

BGI Law Brief

May 2020 - Covid-19 Update

In response to COVID-19, Georgia declared the state of emergency in March. The state of emergency will remain in force until May 23, 2020, and according to recent announcement of the Prime-Minister, will not be extended further. However, certain restrictions will be maintained to be removed gradually.

Below please find a brief overview of measures implemented by the Government across various business and public sectors based on the Ordinance of the Government of Georgia №181 on Measures for Prevention of Spread of COVID-19 in Georgia (the “Ordinance”) dated March 23, 2020 (as amended and updated from time to time).

Violation of the state emergency measures may lead to fines, including administrative penalties ranging from GEL 3,000 to GEL 15,000 and criminal liability, in case of repeated breach.

General Restrictions

Applicable regulations restrict travel, transportation, public gatherings, and educational process.

Restrictions on travel and transportation include, *inter alia*:

- Prohibition of international travel by land, air or sea (subject to certain exceptions);
- Suspension of direct international flights, except for flights specifically designated to secure return of foreign citizens to their home countries and return of Georgian nationals to Georgia;
- Ban on regional, intercity and intracity public transportation as well as local flights;
- A nationwide curfew in effect from 21:00 to 06:00;
- Restriction of the number of passengers in private vehicles

(including taxi) to a maximum of three including the driver;

- Lock-down of quarantined areas;
- Restriction applicable to people aged 70 and over (with the exception of medical staff); such individuals must stay at home, unless they need to get medical assistance, food and medicine.

Gatherings of more than 10 (ten) individuals indoors and outdoors (except in private residences) is prohibited. Furthermore, wearing a facemask is mandatory in closed public spaces. In addition, sports and cultural events, social activities, and manifestations continue to be restricted.

Educational institutions and research centers also remain closed. All classes, public lectures, trainings, and seminars may only be conducted remotely.

Businesses and Economic Activity

The Ordinance suspended all economic activities, save for those specifically carved out from restriction. The current list of unrestricted economic activities includes, *inter alia*:

- Activities of medical institutions;
- Manufacturing and mining;
- Open agricultural markets;
- Electricity, natural gas, water, petroleum, diesel and liquid gas supply as well as telecommunications, postal and waste management services;
- Commercial banks, microfinance organizations, payment service providers (provided they are acting through self-service kiosks), ATM machines and loan issuers;
- Financial/banking services rendered remotely;
- Distribution and sale of medical and pharmaceutical products;
- Taxi services;
- Delivery services;

- Online shipping, provided there are no more than 5 people at the workplace/warehouse;
- Private security services;
- Attorney services;
- Auto repair services;
- Extraction of oil and gas;
- Press booth;
- Any economic activity which can be carried out remotely;
- Warehouses, provided there are no more than 5 people at the workplace;
- Supply of packaging materials for permitted economic activities as well as labeling;
- Construction and repair works;
- Beauty salons and centers of aesthetic medicine centers.

Additional business sector specific exemptions have also been approved to supplement the list of unrestricted economic activities set forth above, such as:

- Tobacco sale;
- Cargo transportation;
- Wholesale realization of disinfectants and hygienic products;
- Publishing;
- Broadcasting;
- IT services (remotely);
- Insurance and leasing (remotely);
- Tax consulting, accounting and auditing (remotely);
- Legal services (remotely);
- Fire safety;
- Customs warehouses.

In addition, exemptions have been granted to specific entrepreneurs which will be allowed to continue into operation.

Public Services

Courts and Administrative Proceedings

Court hearings are held remotely through available electronic means of communication. Submissions may be made electronically, or by post or may be left at specifically designated areas located at court premises. No extension of procedural

deadlines for submission of such documents has been provided.

As to administrative proceedings, the Government has suspended the deadlines for submission and examination of the administrative claims and provision of public or personal information.

Enforcement

As of April 6, 2020, the National Bureau of Enforcement (NBE) is authorized to initiate enforcement proceedings based on electronic submissions via the following portals: www.my.gov.ge or info@nbe.gov.ge. The original enforcement writ must be submitted within 10 business days after the end of the state of emergency; otherwise the enforcement proceedings will be terminated.

While the NBE remains operational, some of its services, such as seizure of certain movable assets, evictions, and the statement of facts, have been temporarily suspended.

Financial Market Supervision

On March 23, 2020, the National Bank of Georgia (NBG) stopped accepting applications for registration and licensing of microfinance organizations, currency exchange bureaus, loan issuers, money transfer service providers, system operators, credit unions, stock exchanges, central depositories, specialized depositories, brokerage companies, and securities registrars for the next 2 months. Accordingly, new businesses willing to file for any of the above business licenses will not be able to do so until this restriction is lifted.

The NBG has also granted extension of deadlines for submission of quarterly reports to some financial service providers.

