

**COVID-19 Anti-crisis Economic Plan**  
**Introduced by the Government of Georgia**

26 April, 2020



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# Contents

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# Introduction



On 24 April 2020, the Prime Minister of Georgia presented the COVID-19 Anti-crisis Economic Plan (“AEP”), covering already implemented activities, as well as the measures to be taken going forward, which in some instances require several legal changes. While presenting the AEP, the Prime Minister also announced the projected “reopening of the economic”, which impacts dates of reopening of various fields of the economy.

# Anti-crisis Economic Plan

## I Stage – Measures for Citizens and Businesses

- Utility fees (electricity, water, sanitary, and natural gas) of citizens were paid by the state. The financial support is available during March-May 2020 for users consuming up to 200 kW of electricity and/or up to 200 m<sup>3</sup> natural gas monthly. According to the AEP, the budget for this activity amounts to 150 million GEL;
- The payment deadline for declared income and property tax was extended to 1 November 2020 for persons employed in the tourism sector;
- The custom clearance term for vehicles imported before 1 April 2020 was extended to 1 September 2020 for car importers;
- The government introduced the State Program for Maintaining Prices of Primary Consumption Food Products. The program envisages subsidies for certain imported products (rice, pasta, buckwheat, sunflower oil, sugar, milk powder, beans, wheat, and wheat powder) for the period from 15 March to 15 May 2020. The budget for this program is 15 million GEL;
- Within the frame of the new program “Co-financing Mechanism for Supporting Family-owned, Small and Medium-size Hotel Industries”, Enterprise Georgia (the agency of the Ministry of Economic and Sustainable Development of Georgia) will co-finance up to 80 per cent of the annual interest rate on loans issued to family-owned, small and medium-sized hotels. The estimated budget is 10 million GEL.



# Anti-crisis Economic Plan (continued)

## II Stage – Economic Estimates and Attracting Financial Resources

- According to these estimates, the economic growth rate of Georgia for 2020 will be minus 4%;
- The budget deficit for the year 2020 estimates to 1.8 billion GEL;
- New expenses concerning social, economic support, and management of COVID-19 will be added to the budget expenditure. According to the AEP, the required resources totals 3.9 billion GEL;
- According to the Prime Minister of Georgia, international financial organisations extended financial resources of 3 billion USD for the Georgian economy, out of which 1.5 billion USD will be provided to the budgetary funding and 1.5 billion USD to the banking sector.



# Anti-crisis Economic Plan (continued)

## III Stage – Planned Actions

- There are plans in place to provide targeted social assistance. More precisely, an employed person who lost their job or was placed on an unpaid leave following the spread of the coronavirus pandemic will receive 1,200 GEL over the course of 6 months (i.e. 200 GEL per month);
- Employers will receive a state subsidy for each job maintained. Namely, over the course of 6 months: (1) salaries up to 750 GEL will be fully exempt from income tax; and (2) for salaries up to 1,500 GEL, 750 GEL will be exempt from income tax;
- One-time assistance of 300 GEL will be provided to people who are self-employed or employed in the “informal sector”;
- Over the course of the upcoming 6 months, 600 GEL in assistance will be given to families who have (1) a social rating score in the 65,000–100,000 range, as well as (2) families with a social rating score in the 0-100,000 range and three and more children under the age of 16. A financial assistance in the same amount will be provided to persons with severe disabilities and children with disabilities;
- Starting from January 2021, the rule of indexation of pensions will be introduced. According to this rule, pensions will increase in the following way:
  - For all pensioners: by, at least, the rate of inflation – this means that rising prices will not affect the real volume of pensions;
  - For pensioners aged 70 and above: 80% of the real economic growth rate will be added to the rate of inflation – this means that the annual growth rate of pensions will be higher than the inflation rate.



# Anti-crisis Economic Plan (continued)

## III Stage – Planned Actions (continued)

- Regardless of inflation and economic growth rates, pension increase will be at least 20 GEL (and at least 25 GEL for pensioners aged 70 and above). The decision to increase pensions by 30 GEL for pensioners aged 70 and above from 1 July 2020 remains effective.
- The automatic VAT-return mechanism will be introduced and the current amount of VAT refunded from the state budget will be doubled;
- Commercial banks will receive a long-term financial resource of 600 million GEL;
- An additional 500 million GEL will be provided to support business, including through the loan guarantee scheme (a loan portfolio of 2 billion GEL will be provided through a guarantee);
- Changes to the Enterprise Georgia's co-financing terms will apply to the increase of loan/leasing co-financing periods from 24 to 36 months and decrease of the minimum limit; it will also affect the co-financing mechanism. There are plans to increase the types of activities and cash flow financing;
- There are plans to finance annual crops up to 30,000 GEL through agricultural credits to fully cover loan interests;
- Beneficiaries of irrigation services will be fully exempt from irrigation tax in 2020. Moreover, outstanding sums for the past years will be fully written off.



