

Features of Administrative and Legal Regulation of Entrepreneurial Activities during the Period of the Spread of Coronavirus Infection

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Abstract: The article examines the features of administrative and legal regulation of entrepreneurial activity during the spread of coronavirus infection. A study of administrative legislation was carried out that determines the legal nature of the activities of commercial organizations and individual entrepreneurs during the COVID-19 pandemic, as a result of which the reasons for restricting the activities of individual enterprises were identified. The measures taken earlier and now to protect citizens of Russia from the spread of coronavirus infection are necessary, however, use of such measures, in our opinion, shall not be left to the mercy of the regional authorities, which can interpret them at their own discretion, quite often without caring a little about what will be the consequences of these measures. Small and medium-sized businesses, which became the "main victim" during the spread of coronavirus infection and mostly fell under administrative and legal sanctions in the case of failure to fulfill the sometimes not entirely logical requirements of the authorities, is actually a subject of legal relations that fully participates in formation of the GDP of any country. Tax deductions paid by small and medium-sized enterprises make up a certain part of the state budget, and if such organizations find themselves on the verge of bankruptcy and cannot pay taxes, the state may lose a significant budget item.

1 INTRODUCTION

In modern conditions, the activities of entrepreneurs are associated with significant risks associated not only with unstable market niches, but also with development of the coronavirus pandemic. It is known that the activities of entrepreneurs, by definition, carry many risks that can negatively affect both the development of the enterprise itself and the welfare of the entrepreneur. However, even the largest enterprise that works according to a well-designed business plan is not insured against the risks that come with extraordinary events, one of which was the COVID-19 pandemic.

Some useful insights can be drawn from the extensive references on major crises (such as natural disasters and epidemics) and how businesses survive. To be sure, financial crises (such as the 2008 global financial crisis) and epidemics (such as the plague, Spanish flu and SARS) have swept many countries and affected millions of people, destroying many small and large businesses. Their influence has


affected all parts of the world economy. It took some countries years to recover, but others never did.

However, unlike some recent crises, Covid is a chronic health crisis with many facets. This crisis led to closure of enterprises, and people stayed at home for months. Estimates of the impact of Covid on the global economy are sketchy and highly variable. However, it is indisputable that the scale of economic destruction due to the consequences of the spread of coronavirus infection has surpassed the experience of those over the past hundred years.

The purpose of this paper is to consider the features of administrative and legal regulation of entrepreneurial activity during the period of the spread of coronavirus infection.

2 MATERIALS AND METHODS

To write this paper, the regulatory legal acts within the framework of the designated topic were studied, and comparative study methods were applied.

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3 RESULTS

The cost of Covid-19 in terms of human lives has been staggering. According to the WHO, to date, more than 4.5 million people have died from this disease in the world, and the waves of the development of this disease continue to generate more and more victims.

According to the International Labor Organization, the uncertainty created by Covid-19 could lead to the loss of jobs for half of the world's workforce. Experts estimate that 1.6 billion people employed in the "informal economy" have been severely affected by the epidemic crisis. Millions of people have lost their jobs, been fired immediately and unconditionally, or fired with no clear prospect of returning to work. These changes have turned Covid-19 into a national security crisis that many countries need to overcome in order to protect the wealth and well-being of their people [10].

When you think about the global business environment and how it affects international businesses, it becomes clear that Covid-19 has already brought about major changes that will have a profound impact on these businesses for years to come. Epidemics have this effect: they truly change the way people live, think, act and organize their societies. The most important of these changes made by Covid-10 to date are damage to long-standing organizations, altering global supply chains, disrupting nearly all existing businesses, and disrupting the flow of knowledge, technology capital, ideas due to closures of parts of the borders between countries. Already each of these changes can disrupt the business activities of international enterprises, but their combined effect is likely to be even more damaging, since these changes are interrelated [11].

In the academic references, the factor of fear is noted as an important indicator limiting the entrepreneurial activity of potential and emerging entrepreneurs. The pandemic also caused low demand and market stagnation, which negatively affected the implementation of a number of entrepreneurial startups. The business situation heightened the fear of failure with maximum risk of termination or minimal entrepreneurial activity [11].

