

## Anti-crisis socio-economic plan

### Income Tax

According to anti-crisis socio-economic plan, natural persons shall be exempt from income tax during 6 months period starting from May 1, 2020 on their salary, not exceeding 750 GEL, if their earned salary income during this six-month period does not exceed 1 500 GEL for each month.

Tax exemption shall be applied to the persons, working for the private organizations.

Those organizations, who are authorized to enjoy tax privileges, when paying its employees' salaries for the months - May-October:

- shall not pay income tax for those employees, whose monthly remuneration is 750 GEL or less;
- shall partly pay income tax for those employees, whose remuneration is more than 750 GEL but no more than 1 500 GEL. In that case 750 GEL shall be subtracted from the gross salary and remained amount shall be taxed;
- shall pay income tax in total for those employees, whose salary for the specific month exceeds 1 500 GEL;

### Social Aid for Employees, Who No Longer Receive Salaries

The compensation equal to 1 200 GEL is designed for employees who lost their jobs or are on unpaid leave, which will be paid during next 6 months, 200 GEL per month.

The compensation to the employees will be released based on the information and declaration, presented by the company to the Revenue Service, that the employee had received the salary at least one time, during the first three months (January, February, March) of the year 2020.

### Self-Employment

Financial compensation equal to 300 GEL is designated for self-employees.

In order for a person to receive abovementioned compensation, he shall prove that he carried out economic activity or had an income during the first quarter of the year 2020.

### Socially Unprotected Families

Socially unprotected families with the social rating score from 65 000 up to 100 001 will receive monthly assistance per member in the amount of 35 GEL, accordingly the payment will be done in compliance with the family members.

The families whose social rating score is up to 100 001, having three and more children aged 16 and below, also family members with severe disabilities and children with disabilities will receive 100 GEL monthly during 6-month period, together with the financial aid established for each child.

## Manuals Adopted by the Revenue Service in 2020

The Revenue Service has adopted several manuals in 2020, regarding specific issues of the taxation. Detailed information about the manuals can be found in the Georgian version of our April newsletter.

## The Regime of the state of emergency

The president of Georgia on 21 April 2020 has issued the Edict #2 On the Declaration of the State of Emergency throughout the Whole Territory of Georgia by which the period of the state of emergency declared throughout the whole territory of Georgia by Edict No 1 of 21 March 2020 of the President of Georgia has been extended to 22 May 2020 inclusive.

Accordingly, if not otherwise declared by the new Edict, the period of the state of emergency shall survive until 24:00, 22 May, 2020.

The regime of state of emergency, in turn, is determined by the Edict No 1 of 21 March 2020 of the President of Georgia, as well as the Ordinance No 181, of the Government of Georgia, of 23 March 2020.

Thus, the regime of state of emergency implies the following restrictions:

### **Restriction of economic activities**

For the duration of the state of emergency, any economic activities are suspended except economic activity, that is carried out remotely, only from home (without leaving home). The restriction shall not apply also to:

- the activities of medical institutions;
- the retail sale of food and feed, animals, animal and plant products, veterinary drugs, pesticides and agrochemicals, and seed and planting materials, as well as their production, storage, wholesale trade and distribution, and the production of packaging materials and tare for food;
- the activities of open-type agricultural markets/fairs;
- the activities of mills, bakeries, and milk processing enterprises;
- the production/transmission/distribution/supply of electricity, natural gas and water and the supply of petrol, diesel and liquefied gas, as well as the delivery of telecommunications and postal services and services related to waste management;
- the activities of commercial banks;
- the activities of payment service providers and their agents delivering services through self-service kiosks;
- the activities of payment system operators;
- the activities necessary for the smooth operation of ATMs, self-service kiosks and POS terminals;
- the activities of microfinance organisations;
- the remote delivery/sale of banking/financial products/service;
- the production/distribution/sale of medical products and pharmaceutical products;
- the activities related to the performance of agricultural works and activities related to livestock/poultry production;
- the services of cars – taxis (Category M1);

- the services of delivery (so-called “delivery services”);
- remote (so-called “online”) trade (not more than 5 persons at a workplace/in a warehouse);
- private security activities;
- legal practice;
- the activities of entities providing car care services;
- press booths;
- oil and gas extraction, processing;
- warehousing and storage activities (not more than 5 persons at a workplace/in a warehouse, except in customs warehouses);
- the production, supply and sale of packaging materials and tare for permitted economic activities, as well as labelling and activities related to labelling.

