

PETERKA PARTNERS

THE CEE LAW FIRM

NEWSLETTER 02/2020

Czech Republic Slovakia Ukraine Bulgaria
Russia Poland Romania Belarus Hungary

NEWS

FROM PETERKA & PARTNERS



PETERKA & PARTNERS RECOMMENDED ONCE AGAIN

We are delighted to inform you that the prestigious legal international rankings – **Chambers & Partners**, **Legal 500** and **IFLR1000** recommend our offices in the year 2020 again. Most of our offices regain our rankings and strengthen our position in the CEE legal market.

Chambers & Partners

CZ – Employment

SK – Corporate/M&A and Employment

Legal500

CZ – Banking & finance, Corporate and M&A, Dispute resolution, Employment, Real estate and construction, TMT

SK – Banking & finance, Corporate and M&A, Employment, Real estate and construction

PL – Restructuring and insolvency

BY – Corporate and M&A

UA – Corporate and M&A, Employment

IFLR1000

CZ – Banking & finance, Corporate and M&A, Restructuring and Insolvency

SK – Banking & finance, Corporate and M&A

UA – Banking & finance

BG – Banking & finance, Corporate and M&A, Project development

RU – Banking & finance, Corporate and M&A

PL – Corporate and M&A

RO – Corporate and M&A

BY – Finance and Corporate, Project development

Also we would like to announce, **Best Lawyers**, the oldest and most respected peer review publication annually identifying the most prominent lawyers in the world, included Svetlana Seregina, Director for Russia, and Vlad Rudnitskiy, Deputy Director for Russia, in its list of the best lawyers in Russia in the area of Corporate Law and Yadviga Pavlovich, Attorney-at-Law, PhD in the area of Mergers and Acquisitions.



PETERKA & PARTNERS INVITES YOU TO ALUMNI NETWORK

PETERKA & PARTNERS invites you to join our Alumni Network, as we highly appreciated working with you in the past and would be honoured to be able to keep in touch. After registering at [this link](#) you will be informed about our regular Alumni events and you can opt to receive invitations to our seminars or receive our newsletter.

UPCOMING PETERKA & PARTNERS WEBINARS

PETERKA & PARTNERS organizes webinars at its offices on legal topics covering various jurisdictions.

You may look forward to seminars on currently hot topics in tax and labour law as well as in other areas of the law.

Please check our website and LinkedIn profile so as not to miss the latest updates.

LEGAL

NEWS



CZECH REPUBLIC

End of state of emergency

On 18 May 2020, the state of emergency ended in the Czech Republic after 67 days (declared on 12 March 2020). However, several of the measures adopted still remained valid after 18 May, and are being gradually relaxed, and some new measures have been adopted by the Ministry of Health. You can find more COVID-related legal information and updates in the section dedicated to COVID-19 on our website.

Major amendment of Labour Code

A major amendment to the Labour Code is expected in the summer. The amendment, approved by the Senate and awaiting only the President's signature, will affect, among others, holidays, transfer of employees' rights and obligations to employers, shared positions, posting of employees, compensation for damage to health, delivery etc. Some parts of the amendment should start to apply on 30 July 2020, others on 1 January 2021.

Temperature measurement as intrusion on personal integrity

The Office for Personal Data Protection stated that temperature measurement constitutes an intrusion on personal integrity. This measure which, at the time of the epidemic, could have been considered as reasonable in terms of the legitimate interests of the employer in meeting its obligations, must be cancelled now with the end of the state of emergency.

Protection of acquirer in good faith in transfers for consideration

According to the judgment of the Supreme Court 22 Cdo 2769/2018, dated 28 November 2019, there is strong protection of good faith in entries in the Land Register and in the case of transfers for a consideration, where the pecuniary interest of the conduct may generally consist in the provision of an equivalent not only in money but also in other performance.

End of apostilles and translations of certain documents within EU

EU regulation brings with it simplification of selected documents within the EU in the form of the removal of the requirement for higher verification of such documents, as well as for verification by an apostille clause, and the introduction of multilingual standard forms to facilitate translation. The changes concern, for example, documents confirming birth, death, marriage, divorce, registered partnership, residence or domicile, nationality or the absence of an entry in one's criminal record.

SLOVAKIA

Labour regulations during COVID-19

The Slovak Government amended the Labour Code to reflect and react to the COVID-19 epidemic. The amendments provide more flexibility in employment relations during this extraordinary situation and include regulations related to home office, worktime schedule, ordering of unspent holiday, unpaid time-off for employees in isolation/quarantine, and wage compensation during work obstacles on the side of employer.