The pandemic has forced entrepreneurs to consider changing the existing structure due to a lack of resources and opportunities. Many of them changed the format of their activities: they introduced take-away work in public catering enterprises, organized mass courier delivery of food, clothing, shoes and other goods from stores that did not

previously have an online format, various commercial training courses were also switched to online work.

A significant decrease in entrepreneurial activity during development of the pandemic was largely due to the orders of the governments of various countries to impose a blocking of their work due to introduction of a lockdown [12]. At the very beginning of the spread of the COVID-19 pandemic, the leadership of most of the countries of the world, following the example of China, decided to limit contacts with other countries, cutting off air and rail links with them. In addition, it was ordered to close most of the enterprises, especially those that provided services in the field of entertainment and leisure activities, catering, and etc. Beauty salons, hairdressing salons, fitness rooms and clubs, shops selling industrial goods (with the exception of those selling essential goods), and etc. were massively closed [13].

Shutdown of commercial enterprises has been regulated by various regulations issued by governments. In Russia, such a document was the Decree of the President of the Russian Federation of March 25, 2020 "On the Announcement Of Non-Working Days in the Russian Federation" [2], as well as the Decree of the President of the Russian Federation of April 2, 2020 No. 239 "On Measures to Ensure the Sanitary and Epidemiological Well-Being of the Population in the Territory of the Russian Federation in Connection with the Spread of A New Coronavirus Infection (COVID-19)" [3].

According to the last specified document (cl. 1, subcl. "b"), the country suspended (limited) "the activities of individual organizations located in the relevant territory, regardless of the organizational and legal form and form of ownership, as well as individual entrepreneurs" [2]. These measures were taken "in order to ensure the sanitary and epidemiological well-being of the population in the territory of the Russian Federation in connection with the spread of the new coronavirus infection (COVID-19)" [2].

Wherein, the decree contained provisions stating that these restrictions are introduced for a period from April 4 to 30, 2020, while the average salary shall have been retained for employees.

This situation directly and indirectly affected practically all industries in which entrepreneurial activity was carried out. For most of small and medium-sized businesses, as well as for individual entrepreneurs, the introduction of a ban on activities was the beginning of the end: many companies could not painlessly restrict the activities of their enterprises for almost a month and closed just a few days after the Decree came into force. Others made an attempt

to stay afloat, but nevertheless closed a month or two after the end of quarantine, as they could not restore the "before-covid" business turnover and went bankrupt. Wherein, such enterprises were not saved with 2 trillion rubles allocated by the Government of the Russian Federation for business support, within the framework of which grants for wages, a deferral of all taxes, a deferral of insurance premiums, an interest-free loan for salaries of employees, a deferral of rent payments, a moratorium on collection of debts and fines, a moratorium on bankruptcy, reduced requirements for collateral when participating in government contracts, a program of concessional lending were established.

Most of these measures, despite their relevance in the entrepreneurial environment, required a certain period of their implementation, which became fatal for many small businesses, and some measures were simply ignored by the executors (for example, the delay of rent payments in some shopping centers was not provided to entrepreneurs, and penalties for the lessors, in general, practically did not suffer this violation of the order of the Government).

Also, many companies that applied to banks for preferential loans to support their business, expecting a loyal attitude towards themselves in the light of the Government's statement, received refusals: the number of refusals was so significant that at the government level, based on complaints from entrepreneurs, an audit of such refusals was initiated. However, the effectiveness of this check was also low: only part of the entrepreneurs who were refused were able to take advantage of this preferential credit program. Accordingly, this government measure of support for small and medium-sized entrepreneurs working in the most affected sectors of the economy did not receive mass implementation.

Some enterprises, in violation of the provisions of the Decree under consideration, nevertheless continued to carry out commercial activities. However, considering the introduction of part two in Art. 6.30 of the Code of Administrative Offenses of the Russian Federation, which establishes administrative punishment for violating sanitary and epidemiological rules during an emergency regime or in the event of a threat of the spread of a disease that poses a danger to others, or during the introduction of quarantine measures in the territory, these enterprises were identified during special raids and were brought to administrative responsibility. Among those who violated the law, there was the fitness club Sila (St. Petersburg) which continued to work and receive visitors, despite the restrictions imposed. For these actions in April, the head of the club was brought to

administrative responsibility by the Frunzensky District Court under Art. 6.3 The Code of Administrative Offenses of the Russian Federation (violation of legislation in the field of ensuring the sanitary and epidemiological well-being of the population).

