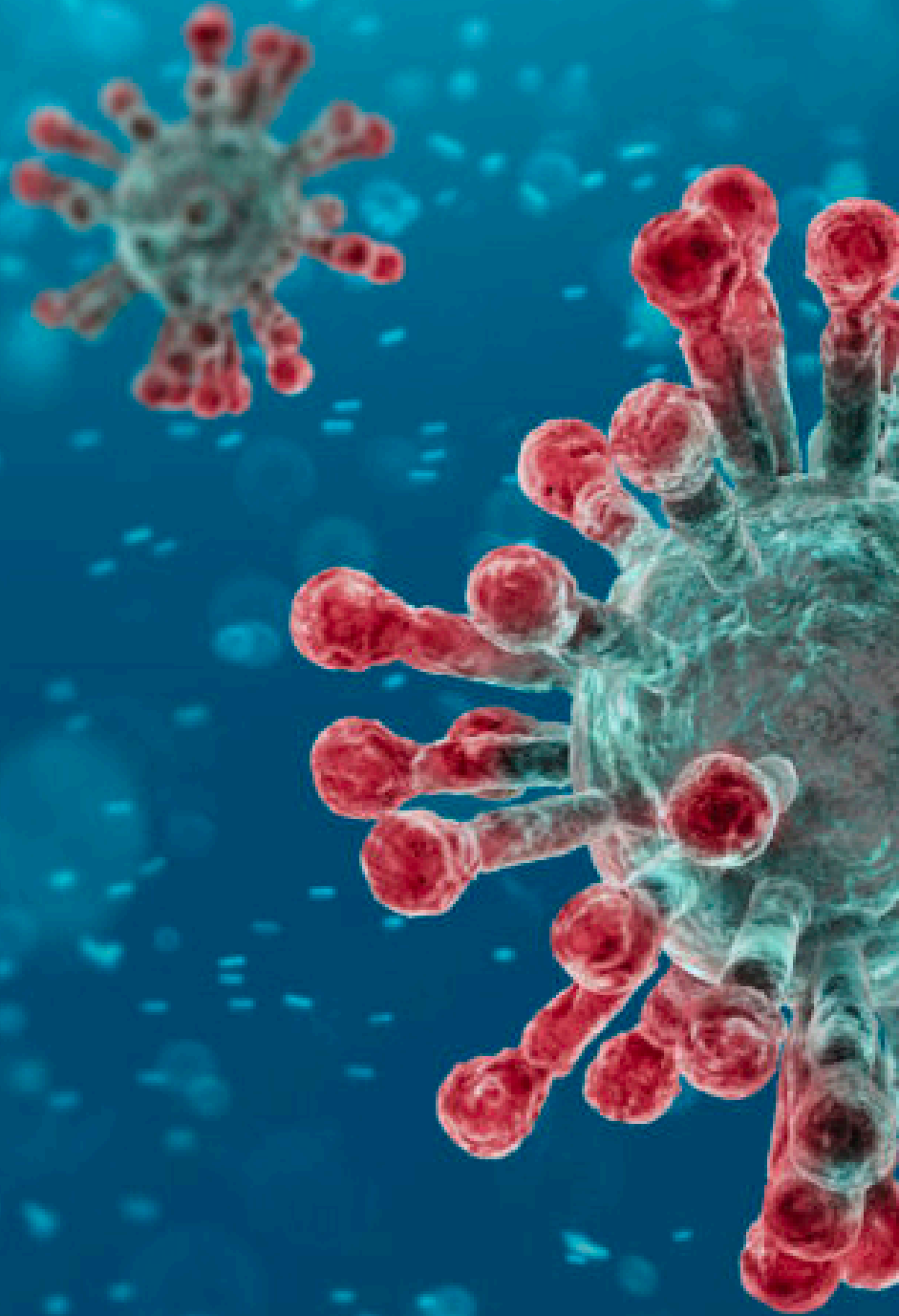


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SOCIEDADE DE ADVOGADOS SP, RL
BOUTIQUE LAW FIRM

NewsLetter

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Practical Manual about Rights and Obligations concerning COVID-19 Clarifications and Answers to FAQ's

Applicable Laws

It has entered into force Law no. 1-A/2020 of 19.03.2020 (hereinafter referred to as the Law), which approved new measures of exceptional nature for the COVID-19 pandemic and also ratified the Decree-Law no. 10-A/2020, of 13.03, through which the Government had already approved a set of exceptional and temporary measures in some sectors of economic activity and also, most relevant to this Manual, measures to establish social distancing and prophylactic isolation.