Limitation of termination of lease agreements

Landlords are not entitled to terminate unilaterally the lease of immovable property by the end of this calendar year due to the tenant's delay with payment of their rent from 1 April 2020 to 30 June 2020, if the delay is caused by circumstances stemming from spread of COVID-19.

Employment Subsidy Project

The Slovak Government provided aid to employers with the aim of motivating them to maintain job positions by providing subsidies, the amount of which depends on whether the business operation has been restricted or closed due to adopted measures or the employer was affected by the extraordinary situation itself.

Temporary protection of entrepreneurs

Upon the request of an entrepreneur, the relevant public authority will grant temporary protection consisting in several advantages (e.g., suspension of enforcement and bankruptcy proceedings), however, such protection also limits the entrepreneur (e.g., prohibition to pay dividends or make risky financial transactions).

Decision-making of collective bodies

The collective bodies of certain legal entities are entitled to allow attendance of their members at a meeting via electronic means, or voting via correspondence may be used to adopt decisions even though these options are not regulated in their internal regulations or in the Articles of Association of the entity.

UKRAINE

Introduction of Land Market

On 31 March 2020, The Long-Awaited Law “On Amendments To Certain Legislative Acts Of Ukraine On The Conditions Of Circulation Of Agricultural Land” Was Adopted. The Law Introduced An Agricultural Land Market In Ukraine (Governing The Conditioned Sale And Purchase Of Agricultural Land). It Will Enter Into Force On 1 July 2021.

Regular Disclosure of Information On Beneficiaries

On 28 April 2020, A New Anti-Money Laundering Law Became Effective. Among Others, The Law Broadens The Amount Of Documents On A Company’s Structure And Beneficiaries That Have To Be Provided To State Registrars, And Also Introduces The Obligatory Annual Update Of Information On Beneficial Owners.

Prolongation of Sanctions

On 14 May 2020, The President Of Ukraine, By Order No. 184/2020, Enacted The Decision Of The Security And Defence Council Updating Lists Of Sanctions And Prolonging Sanctions For The Majority Of Russian Companies And Individuals, Excluding From These Lists Only A Few.

Banking Law Update

Law No. 590-IX Of 13 May 2020 Updated The Law On Banks And Banking. The Updates Concern The Broadening Of The Supervision Powers Of The National Bank, Improving The Liquidation Procedure Of Banks And Optimizing The Administrative Appeal Procedure Concerning Decisions Of The National Bank And The Ministry Of Finance Against Banks.

BULGARIA

Constitutional Court decision on effects of declaring unconstitutionality of laws

A decision taken by the Constitutional Court states that a law declared unconstitutional shall not apply to existing relationships or relationships subject to pending court proceedings. A decision declaring the unconstitutionality of a law which amends or repeals an existing law does not restore the previous versions of the law.

New powers for Consumer Protection Commission (CPC)

The CPC is now the “single liaison office” as per Regulation 2017/2394 and is responsible for coordinating the application of the Regulation. The CPC is entitled to order traders to remove content and restrict access to online interfaces, hosting service providers – to remove, block or restrict access to online interfaces and domain registries - to delete domain names.

Supreme Court of Cassation on responsibility of State for damages caused by unconstitutional laws

The Supreme Court proclaimed that the adoption of an unconstitutional law, as well as the omission to regulate the legal consequences of the application of such law shall be deemed an unlawful action on behalf of the National Assembly. Individuals and entities are entitled to claim damages resulting from the application of an unconstitutional law.

New Food Act

A new Food Act is to be promulgated which harmonizes Bulgarian legislation with the requirements of, among others, Regulation 852/2004 on the hygiene of foodstuffs and Regulation 1169/2011 on the provision of food information to consumers. The Food Act now establishes the requirements for online food trading, for food supplements and for natural mineral, spring and table water.

RUSSIA

Small and medium enterprises (SMEs) will be able to terminate lease agreements unilaterally

SMEs most affected by the COVID-19 pandemic have the right to terminate lease agreements unilaterally without penalty. Losses due to termination of the agreement do not need to be compensated – only a security payment, if applicable, must be made.

Foreigners are allowed to extend “patent” without leaving Russia

From 24 April 2020, foreign citizens who came to Russia without a visa are able to extend their “patent” without leaving Russia. Before that, a patent was issued for a period of 12 months with the possibility of a single reissue.

Updated standards for issuing securities

The Russian Central Bank published a new regulation on security issuing standards. This regulation applies for each security issued after 11 May 2020. The main innovation is that if certain requirements are met, the issuer will be able to submit a notification on a securities prospectus without registration of the prospectus.