The court ruled to impose a ban on the organization's activities for a period of 30 days, although the owner of the club stated that entrepreneurial activity was not carried out in violation of the law, and only professional athletes were in the club's premises at the time of the inspection. Also under Art. 6.3 the Kirovsky District Court of St. Petersburg suspended the activities of one of the billiard clubs, which also continued its work under the conditions of the Presidential Decree prohibiting such activity [7]. Similar cases took place in almost all cities of Russia: in Belgorod, the work of one of the pawnshops was suspended, in the Krasnodar Territory, the Voronezh Region, enterprises providing catering services, etc., fell under the sanctions of the article under consideration [7]. The reason for what is happening is clear: entrepreneurs who did not have sufficient financial reserves attempted to earn at least something, since, at least, the state did not abolish the payment of wages to its employees, but, on the contrary, made it an indispensable obligation.

4 DISCUSSION

Interesting facts against the background of the restrictions imposed are the following: in the regions, before the introduction of coronavirus restrictions, a list of companies was determined that produce essential goods or sell them. Within the framework of this list, some organizations hastily introduced such goods into their assortment, which allowed them to carry out work even during the quarantine period.

However, questions are still raised by the fact that, despite the period in which the pandemic developed - spring of 2020 - and against the background of the fact that gardening tools and fertilizers were recognized as essential goods, the work of garden centers that sell planting material and seedlings bushes and trees was banned. Retail markets were also closed, in connection with which a significant number of citizens who had moved to dachas and country houses during the quarantine were unable to make the necessary purchases. If residents of central Russia were able to make such purchases in May and plant the plants on their plots in a timely manner, then the planting spring period for residents of the south of

the country was in vain. If we take into account the average level of real wages in the country, it becomes obvious that most of the planting of vegetables in spring by citizens of our country is carried out for their subsequent harvesting for the winter in order to save pensions and low wages. Therefore, in the fall of 2020, most of the families of our country could not make a sufficient amount of reserves for the winter, thereby weakening their already not strong enough financial position. In this situation, we can conclude that a more thorough approach to differentiating companies that could carry out entrepreneurial activities in the market during the period of the introduction of quarantine measures in the spring of 2020 could help reduce social tension and allow garden centers to preserve planting material that did not wait for its buyers, and did not incur significant losses, and for the buyers to carry out the timely planting of vegetables and other crops so necessary for their families. However, Art. 6.3 of the Code of Administrative Offenses of the Russian Federation, which became the cornerstone of the situation in question and was adopted by the authorities making decisions on the closure of almost all enterprises, left neither one nor the other a chance.

Also Art. 6.3 of the Administrative Code, or rather the sanctions of this article, largely negatively affected the preparation for the season of farms in the Krasnodar Territory. The access regime introduced in this territory did not allow seasonal workers to arrive at their place of work on time, as a result of which many companies were forced to reduce the volume of cultivated land and received a significant amount of profit less.

In addition, the closed markets did not allow the residents of the territory to sell the berries and vegetables grown on the plots in a timely manner, as a result of which pensioners were left without a small additional earning, which is so important for them taking into account their pension. If the closure of markets in the period under review was associated with the lockdown introduced in the country as a whole, it would have been understandable, but we are talking here about the period (early-mid-May), which was at the mercy of the heads of the regions, as a result of which the Governor of the Krasnodar Territory at first a decision to restrict the work of markets and fairs was made, and after that the very opening of such shopping areas was so chaotic that, for example, entrepreneurs who announced the opening of the market and who were ready to meet their customers fully armed, making a supply of disinfectants, masks and gloves, for a long time could not find out the exact date of the start of work. At the

same time, it shall be noted that the goods that are sold on the market are perishable, and you need to import them before the sale itself, and the shelf life of most goods is 1-3 days.

