislation
- performance of an obligation by a natural person, which is related to his/her service in the defense forces, law enforcement bodies of Georgia and other equivalent bodies
- holding the position the head (director) of an enterprise (organization) by a natural person or carrying out the duties of the head (director) of an enterprise or an organization.

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1.1. PERMITTED ECONOMIC ACTIVITIES

As for the list of permitted economic activities, according to the Ordinance the following activities are permitted:

- Activities of the medical institution
- the retail sale of food and feed, animals, animal and plant products, household cleaning and hygiene products, veterinary drugs, pesticides and agrochemicals, and seed and planting materials, as well as their production, storage, wholesale and distribution, production of food packaging materials/containers
- Activities of the mill, bakery, milk production, and re-production enterprises
- Supply of electricity, natural gas, water production/transmission/distribution, gasoline, diesel, liquefied gas, as well as delivering telecommunications, postal and waste management services
- Activities of commercial banks
- Payment service providers and agents providing payment services through ATMs and POS terminals
- Activities of payment system operators
- Activities required for continuous operation of ATMs, self-service kiosks and post terminals
- Activities of the micro-financing organization
- Supply/sale of banking/financial products/services through remote channels
- Manufacture/distribution/sale of medical goods, pharmaceuticals
- Carrying out agricultural, livestock/poultry activities
- Passenger transportation service with car Taxi (M1 category)
- Food delivery services
- Private security Services
- Advocacy
- Activities of vehicle service providers
- Press-distribution booth activities.

Operation of facilities involved in the sale of wine and based alcoholic beverages, as well as spirit based alcoholic beverages and beer is prohibited during the State of Emergency.

The activities of restaurants, public catering facilities, and catering facilities in enterprises and organizations, shall be permitted for the duration of the state of emergency only through delivery services or drive-through services without allowing customers into a retail space.

However, it should be considered that the Government of Georgia may expand the list of permitted economic activities. Moreover, according to the Ordinance, the Ministries of Georgia are required to submit to the Government of Georgia a list of economic activities (facilities carrying out activities) agreed with the Coordination center within 24 hours after the Ordinance enters into force.

2. ADDITIONAL RESTRICTIONS:

- Leaving the place of residency by natural persons over 70 years of age is prohibited;
- Any assembly of more than 3 natural persons in a public space is prohibited;

This prohibition does not apply to:

- an assembly of persons in medical institutions, public institutions, defense forces, special penitentiary institutions, or law enforcement bodies, where official functions are being carried out, as well as
- construction-infrastructure works agreed with the Coordination center.
- permitted economic activities (provided that recommendations issued by the Ministry of Internally Displaced Persons from the Occupied Territories, Labour, Health and Social Affairs of Georgia are complied with and a minimum distance of 2 meters between the workers is ensured).
- Social activities which involve the assembly of more than 3 natural persons are prohibited.

During the State of Emergency the following shall be suspended:

- Transportation of passengers by railway (except the cases provided in the Ordinance)
- Transportation of passengers in intercity and/or within administrative boundaries of the municipality by M2 and M3 category vehicles
- Public transport, including subway and ropeway
- Regular air transportation of passengers inside the country. Applications for non-scheduled (chartered) flights are reviewed individually by the LEPL Civil Aviation Agency in agreement with the Ministry of Economy and Sustainable Development of Georgia.

During the State of Emergency movement of pedestrians or vehicle is prohibited from 21:00 to 06:00. This prohibition does not apply to:

- International freight shipping
- persons/vehicles of public agencies and entities carrying out permitted economic activities who are on the list agreed with the coordination centers and whose movement is critically necessary to perform their duties during the State of Emergency
- the movement of more than 3 persons (including drivers) by means of the vehicle during the State of Emergency is prohibited. At the same time, passengers should be seated behind the driver (on the back seat).

SANCTIONS

Violating the regime of the state of emergency will be subject to the sanctions under the Decree N1 On 21 of the President of Georgia as of 21 March 2020:

Fine in the amount of GEL3,000 for natural persons

Fine in the amount of GEL15,000 for legal entities.

Repeating the same act will result in criminal liability and in particular, imprisonment for up to 3 years.