New currency control offence

A new currency control offence was added to the Russian Code of Administrative Offences. The offence is committed when the amount of non-repatriated currency from foreign accounts of a resident in transactions with a non-resident exceeds 100 million RUB (approx. EUR 1 292 000) per year. The offence is committed when the amount of non-repatriated currency from foreign accounts of a resident in transactions with a non-resident exceeds 100 million RUB (approx. EUR 1 292 000) per year.

Rules for online drug sales come into force

From 18 May 2020, a governmental resolution establishing the procedure for obtaining an online drug sales permit and providing data on completed orders and deliveries comes into force. Most drugs can be sold online. The exceptions are prescription, narcotic and psychotropic drugs, as well as alcohol-containing drugs with a volume of ethyl alcohol of more than 25%.

POLAND

New deadlines for mandatory stock dematerialization

The Anti-Crisis Shield 3.0 has postponed the deadlines related to the process for mandatory stock dematerialization in Polish joint stock companies and limited joint stock partnerships. The obligation to perform the first notification to the stockholders to submit stock documents has been postponed from 30 June 2020 until 30 September 2020, and the date of invalidation of stock documents has been postponed from 1 January until 1 March 2020.

Anti-Crisis Shield 4.0

Legislative work on the Anti-Crisis Shield 4.0 is nearing its end. The new law introduces i.a. interest rate subsidies for enterprises encountering difficulties, accelerated restructuring proceedings, and new regulations in the area of labour law. In particular, new provisions on combating hostile takeovers of specific types of Polish enterprises have given rise to some controversy.

New deadlines for financial statements

Regulation of the Minister of Finance of March 31, 2020 introduced a postponement of deadlines specified in the Accounting Act. Pursuant to the Regulation, entities entered in the National Court Register whose financial year is equal to the calendar year, may prepare and sign financial statements until 30 June 2020, and approve the financial statements until 30 September 2020.

ROMANIA

State of emergency certificate for undertakings

According to Ordinance no. 791/2020 on the issuing of state of emergency certificates (SEC), starting from 25 March 2020, the competent authorities can issue SEC to undertakings whose activities were affected during the pandemic.

Loans with totally subsidized interest for small and medium-sized enterprises

According to Emergency Ordinance no. 29/2020 on certain economic and fiscal-budgetary measures, which entered into force on 21 March 2020, changes were made regarding the SME INVEST ROMANIA programme.

Convening of/remote participation in decision-making process within companies

Emergency Ordinance no. 62/2020 on measures in the commercial field for the organization of meetings of statutory bodies brings with it new rules for GMs, as of 8 May, and the rules will be applicable until 14 June 2020.

Extension of legal terms for insolvency procedure

According to Law no. 55/2020 on measures for preventing and withstanding the effects of the COVID-19 pandemic, as of 18 May 2020, terms relevant to arrangements with creditors and the judicial reorganization procedure have been extended.

BELARUS

Foreign gratuitous aid

On 27 August 2020, Presidential Decree No. 3 “On foreign gratuitous aid” will come into force. It stipulates the basis for receiving gratuitous assistance from abroad (purpose of use, aid registration fee, GDPR issues, etc.). The Decree cancels the registration of foreign gratuitous aid received in the form of samples of goods intended for testing and studying their technical characteristics and consumer properties.

Fuel cards

Presidential Decree No. 40 dated 6 February 2020 establishes that fuel cards of foreign issuers can be used on the territory of Belarus to pay for vehicles on toll roads, for oil products, other fuels, goods to maintain the vehicle, and to provide the driver with food and rest.

New international agreements

On 9 April 2020, the Republic of Belarus ratified the Agreement on the Facilitation of the Issuance of Visas and the Agreement on the Readmission of Persons Residing without Authorization dated 8 January 2020 between the Republic of Belarus and the European Union.

HUNGARY

New decree regarding foreign investment screening rules in Hungary due to COVID-19 crisis effective until 31 December 2020

Under the abovementioned decree, investments by foreign investors acquiring interests exceeding (i) 10% and a value of HUF 350 m (approximately EUR 1m), (ii) 15%, 20% or 50% irrespective of its value, or (iii) 25% if acquired by more than one foreign investor in companies that operate in specified “strategic” sectors, require the approval of the Ministry of National Economy.

Request-based salary support for companies due to COVID-19 crisis

As of 16 April, the Hungarian government has introduced a request-based salary support scheme in a bid to safeguard jobs. According to the applicable regulation, an application for salary support may be filed to the authority until the end of the state of emergency at the latest, however there is a pending bill that would extend the application deadline until 31 August 2020.

