

State of Emergency Regulation

After considerable discussion on the adequacy of the proposed anti-crisis measures and a presidential veto, the draft law related to the state of emergency announced on 16 March was adopted and published in today's issue of the State Gazette.

The Measures and Actions in State of Emergency Act (**Act+**) enters into force retroactively as of 13.03.2020 and shall apply until lifting of the state of emergency. Certain provisions shall apply as of the date of publication of the Act.

This alert provides guidelines for certain business related matters covered by the Act.

General Provisions and Procedural Rules

Certain provisions of the Act introduce general rules related to the state of emergency, such as:

- *Suspended deadlines:* All procedural deadlines for pending court, arbitration and enforcement proceedings, as well as some statutory limitation periods are suspended.

- *Suspended seizures:* All public auctions and repossessions within the context of enforcement procedures are also suspended. Subject to limited exceptions, the same is valid for seizures of bank accounts, real property and of employment or pension receivables of individuals within the context of an enforcement procedure.
- *Limited notarizations:* Notarizations will be limited to urgent cases only. Notaries on duty will be organized by the Notary Chamber.
- *No consequences of late payments:* Consequences of late payments do not apply, including penalty interest, contractual penalties, as well as other rights resulting from the late payment, such as the right to cancel a contract.

Employment

A number of special provisions aim to provide more flexibility for maintaining employment in the emergency crisis, such as:

- *Home office:* Employers shall impose home office to the employees unless this is not possible. Employees consent is not required. The terms and conditions for the home office work shall be determined by the employer.



- *Imposing of paid annual leave:* Employers may impose the usage of up to 50% of the paid annual leave of employees without their consent.
- *Suspension of business:* Employers are able to suspend the operation of the company, part of it or of particular employees during the period of state of emergency. In such case they can impose using of the paid annual leave to the employees without their consent (this is a change compared to the draft which provided that using of unpaid leave can be imposed as well). Employers however are obliged to pay full salaries for the period during which the business is suspended.
- *Mandatory approval of leaves:* Employers are obliged to grant paid annual leave or unpaid leave to some categories of employees upon their request, such as pregnant employees, mothers of children with disabilities.
- *Switch to a part-time work:* Employers may establish part-time work.
- *Assistance package:* The Social Security Institute shall pay 60% of employees salaries (based on their social security income basis

as per January 2020) to employers who meet specific criteria, which criteria are yet to be determined by the council of ministers. This measure will be available for the term of validity of the Act, but not longer than 3 months. Employers who receive such funds but fail to pay the full amount of the salaries to the respective employees shall reimburse the funds.

Tax and Accounting

A number of tax and accounting deadlines are extended. Among others:

- Deadlines for certain corporate income tax related obligations, such as filing of annual tax return and payment of corporate tax, are extended until 30 June 2020.
- Deadlines for filing of annual tax return for 2019 under the Personal Income Tax Act and for payment of the due income tax are extended until 30 June 2020 in certain cases.
- Annual financial statements may be published until 30 September 2020.