The above-mentioned Law imposes additional exceptional and temporary measures in order to face the pandemic caused by the new Coronavirus SARS-CoV-2, the pathogen causing the disease COVID-19.

The Law focuses on several matters relevant to the day-to-day life of citizens, namely the **suspension of judicial, administrative and tax deadlines**, the operation of local authority and administrative bodies and **rental agreements**.

The law is effective as of 12th of March, 2020.

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Measures imposed by the Law

1. Simplification of administrative bureaucracy when adopting measures to combat the virus.

Among other measures, the Law determined the exemption of several operations and administrative decisions from the approval of "Tribunal de Contas" that would legally require such approval, in particular for the execution of contracts that are covered by Decree-Law no. 10-A/2020, of 13.03 - in other words, that are intended for the prevention, containment, mitigation and treatment of epidemiological infection by COVID-19.

This measure is intended to save time in the execution of agreements between the State (in the broad sense) and third parties, so the State can promptly act.

2. Suspension of deadlines and judicial proceedings

The Law determined the application of the judicial vacation regime to all proceedings of the courts, including the courts of law, arbitration courts, public prosecutor and courts of peace.

This exceptional vacation regime also applies, duly adapted, to all proceedings that must take place in the **notary offices and registry offices**.

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Frequently Asked Questions:



1) I have the signing of the deed scheduled according to the promissory agreement, what should I do?

Since all establishments opened to the public have been ordered to close, the notaries are closed, so if the deed is scheduled to be signed in a notary's office it will not be possible to execute it.

Lawyers and solicitors will be able to make authentic purchase and sale documents, provided that all DGS (Health General Direction) guidelines are complied and none of the parties involved are put at risk.

2) Bearing in mind the date set out in the promissory agreement, in case the deed is not signed, will it be consider a default?

No, since it is a non-performance not attributable to the grantor during the period that this measure is in force, thus the deed must be rescheduled.

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The vacation regime is also applicable, duly adapted, to all administrative, sanctioning and disciplinary proceedings.

Please note that this regime also applies to administrative and tax deadlines that are in favor of individuals, especially those related to acts of judicial challenge, administrative complaint, hierarchical appeal or other procedures of same nature, as well as deadlines to practice acts related to the same tax procedures.

From our point of view, even though the wording of the law is not the best in what concerns to the suspension of urgent processes, it seems that the suspension is also applicable to urgent processes, except if it is possible to practice any judicial acts or proceedings by appropriate means of distance communication.

The Law shall only allow to perform in person the acts and urgent proceedings in which fundamental rights are at stake, such as proceedings concerning minors at risk or child custody of urgent nature and judicial processes and trials of defendants who have been arrested. Even then, they are only allowed if they do not involve more people than recommended by the health authorities and in accordance with the guidelines laid down by the competent Supreme Councils.

In order to ensure that the delay of judicial processes does not result in the **suspension or prescription of the deadlines**, the Law has determined the suspension of the prescription periods for all types of processes and procedures and has extended the deadlines as a rule for as long as this exceptional situation prevails.

In addition, the **Law has suspended all eviction orders and procedures, as well as the proceedings for delivering rented properties** when the tenant, due to a Court's decision to be pronounced, may be put in a **fragile situation** due to lack of own habitation.

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Frequently Asked Questions:

1) My tenant stopped paying the rent three months ago, can I file an eviction order?

It is our understanding that it is not impossible to file an eviction order for non-payment of the rent, the problem is that the deadlines are suspended due to the vacation regime in force, thus the enforcement of the termination of the rent agreement (residential and non-residential) is also suspended.

Eviction orders and procedures will only be suspended if it is a residential rent agreement and the tenant may be put under a fragile situation for losing his own habitation.

2) I have filled an eviction order that is pending, according to the Law, when will this order proceed?

Since it not considered an urgent process, the order will be suspended during the suspension of deadlines.

The eviction orders are only suspended if the tenant is under a fragile situation for losing his own habitation

3) Eviction orders are only applicable to residential rent agreements or also to non-residential rent agreements?