An electronic portal for remote supervision of regulated entities has also been created which can be accessed at: www.nbfi.nbg.ge.

The National Agency of Public Registry

The National Agency of Public Registry (the "Registry") is currently providing services both on-site and remotely, through online

portal: www.my.gov.ge. Customers interested in obtaining services of the Registry must book a visit in advance.

The filing requirements have been relaxed as the Registry is temporarily accepting documents without notarized translations.

Public Notary Services

Temporary notary bureaus have been set up in large cities in Georgia, where the notaries are working under the rotation schedule established by the Chamber of Notaries of Georgia (CNG). However, rendering of certain notary services (issuance of inheritance certificates, notary mediation, execution of maritime protests, certification of translations, etc.) is permitted only in case of emergency and subject to the prior consent of the CNG.

Import and Export of Goods

The Government has temporarily relaxed regulations to simplify import of goods. In particular, the goods may be imported without phytosanitary and veterinary certificates. The importers must address LEPL National Food Agency and obtain their consent to benefit from this exemption. In addition, import permits for food subject to the veterinary control will be issued without on-site inspection if certain conditions are met. Importers of goods may also submit certified copies “EUR 1” preferential origin certificate instead of the original document to the Georgian customs authorities to clear the goods.

As of April 2, 2020, the Government has prohibited export and re-export of certain medical equipment, such as COVID-19 diagnostic tests, ventilators, gloves, face shields, goggles, remote thermometers, etc. Further, import of these goods is subject to VAT exemption without the right of deduction. These provisions will remain effective until October 1, 2020.

At the same time, on April 2, 2020, the Government adopted regulations to secure safe international cargo transit on the territory of Georgia. Trucks transporting

international cargo must leave the territory of Georgia within the set time limits ranging from 24 hours to 7 calendar days, depending on their point of entry. Special “Stop Points” have been designated to allow the drivers to receive necessary services and supplies while being in transit.

Financial Subsidies

To mitigate effects of the pandemic, the Government will subsidize the following sectors:

- On April 17, 2020, Georgia launched the program subsidizing the import of wheat to maintain the prices and create the supply of wheat and first quality flour.
- As of April 10, 2020, the Agricultural and Rural Development Agency implemented the Agriculture Hedging Program. Under this program, businesses of eligible farmers will be insured by local insurers and the portion of insurance premium payables will be subsidized by the Agency.
- On March 23, 2020, Georgia initiated the State Program for Maintaining the Prices on Essential Food Products in the period of March 15-May 15. Under the program, GEL 10 million was allocated to subsidize businesses and cap the prices of nine essential products – rice, pasta, buckwheat, vegetable oil, sugar, milk powder products, and beans.

The Anti-Crisis Plan

On April 24, 2020, Georgia presented its economic anti-crisis plan for support and stabilization of COVID-19 affected economy. The budget to be spent on anti-crisis plan amounts to approximately GEL 3.5 billion.

The plan envisages various measures, including deferral of import taxes payable for imported cars until September 2020 and deferral of property and income taxes for the tourism sector until November 2020. Additionally, the Government has pledged to

finance 80% of interest payments during the next 6 months for loans issued to certain hotels to support hospitality business, and hedged construction material costs for infrastructure projects.

Certain limited social allowances will also be provided to people who have lost their jobs or remain on unpaid leave (GEL 200 per month during the next 6 months). One-time social allowance will be paid to self-employed persons who have lost their source of income, while salaries up to GEL 750 will be exempted from income tax. The Government has also pledged to support the private sector by doubling VAT returns.

Furthermore, the National Bank of Georgia will provide GEL 600 million liquidity to the banking sector and a credit guarantee scheme amounting to GEL 300 million will continue to function.

In addition, the Government released plan which provides for gradual lifting of the restrictions as summarized below:

- The first stage (starting from April 27): driving private vehicles/taxi cabs allowed; open air agricultural markets reopened, and online shopping and delivery services resumed their activities;
- The second stage (starting from May 11): restrictions on the construction business, car maintenance services, computer maintenance services, and recreational zones were lifted, restrictions on retail and wholesale shops (save for shopping malls), which have separate access from streets lifted; all types of open-air markets reopened and publishing companies resumed their activities;
- The third stage (starting from May 18): restriction on beauty salons and aesthetic centers lifted;
- The fourth stage (starting from June 8): shopping malls, open-air restaurants to reopen; all kinds of financial services to resume their activities;

- The fifth stage (starting from June 22): markets and all types of restaurants to reopen;
- The sixth stage (starting from July 6): gambling businesses, entertainment services, hotels, educational institutions, all other types of businesses to resume their activities.

However, the stages and their starting dates may change based on existing epidemiological situation.

This Law Brief is for general information purposes only. It does not constitute and is not intended to be relied upon as legal advice. BGI shall not be responsible for any loss in the event this update is relied upon without seeking our professional advice first.

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