SOŁTYSIŃSKI KAWECKI SZLĘZAK

Legal Alert

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ANTI-CRISIS SHIELD
Review of Proposed Changes

Below is an overview of the proposed changes presented as part of the initial version of the so-called anti-crisis shield of 21 March 2020.

BUSINESS OPERATIONS

- **remote meetings of corporate bodies**
  Amendments to the Commercial Companies Code: possibility of remote operation of management boards and supervisory boards (remote participation in the meeting, remote adoption of resolutions).

- **financial statements**
  Possibility of postponing the deadline for preparing financial statements and holding ordinary meetings/general meetings of companies by the Minister of Finance.

- **UBO register**
  Postponing the deadline for filing information with the Central Register of Ultimate Beneficial Owners until 13 July 2020.

LEASES

- **reduction of rents in shopping malls**
  Introduction of a 90% reduction in rent for the period when the tenant's operations in a shopping mall comprising a sales area of over 2000 sq. m during the period of the state of epidemic threat or the state of epidemic were banned or restricted, and the tenant does not conduct those operations, unless the contract provides for a more favourable solution for the tenant.

- **lease termination**
  Limitation of the right to terminate towards the lessees lease of premises or rate of rent until 30 June 2020.

AMENDMENTS TO LABOUR LAW

- **pay for downtime**
  In the event of economic downtime or reduced working time, possibility to reduce the pay for the employees (regardless of the type of employment relationship) by max. 50% (with the minimum equal to the minimum wage), which is subsidised by the Guaranteed Employee Benefits Fund up to 50% of the minimum wage.

- **reduction of working time**
  In the event the employer's turnover drops by at least 15% as a result of COVID-19, it is possible to reduce working time by 20% and no more than down to 0.5 of full-time equivalent, but the pay may not be lower than the minimum wage, which is subsidised by the Guaranteed Employee Benefits Fund up to half of the pay, but not more than 40% of the average monthly salary in the previous quarter, as published by the President of the Central Statistical Office. Consequently, the employer can reduce the remuneration costs by up to 60%.

- **working time**
  Liberalisation of the rules for establishing the system or distribution of working time and overtime by certain employers.

- **trading on Sundays**
  Liberalisation of the ban on performing certain tasks associated with retail trading on Sundays to the extent of unloading, receiving, and displaying necessities and on assigning such tasks to a member of staff or an employee.

TAXES

- **payment gridlock**
  Accounts payables that are not paid within 90 days within the meaning of the provisions on the prevention of excessive delays are not included in the income constituting the basis for calculating the tax advance for individual tax periods falling in 2020 (if the revenues generated by the taxpayer in the relevant tax period are lower by at least 50% compared to the same period of the previous tax year).

- **accounting for a loss**
  Allowing taxpayers who - because of COVID-19 - incurred a loss in the tax year 2020 and generated in that tax year revenues at least 50% lower than revenues generated on the same operations in the tax year 2019 a one-off reduction of income generated in 2019 by that loss (up to the maximum amount of PLN 5,000,000).

- **exemption from transfer tax**
  Exemption from transfer tax (podatek od czynności cywilnoprawnych) of loan agreements concluded until 31 August 2020 if the borrower is an undertaking whose financial liquidity has deteriorated due to the adverse economic impact of COVID-19.

- **advance payments on account of tax**
  Deferment to 1 June 2020 of the deadline for effecting advance payments on account of income tax on wages and salaries paid to employees for March and April 2020.

- **tax rulings**
  Extension of the deadline for issuing individual tax rulings to 6 months.

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OTHER CHANGES

- **time limits**
  Suspension for the period of the state of epidemic threat or the state of epidemic of time limits laid down under civil law (including under substantive law, such as acquisitive presumption, reticence, or prescription by limitation), under administrative law and civil procedure.

- **fixed rate of cash liabilities**
  Ability to effect cash payments denominated in foreign currencies also in PLN at the average exchange rate of the National Bank of Poland of 13 March 2020 in the period of the state of epidemic threat or the state of epidemic, regardless of contrary contractual provisions (throughout the period of the state of epidemic threat or the state of epidemic).

- **maximum prices and margins**
  Possibility of setting maximum prices or maximum wholesale and retail margins in the sale of goods or services that are significant for the protection of human health or safety or for household maintenance costs by way of regulation.

- **amending terms of loan/credit facilities**
  Possibility of amending the terms and dates of repayment of bank loan/credit facilities granted prior to 8 March 2020 without the need for a full assessment of creditworthiness (applicable to micro-undertakings and SMEs only).

- **bank levy**
  Providing that credit facilities granted to undertakings affected by the effects of COVID-19 from the entry into force of the amendment to the Special Act to 31 August 2020 are not included in the bank levy tax base (tax relief for banks to encourage lending).

- **hearings**
  Hearings and open sessions will not be held, except for urgent cases listed under the relevant laws.