Eviction orders are only suspended if the tenant is under a fragile situation for losing his own habitation, **thus this measure is only applicable to residential rent agreements.**

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Frequently Asked Questions:

4) May I terminate my rent agreement?

During the period in which these measures are in force, the termination of rent agreements by the Landlord is not enforceable either for residential and non-residential rent agreements, thus no rent agreement shall terminate by a notice of the Landlord during this period.

On the other hand, the termination of rent agreements by the tenant is enforceable.

5) According to the law, if a establishment is closed for more than one year, the Landlord is entitle to file an eviction order. Due to the current situation, this closing period of establishments determined by the Government is suspended for one year?

Yes. It is our understanding that it is possible that, in addition to the 12 months it must be added the period that the establishments are closed due to Governments orders.

6) Is it legal for the tenant to not pay the rent during the emergency state?

There are no amendments to the law regarding the payment of the rents, so it is our understanding that this obligation continues and is not legal to not pay the rents during this period.

7) Can I still use the 20% penalty for the late payment of a rent?

Since the law does not regulate it, it is still applicable the penalty of 20% for the late payment of any rent.

It is important to highlight that this exceptional regime does not have a termination date and will only be cease to effective on a date to be defined by Decree-Law.

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Local Administration

The Law has determined an extension of the deadlines for regular meetings of the deliberative and executive bodies of local authorities and intermunicipal entities and has established that the obligation to hold meetings of the deliberative and executive bodies of the municipalities and parishes and deliberative bodies of the intermunicipal entities is suspended until 30.06.2020, notwithstanding their recording and availability on the website of the municipality, whenever technically feasible.

The Law allows the meetings of the deliberative and executive bodies of local authorities and intermunicipal entities to be held by videoconference or other digital means, provided that the technical conditions are met.

Collegiate Bodies of Public or Private Entities

The Law states that the participation of the members of collegial bodies of public and private entities in the meetings by remote means cannot interfere with the regular functioning of the body, namely in what concerns to the quorum and deliberations, however, the form of participation shall be recorded in the minutes.

Prevalence of Rules

It should be noted that the Law and the Decree-Law no. 10-A/2020 of 13 of March prevails over any other general and special legal provisions contrary to the content of this law, namely those contained in the State Budget Law, without prejudice to the powers attributed by the Constitution and by the Law to elective sovereign bodies.

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Frequently Asked Questions:



1) I am a managing partner of the Company and we need to hold an Extraordinary General meeting because need to amend the memorandum of association. How can we do it?

The Law allows the General Meeting to take place by teleconference or other electronic means, provided this procedure will be registered in the minute of the meeting.

Before the opening of the agenda, it is advisable that the Chairman of the Board communicate by text message or email with the Shareholders who are invited to the teleconference, in order to guarantee that the Shareholders manifest their awareness of the agenda and confirm their presence in the virtual meeting.

After the deliberation, a minute should be made, indicating expressly what decisions were made and who voted in favor and against those decisions.

You may send the minutes to your legal advisor or Lawyer to proceed with the necessary procedures to register the decisions electronically on the Portuguese site for company's registrations.

2) Until when is it possible to have the Annual General Meeting of Shareholders' whose legal deadline is on 30th of March 2020?

It is possible to convene Annual Meetings until 30th of June 2020.

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Exceptional Measures Established by Law to Mitigate the Pandemic in the Economy

A Regarding the relations between individuals:

a) It is eliminated the cost of payment by cards, now with no minimum amount set;

b) **The Government has approved new credit lines for the companies with a grace period until the end of the year and amortized in four years.** These credit lines are meant for the affected companies.

This new package of measures are an addition to the 200 million euros business support line and to the partial payment of the salaries employees who are in lay off regime, being supported 2/3 of gross pay up to a maximum of 1.905 euros. **From the entire amount to pay to the employee, 70% is supported by Social Security and 30% by the employer.**

Frequently Asked Questions:

1) My salary is in the amount of 1,000 euros gross, how much will I get if my employer chooses the Lay Off regime?

The gross remuneration will be reduced to 2/3, meaning 666 euros and all the legal deductions will be calculated based on this amount. For example, to a married worker with two children, this would represent a net reduction of 215,67 euros, and for a single worker without children, a net loss of 180,67 euros.

2) My salary is in the amount of 3.000 euros gross, how much will I get if my employer chooses the Lay Off regime?