Payment moratorium

The capital and interest payment obligation for loans (including financial leases) signed until 18 March 2020 by individuals and companies was suspended until the end of 2020. The deadlines for contractual obligations and commitments have been extended with the moratorium period (if a contract would terminate during the state of emergency, it is automatically extended until the end of the year).



TAX NEWS

CZECH REPUBLIC

COVID-19 related tax measures include:

- i. General waiver of penalties and default interest for the late filing of personal and corporate income tax returns for the 2019 period and late payments until 18 August 2020 for most taxpayers;
- ii. Abolishment of advance payments of 2020 personal and corporate income tax due 15 June 2020;
- iii. Suspension of electronic reporting of sales until 31 December 2020;
- iv. Loss carryback – tax loss recorded in 2020, may be off-set against corporate income tax liabilities for 2018 and 2019 (subject to conditions);
- v. A compensation bonus paid to the self-employed and limited relief to self-employed persons regarding their social security and health insurance contributions due during the next six months;
- vi. Antivirus programme – the contribution of wages amounting to 60 or 80% of the paid compensation plus allowances (subject to conditions);
- vii. Abolishment of real estate acquisition tax.

2021 VAT reform regarding e-commerce

Harmonization of EU VAT rules entering into effect from 1 January 2021, include the extended applicability of the mini-one-stop-shop (MOSS) regime, cancellation of the exemption from VAT on the import of low-value shipments, and new VAT duties for internet platforms.

SLOVAKIA

Tax advances

A taxpayer is not entitled to pay income advances for the period immediately following the period in which the taxpayer's sales decreased by at least 40% in comparison to the same period in the previous calendar year if they submit an affidavit declaring they fulfil this condition at least 15 days prior to maturity of the advances.

Deduction of unclaimed tax losses

A taxpayer may deduct unclaimed tax losses accounted for in tax periods that ended in the years 2015 to 2018 in the maximum amount of EUR 1,000,000 from the tax base of the income tax, if the period for submission of the tax statement occurs between 1 January 2020 to 31 December 2020.

UKRAINE

Tax Administration Improved

On 27 February 2020, Law No. 465-IX of 16 January 2020 On Improvement of Tax Administration and Elimination of Discrepancies in Tax Law came into effect. Among others, the law improved administrative proceedings regarding social contributions and introduced special duties for electrically-heated tobacco products.

COVID-19-Related Tax Incentives Introduced

On 18 March 2020, Law No. 533-IX of 17 March 2020 On Certain Tax Incentives Related to COVID-19 took effect. Among others, the law introduces tax holidays for certain local taxes and extensions of deadlines for filing tax reporting.

COVID-19 Tax Incentives Extended and Prolonged

On 2 April 2020, Law No. 540-IX of 30 March 2020 On Amendments to Certain Legal Acts in view of the Spread of COVID-19 came into effect. The law further extended certain tax deadlines and prolonged tax incentives till the end of the quarantine. Also, income thresholds for the simplified tax system were raised.

Major Tax Reform in Ukraine

On 23 May 2020, Law No. 466-IX of 16 January 2020 On Improvement of Tax Administration and Elimination of Discrepancies in Tax Law came into effect. This law introduces new anti-tax avoidance rules such as stricter permanent establishment criteria and the concept of "controlled foreign corporation".

BULGARIA

Changes in tax obligations triggered by COVID-19 outbreak

The Measures and Actions during the State of Emergency Act (“MASEA”) introduced new deadlines for filing the annual tax return for corporate tax and payment of declared tax – both may take place by June 30, 2020. The calculation of advance instalments and the deadlines for their payment remain the same, while some specifics regarding the procedure for declaring the advance instalments are new.

Suspension of enforcement proceedings and prescription periods during state of emergency

Prescription periods for tax and social security obligations did not run from March 24, 2020 until May 20, 2020. Enforcement proceedings under the Tax and Social Security Procedure Code have been suspended and no new enforcement proceedings for the collection of public obligations were initiated between March 24, 2020 and May 13, 2020. Certain enforcement actions against natural persons have been suspended until July 13, 2020. Interest, however, continued to accrue for the period of suspension.

Proposal for reduction of VAT rates

New legislation amendments propose the VAT rate for certain services to be reduced to 9%. These include restaurant and catering services which consist of the delivery of cooked/uncooked food, accommodation services provided by hotels and similar establishments, as well as printed and electronic books. The reduced rate shall apply from July 1, 2020 until December 31, 2021.

