



VAP LAW REPORT

Covid-19 and Greece | Special Edition

VAP LAW OFFICES

30 May 2020

Dear reader,

The quick worldwide proliferation of the SARS-CoV-2 virus, known as the coronavirus, is until today an unprecedented situation, which has overturned the employment landscape and the performance of contractual relationships and obligations. The publication of numerous Legislative Decrees and Ministerial Decisions aims at regulating the emergency measures for supporting society and entrepreneurship but also at securing the smooth operation of the market.

Greece constitutes one of the first European countries which timely and successfully reacted with measures for dealing the pandemic and reinforcing the National Healthcare System, which had already sustained a distress due to the financial recession.

Our law firm VAP LAW OFFICES stood at the front line during this unprecedented crisis and directly supported enterprises with the provision of information and legal clarifications in relation to the measures announced and the consequences thereof. This is to give you an overview of the basic legislative measures that were enacted in our country during the peak of the virus for dealing with the effects of the pandemic and the impact thereof on entrepreneurship and the operation of businesses, the validity of contracts etc.

Your VAP LAW TEAM



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GENERAL RESTRICTIONS

In Greece, the *lockdown* that was enacted as an extraordinary measure for preventing the coronavirus proliferation entered into force on 23.03.2020. Movement of citizens were permitted only to and from their workplace, in order to visit a pharmacy or a physician, in order to be supplied absolutely necessary living articles, training outside or walk with a pet, assistance to persons in need, attendance in a ceremony (e.g. funeral, marriage, christening) of up to ten (10) persons, visit to the bank - to the extent an electronic transaction was not possible - and always with the prohibition of assemblies of more than ten (10) persons.

Training institutions of all educational degrees (nurseries, kindergartens, schools, technical universities and universities - both private and public), as well as museums, theatres, sports arenas, cinemas, sports studios, clubs, playhouses, archaeological areas, holiday lodgements and commercial enterprises (stores and shops) were closed. The said restrictions did not include the supermarkets, minimarkets, groceries, banks, pharmacies, optics, workshops and fuel stations. The necessity of the Government to adopt the above strict restrictions was acknowledged from the majority of citizens, for the purposes of reducing the number of physical contact. There were many employers who redefined their employment schemes via remote working (teleworking/telecommuting), so as to limit the physical presence of employees at the place of work.

LABOUR LAW

Coronavirus altered the working conditions. Enterprises whose business activity had been suspended by virtue of an order of a public authority or which were severely damaged, suspended their employees. The ability to suspend the employment agreements for the personnel lasts for as long as the order of the public authority is in force.

With a series of Legislative Acts and relevant Ministerial Decisions, many organisational and emergency financial measures were enacted. The following organisational measures were provided for:

(A) Suspension of employment agreements

(B) Remote Working (teleworking/telecommuting)

The employers may unilaterally decide that the work offered to them by the employees at the place of work provided for in the individual employment agreement, will be performed remotely, without physical presence at the place of work.

(C) Special Purpose Leave

Beneficiaries of the special purpose leave are:

(1) natural, step or foster parents of children, if their children: a) are enrolled in day-care, baby farm and nurseries, b) attend obligatory education institutions (kindergarten, elementary and junior high school), c) attend special schools or special training schools regardless of their age, d) are disabled persons benefited from structures where open care services are offered for disabled persons, regardless of their age;



(2) employees or family members thereof, who must remain at home if they show symptoms according to the instructions of the Ministry of Health and their health condition may be put at risk. The special purpose leave lasts for at least three (3) days, followed by one (1) day of regular leave, for which the employee is remunerated and insured, taking into account for the consolidation of any right of the employees which results due to their employment relationship. Two-thirds (2/3) of the special purpose leave are remunerated by the employer and one-third (1/3) by the ordinary State's Budget.

(D) Reduced salary/working hours personnel

Any employee may be employed for at least two (2) weeks, with the reference period being one month, consecutively or with intervals and the employer is obligated to preserve the same number of employees who were employed when the measure started to apply (i.e. not to terminate the employment agreements and preserve the same employment terms and conditions). The above manner for organizing the work regime takes place every week and at least 50% of the company's personnel is included in that scheme.