# Stages of Removal of Restrictions on Economic Activities

According to the Georgian government, the recommendation on remote working and social distancing stays in force due to the COVID-19 pandemic. There are plans to start gradually removing restrictions on economic activities from 27 April 2020. The estimated average period between each stage as shown below is two weeks. Before proceeding to the next stage, the on-going epidemiological situation will be analysed and the decision to move to the subsequent stage will be made accordingly. The dates indicated below are conditional and may be updated in light of the epidemiologic status at the time.





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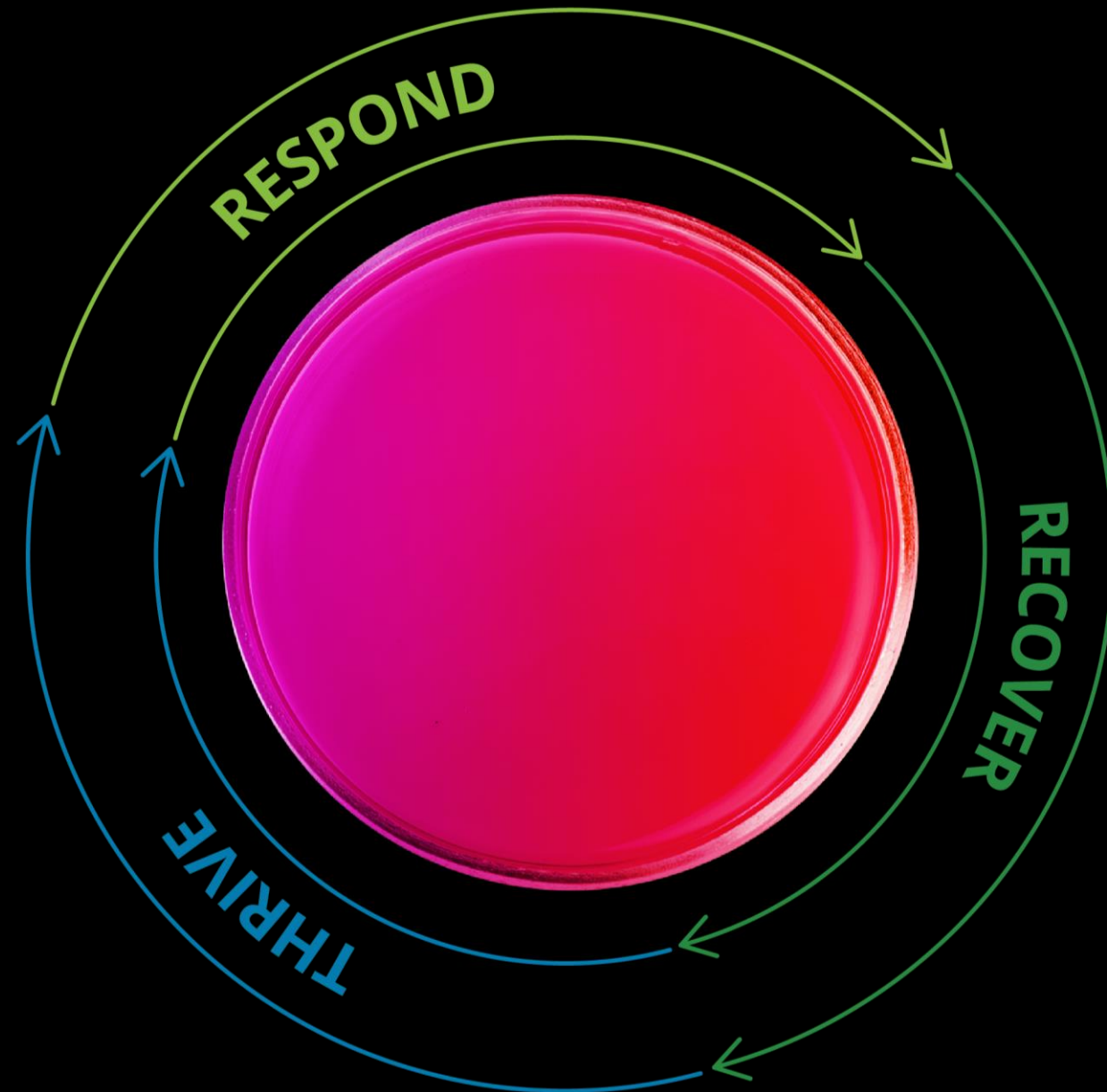
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