RUSSIA

Exemption from taxes for Q2 2020 for certain categories of taxpayers

According to new legal amendments, certain categories of taxpayers are exempt from taxes for the 2nd quarter of 2020. This is applicable to individual entrepreneurs active in industries most negatively affected by the COVID-19 pandemic, and to those companies included in the register of small and medium enterprises based on tax returns for the year 2018 and executing activities in listed industries, as well as to certain non-commercial and religious organizations.

Extension of moratorium on tax audit up to 30 June

The Government of Russia has extended certain support measures, i.e., the ban on field tax audits previously effective up to May 31, is currently extended to 30 June 2020. The measure is applicable to taxpayers irrespective of the sphere of the activity they are involved in. There is a ban on new field tax audits as well as on the execution of previously started ones (and for blocking the bank accounts of taxpayers). Tax deferrals are provided too for taxpayers in the tourist and hotel industries.

Suspension of tax claims and application of injunctive remedies

The Russian tax authorities have extended suspension of the claims for tax payments and the application of injunctive remedies up to 1 July 2020, with the exception of certain cases, i.e., if the taxpayer is using the situation to hide assets.

POLAND

New COVID-19 tax facilities

The Anti-Crisis Shield 4.0 currently in the legislative process provides for some tax facilitation: (1) the possibility of using a copy of the tax residency certificate and the certificate for 2019 (2) the possibility of applying relief for bad debts already 30 days (instead of 90) after the payment deadline has expired.

Collection of domestic withholding tax suspended

The exemption from the new requirements to apply domestic withholding tax rates on payments in excess of PLN two million (approximately EUR 469,200) is extended to 30 June 2020. Under the requirements, reduced rates or exemptions, may only be applied directly if certain conditions are met. Otherwise, eligible taxpayers must apply for a tax refund.

ROMANIA

New level of minimum gross salary

According to Government Decision no. 935/2019, starting on 1 January 2020, the minimum gross monthly salary is RON 2,230 RON (approximately EUR 466), and for employees with a higher-education diploma it is RON 2,350 (approximately EUR 491).

Amendments to social security contribution of employees

According to Law no. 263/2019 amending Law no. 227/2015 regarding the Fiscal Code, as of 1 January 2020, the provisions regarding the existence of a minimum level of the social security contribution owed by employees have been repealed.

New excise duty levels for gasoline and diesel

According to Law no. 263/2019, amending Law no. 227/2015 regarding the Fiscal Code, starting on 1 January 2020, there are new levels of excise duty for gasoline and diesel.

BELARUS

Corporate income tax and Forex

Presidential Decree No. 503 establishes that the income tax rate for the taxation of profits made by the National Forex Center from transactions with non-deliverable OTC (over-the-counter) financial instruments is 25%.

Income Tax and Travel Expenses

Some travel expenses are no longer subject to income tax: taxis, car rental abroad at the place of business, per diems and accommodation.

HUNGARY

Longer record-keeping period

A new rule entered into force which prescribes that records in relation to the determination of tax liability on income or wealth covered by double taxation conventions need to be kept for 10 years.

Changes in invoicing

As of 1 July 2020, the obligation to provide online invoice information to the Tax Authority shall apply to any invoice issued to a domestic taxable person. It will also be mandatory to include the buyer's tax number on the invoice. The 15-day time limit available for issuing an invoice changes to 8 days.

Changes concerning personal income tax

As of 1 January 2020, mothers of four or more children are eligible for a 100% tax credit, which will affect employers' administrative burdens concerning payrolls.

Changes to corporate group taxation

The requirement of having the same currency between/among group members has been erased, which means that a corporate taxation group could be created even if one of the taxpayers keeps its books in a different currency.

Exit tax entering into force

On 1 January 2020, an "exit tax" was introduced in accordance with EU rules. Under the new regulation the transfer of several assets or activities from Hungary to another country shall be taxable. It will be possible to opt for up to a 5-year instalment payment.

CONTACT

PETERKA & PARTNERS is an independent full-service law firm with a special commitment to the region of Central and Eastern Europe. The only truly Central Eastern European law firm that has built its own strong regional presence in key markets, PETERKA & PARTNERS offers a pan-regional legal and tax competency and dynamic alternative to the top law firms, both international and purely local, on these markets.

Operating nine fully-owned offices across the region, in the Czech Republic, Slovakia, Poland, Hungary, Romania, Bulgaria, Belarus, Ukraine and Russia, PETERKA & PARTNERS is organized and acts as “one firm” and leverages its unique integrated infrastructure, legal excellence, industry insight and deep local expertise to deliver complex legal solutions with exceptional commercial value to its clients.

For further information on any of the issues discussed in this edition of the Newsletter, or if you should have any other enquiries, please contact us through the contacts listed below or visit our website at www.peterkapartners.com.

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