It is also necessary to say that vegetables and fruits that are sold in the markets of Krasnodar and the region are made up there by local farmers, who were also deprived of the opportunity to sell their goods on time, without losses. However, the sanctions of Article 6.3 of the Code of Administrative Offenses of the Russian Federation did not allow them to arrange this sale. In this regard, the question arises: if the sale of food was organized in chain stores during the entire period of quarantine measures, why was a ban on the sale of food in the markets imposed? In connection with this, "double standards" were introduced for these trade organizations, and, the former have a high financial stability coefficient, huge warehouse facilities for storing perishable goods, well-functioning logistics and a continuous trading regime, and the latter had to expect "mercy" from the authorities of the region in order to sell their food products grown with such difficulty, losing part of the harvest, suffering losses and falling into debts to banks, where loans for development were taken in the fall? This decision of state bodies and their interpretation of the law sometimes cause bewilderment and regret.

Naturally, it is clear that tightening legal responsibility in order to ensure compliance with vital quarantine measures was an important step on the part of the state. These measures were also taken in other countries of the world, and the measures of responsibility were much more serious than in Russia.

So, instead of administrative, China immediately introduced criminal liability for the fact that there was a failure to report the presence of symptoms of the disease if a person was in a public place, as well as if a citizen visited Wuhan province and did not report this to the medical organization. If the actions of such a citizen endangered a significant number of people, since he/she did not go into self-isolation, the offender may be punished with imprisonment for up to 10 years, as well as, in accordance with the degree of guilt, life imprisonment or the death penalty.

During the period of the development of the pandemic, a number of criminal cases were instituted in the article under consideration, in which rather severe punishments were imposed. However, the WHO praised the measures taken by the state of China in the spread of coronavirus infection, giving them high marks. Accordingly, we can still say that the strict quarantine measures have yielded results. However, this was also facilitated by the mentality of

the citizens of this country, who are accustomed to unconditionally follow orders and follow the laws established in the state.

5 CONCLUSIONS

Undoubtedly, the measures taken earlier and now to protect Russian citizens from the spread of coronavirus infection are necessary, however, use of such measures, in our opinion, shall not be left to the mercy of the regional authorities, who can interpret them at their own discretion, quite often without caring about what the consequences of these measures will be. Small and medium-sized businesses, which became the "main victim" during the spread of coronavirus infection and mostly fell under administrative and legal sanctions in the case of failure to fulfill the sometimes not entirely logical requirements of the authorities, is actually a subject of legal relations that fully participates in formation of the GDP of any country. Tax deductions paid by small and medium-sized enterprises make up a certain part of the state budget, and if such organizations find themselves on the verge of bankruptcy and cannot pay taxes, the state may lose a significant budget item. This, accordingly, cannot but affect the well-being of the entire people, since social programs and their implementation are also based on the contributions that small and medium-sized companies pay monthly. For this reason, in our opinion, it would be better to approach the issue of imposing restrictions on the activities of small and medium-sized enterprises in the context of development of a pandemic, analyzing the possibilities of working online, as well as determining the level of compensation that will be necessary for them to survive in difficult economic conditions and continue their work in "peacetime".

At the moment, due to a sharp increase in the incidence of coronavirus infection (one day the figure exceeded 40 thousand cases per day in the Russian Federation), from November 1, 2021, restrictions are again introduced in the regions on the work of most small businesses. The quarantine itself will officially last a week, until November 8, however, taking into account the danger of the development of the disease in the territory, the regional leaders will again be able to adjust the removal and introduction of certain restrictions. If the entrance to shopping centers, exhibitions, museums is possible by Q-codes, then, in particular, the specified artifact will no longer allow access to a beauty salon due to the introduction of restrictions on their work.

Businessmen have many questions to the Government: why are they introducing severe restrictions on shopping centers, catering establishments and other enterprises, leaving without such attention, for example, railway stations? After all, several thousand people move there every day, who are also in contact with each other. Why is it that a specialist conducting, for example, a massage session and protected with the PPE, cannot carry out his/her activities under quarantine conditions, and a large airport can receive hundreds of passengers who are queuing up for check-in or boarding a plane without observing social distance? This despite the fact that the fine imposed on a beauty salon specialist under Art. 6.3 of the Code of Administrative Offenses of the Russian Federation, in case of violation of the requirements specified in it, will be fatal for such a specialist, and for airport managers in a similar case, the specified amount will simply become one of the figures in the cost statistics? In this case, it seems to us, there is a certain lack of logic, which is not permissible at the legal level.

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