The Government’s Decree also provides for a list of economic activities and specific enterprises to carry out economic activities, which due to their special importance are permitted during the state of emergency.

### **Restriction of transportation services**

The restriction concerns international air, land and sea transport services for transportation of passengers, domestic transportation of passengers by rail, the intercity transportation of passengers and/or the transportation of passengers within the administrative boundaries of municipalities by M2 and M3 category motor vehicles, as well as movement by public transport, including the Metro and ropeways.

Restrictions imposed on movement is subject to time limits as well: for the duration of the state of emergency, the movement of persons on foot or by a vehicle is prohibited from 21:00 to 06:00.

The prohibition of transportation does not apply to international cargo transportation.

### **Restriction of entry and exit in/from Tbilisi, Rustavi, Kutaisi and Batumi municipalities**

With the certain exceptions, enter and exit in/from Tbilisi, Rustavi, Kutaisi and Batumi municipalities is prohibited during the existence of the state of emergency – i.e. till 24 o’clock of 22 May, 2020.

### **Restriction of assemblies and demonstrations, and assemblies in a public space**

Any gathering of more than 3 natural persons in a public space is prohibited. When gathering in a closed public space, all persons shall wear facial masks. In turn, the Decree defines the term “public space” as any indoor or outdoor area, unless it is a space used by individuals for residential purposes.

The restriction on gathering does not apply to the enterprises, whose economic activity is permitted by the Decree. The abovementioned restriction shall not apply to enterprises, providing construction and infrastructural works, if their activity is agreed with the Operations Headquarters.

### **Restrictions related to private property**

According to the Decree, legal and natural persons, who own and/or are able to provide hotel and similar accommodation services, or who are able to provide carriage and transportation by air and/or road, upon an initial request by the Ministry of Economy and Sustainable Development shall provide those services.

### **Other Restrictions**

According to the Decree of the Government of Georgia, a number of other restrictions have been imposed in order to prevent the spread of the new coronavirus (COVID-19).

## **Amendments to the Criminal Code and Administrative Offences Code of Georgia**

On April 23, 2020, two articles were added to the Criminal Code of Georgia, which became effective from May 2, 2020. According to the amendment, violation of isolation and/or quarantine rules has been criminalized, namely violation of isolation and/or quarantine rules, envisaged for the issues covered by the law on "public health", by the person who has been punished by an

administrative penalty for such an act, or by a person who has had a previous conviction for this offence, shall become penalized under the criminal code of Georgia. Such crime shall be punished by house arrest for a term of six months to two years or imprisonment for up to three years. The criminal punishment of a legal entity for this act is determined by liquidation or deprivation of the right to carry out activities and/or with a fine.

Violation of the state of emergency or martial law defined by the decree of the President of Georgia and/or other relevant normative acts, if such an action is committed by a person who has been punished by an administrative penalty for such an act, or by a person who has had a previous conviction for this offence, is also declared as crime.

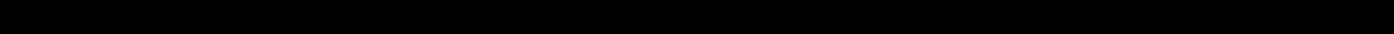
The criminal liability of a legal entity for this act is determined by liquidation or deprivation of the right to carry out activities and/or with a fine, unless otherwise provided by the decree of the President of Georgia.

In turn, the new articles are added to the Code of Administrative Offences, according to which the violation of the state of emergency and/or martial law, as well as violation of the rules of isolation and/or quarantine committed for the first time, will be considered as an administrative offense and will result in a fine of GEL 2,000 for natural person, and GEL 10,000 for legal entity for violation of isolation and quarantine rules and a fine of GEL 3,000 for a natural person and GEL 15,000 for legal entity for violating the state of emergency and / or martial law.

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