The gross remuneration will be reduced to an amount equal to 3 minimum remunerations guaranteed, meaning 1.905 euros as this is the maximum amount that an employee can receive in a lay off situation.

3) My salary is in the amount of 750 euros gross, how much will I get if my employer chooses the Lay Off regime?

The gross remuneration will be reduced to 1 minimum remuneration guaranteed, meaning 635 euros, as this is the minimum amount that an employee can receive in a lay off situation.

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Exceptional Measures Established by Law to Mitigate the Pandemic in the Economy

A Regarding the relations between individuals:

Lay Off

The Lay off is a measure that must be indispensable to ensure the economic viability of the company and the maintenance of jobs. It is the temporary reduction of normal working periods or the suspension of employment agreements by the initiative of the companies for a certain period due to:

- Market reasons;
- Structural or technological reasons;
- Natural disasters or other events that have seriously affected the normal activity of the company.

In order to combat the effects of the new coronavirus and the containment measures, simpler procedures have been determined to benefit from the Lay off regime.

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Exceptional Measures Established by Law to Mitigate the Pandemic in the Economy

B Regarding the relations between individuals or companies and the Tax Authorities and Social Security:

- a)** The law provides a temporary exemption from paying social security contributions for companies which are “covered by any of the measures provided for in the decree order” which was approved to deal with the epidemic;
- b)** Flexibility in tax payments for companies with a turnover up to 10 million euros in 2018 or those that started their activity on the 1st of January of 2019. All the other companies or self-employed workers may benefit from this provision, when there has been a decrease in turnover of at least 20% in the average of the three months preceding the month in which this obligation exists compared with the same period of the previous year.

Which taxes are covered by this measure?

- VAT on a monthly and quarterly basis;
- The payment of the **IRS** withholding taxes to the State;
- The payment of the **IRC** withholding taxes to the State

How does it work?

- Or by paying the amount divided in **three monthly payments with no interest;**
- Or by paying the amount divided is **six monthly payments, being applicable an interest rate to the last three months payments;**
- The Social Security contributions due between **March and May of 2020 to be paid in April, May and June 2020** respectively will be reduced by one third in the second quarter of the year.
- **The remaining amount for April, May and June will have to be paid in the third quarter of 2020** in similar terms as those set for the tax payments.
- This measure **applies immediately to the companies with up to 50 employees;** the companies with up to 250 employees can benefit from this provision if there is a drop in turnover equal to 20% or more (which must be proved and supported by the balance sheets and accountants’ reports).

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Exceptional Measures Established by Law to Mitigate the Pandemic in the Economy

B Regarding the relations between individuals or companies and the Tax Authorities and Social Security:

c) The following measures have been decided for IRS:

The special payment in account to be made in March may take place until 30 June 2020.

d) As for IRC:

- The periodic income tax return for the 2019 tax period may be submitted until 31st of June 2020;
- The first special payment on account and the first additional payment on account due in July may be paid until 31st of August 2020.

e) It has also been recognized that a medical certificate attesting the positive result of COVID-19 infection or the necessity of isolation measure is sufficient to justify to have a justifiable reason for tax compliance.

This measure covers both taxpayers and certified accountants.

f) A credit line named “Covid -19 - Fundo de Maneio” was made available in order to support the working capital needs of companies.

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Compliance with the visiting or residence regime in the exercise of parental responsibilities during the State of Emergency

The Article 5, paragraph 1, point j) of the Decree 2-A/2020 of 20/03/2020 states that:

Citizens that are not covered by the provisions of the preceding articles may only circulate on public spaces and streets, or on private spaces and streets equivalent to public roads, for any of the following purposes: (j) displacements for imperative family reasons, namely to comply with parental responsibilities, as determined by agreement between the parents or by the competent court;

Frequently Asked Questions:



1) Can I pick up my child from the other parent's house during the visiting or residence days that I am allocated?

Yes, it is allowed regular displacements of parents and minors to fulfill the regime of visits/residence of parental responsibilities since they are considered movements for imperative family reasons.

2) Can I change the visiting or residence days with my son that were allocated by the Court?

Yes, by mutual agreement of both parents it is possible to change the visiting or residence days, being necessary to settle the new days in writing (text message or email).

If an agreement is not possible, it is only possible to change the days with a Court decision.

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