

## RECENT LEGISLATIVE UPDATES RELATED TO CORONAVIRUS (COVID-19)

Companies across Russia, and the world, now find themselves in a very challenging position and are trying to navigate their way through an ever-changing situation. To help you stay informed on the impact on your people and your business, PETERKA & PARTNERS Russia is closely monitoring all new legislative updates that may come into effect as a response to the coronavirus pandemic.

Below you will find important legislative updates, related to the coronavirus disease (COVID-19):

### Prolongation of non-working period in Russia

In the aftermath of his address to the nation on April 2, 2020, over the coronavirus outbreak, the President of the Russian Federation issued a Decree that declares a non-working period with full pay until the end of April. The previously announced non-working week took place from March 30 to April 3, 2020. Moreover, each state of the Russian Federation may elaborate the details on restrictive, and other, measures in relation to the pandemic situation. It appears that recent clarifications of the Ministry of Labour on compliance with the non-working week shall also apply to the prolonged period. Please also see our information regarding compliance with non-working days at: <http://www.peterkapartners.com/en/covid-guidelines-russia/>

### State intervention in real estate lease agreements

A recently enacted law aimed at countering the COVID-19 outbreak and its effects sets out additional measures providing for protection of tenants of real estate.

In relation to real estate lease contracts concluded before the introduction of a high alert or emergency regime by the respective local authorities<sup>1</sup>, tenants are granted the right to demand from landlords the conclusion of an additional agreement providing for a deferment of payment for the rent stipulated in 2020. This additional agreement shall be concluded within 30 days from the respective request of the tenant. At the same time, requirements regarding specific conditions and the timeline of deferment are to be clarified by the Government of the Russian Federation in a separate act.

Moreover, tenants of real estate are granted the right to demand a reduction of rent in the period of 2020 due to the inability to use property caused by a high alert or emergency regime. However, the newly adopted law neither stipulates for the exact amounts to be reduced, nor sets criteria for the calculation of such reduction. Thus, as of now with respect to the calculation of the reduction, the situation remains ambiguous, as several different interpretations may apply.

### Bankruptcy moratorium

A federal law authorized the government to institute a moratorium on creditors from initiating bankruptcy proceedings against their counterparties. The moratorium will be introduced in case of emergencies of a natural and man-made nature, as well as in case of significant changes in the ruble exchange rate and other circumstances that threaten the stability of the economic situation in the country.

Applications by creditors to declare a debtor bankrupt submitted to the Arbitrazh court during the moratorium, as well as submitted before the date of the moratorium, the adoption of which was not decided by the court by the date the moratorium was introduced, shall be returned. Consideration of applications already filed with

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<sup>1</sup> E.g., in Moscow, a high alert regime was introduced on March 5, 2020, by a Decree of the Mayor of Moscow.

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the court will be suspended for the duration of the moratorium, if the court did not introduce the first bankruptcy procedure on the date of the moratorium.

The notification of the creditor of the intention to file a declaration of recognition of the debtor bankrupt becomes null and void from the day the moratorium begins. Thus, after the end of the moratorium, it will be necessary to re-submit such a notice.

On 3 April 2020, the Government introduced bankruptcy moratorium for 6 months for specific list of debtors:

- companies and individual entrepreneurs who suffered the most from the Covid-19 pandemic. The most affected areas include the transport sector, the sphere of culture and entertainment, tourism and the hotel business, catering, consumer services, sports and additional education.
- system-forming organizations. The final list of such organizations will be approved by the Government in the coming days.
- strategic enterprises and strategic joint-stock companies approved by the Decree of the President of the Russian Federation, as well as federal executive bodies ensuring the implementation of a unified public policy in the sectors of the economy in which activity of these organizations approved by order of Government of the Russian Federation.

The Federal Tax Service has published a list of companies and individual entrepreneurs in respect of which a moratorium on bankruptcy is introduced. The full archive can be downloaded here <https://data.nalog.ru/files/covid19.zip>. In addition, a separate service is launched to search for enterprises by Tax number (INN) or Registration number (OGRN) of a taxpayer - <https://service.nalog.ru/covid/index.html#t=1586109349901>.

## Work of courts in the Russian Federation

Russian courts have stopped considering all except the most urgent cases (until April 10), according to a decision of the Supreme Court. Urgent cases, which will continue to go up before the courts, include pre-trial decisions on whether to remand suspects in custody, as well as decisions relating to the protection of minors.

As the regime of high alert due to the spread of COVID-19 was prolonged in Russia by the Russian President until 1 May 2020, it is most likely that the courts will not start to consider cases until this date.

*PETERKA & PARTNERS remains at your full disposal should you need any assistance in this respect. Please do not hesitate to contact our COVID-19 Help desk at [covidhelpdesk@peterkapartners.com](mailto:covidhelpdesk@peterkapartners.com).*