(E) Intra-group assignment of personnel

The employer whose business activity is substantially damaged or is prohibited from conducting its business activity based on the applicable regulatory acts may assign personnel from an enterprise of its group to another enterprise of the same group, upon their mutual agreement; however both companies are

obligated, once extension for the suspension of the employment agreements of those employees elapses, to preserve for a period of forty five (45) days the same number of job posts under the same employment regime. Enterprises-employees making use of the measure for the suspension of the employment agreements are expressly prohibited from terminating the employment agreements for the period of suspension. In parallel, they are bound to preserve the same number of job posts (i.e. the effect both of the non-dismissal clause and the job posts preservation clause) after the lapse of the extension of the suspension of the employment agreement of these employees. Otherwise, in case they dismiss an employee, such suspension is invalid.

MEASURES FOR LEASES

In the context of the financial aid amidst the coronavirus, the Greek Government introduced the lessee's right to pay 60% of the rentals for March and April 2020 in the following cases:

- a) Principal domicile rentals of employees whose employment was terminated or suspended.
- b) Rentals for commercial properties, in case they were leased by enterprises who have obligatorily suspended their activity, in order to avoid the proliferation of the coronavirus.
- c) Rentals paid by students who study in universities outside their place of residence, who are dependent members of employees in enterprises who suspended their employment agreements.

SUPPORT FOR ENTERPRISES

The Ministry of Finance directly supported enterprises (active in all sectors and throughout the Greek State) which faced financial difficulties due to the coronavirus peak, as proven by the substantial decrease of their business activity. Since March 18, the Greek government announced various measures for strengthening economy, e.g. the repayable advance.

In order to support small and medium-sized enterprises, the operation of the digital platform "myBusinessSupport" was initiated by the Public Revenues Independent Authority (AADE) pursuant to the Joint Ministerial Decision (Gov. Gazette 1135/B/2-4-2020), via which the repayable advances will be disbursed directly to enterprises without the intervention of banks. The support in the context of this regime will be offered until June 30, 2020. This regime will ensure the liquidity needed for the market, in order for the enterprise to deal with the loss incurred due to the virus proliferation and in order to preserve the continuity of the financial activity both during and after the proliferation of coronavirus.

Enterprises which were provenly damaged by the crisis, may obtain loans from banks from the beginning of May, up to 25% of their annual turnover. The said financial aid may be granted to enterprises which regularly paid their debts until the end of 2019. For example, an enterprise with an annual turnover of €100,000 may request a loan of Euro 25,000, of which Euro 20,000 will be guaranteed by the Ministry of Development.

TAX LAW AND SOCIAL SECURITY

Enterprises which remained closed for business or suffered loss from the coronavirus are entitled to proportionally suspend their tax and insurance obligations until the end of September 2020.

More specifically, the payment of tax liabilities (payment of VAT, assessed debts, instalments of settlements) which were due from 11.03.2020 to 30.04.2020 is suspended until 31.08.2020. In addition, the collection of assessed and overdue debts on 11.03.2020 is suspended until 31.08.2020.

In case the measure for the suspension of payment is not applied, an one-off discount of 25% for the instalments of assessed debts (except VAT and withholding taxes) is granted for March and April 2020.

Furthermore, the payment of insurance contributions for February and March 2020 (which were payable in March and April 2020) is prolonged for 30.09.2020 and 31.10.2020 respectively, both for enterprises who were closed for business and for the damaged enterprises. The payment of settled insurance contributions is also suspended for three (3) months.

Insurance contributions are the contributions of the employee and the employer (where provided) for all insurance sectors (main insurance, healthcare, auxiliary insurance, one-off benefits), as well of any other agency for which EFKA collects contributions, with the exception of contributions for optional insurance.



LITIGATION - JUDICIAL SYSTEM

The effects of coronavirus had the respective impact on the court and lawyer's system in Greece. As defined in the Joint Ministerial Decision (JMD) (Δ1α/ΓΠ.οικ.18176, Gov. Gazette 864/B'/15-03-2020), all legal proceedings are suspended from March 14, 2020 to April 27, 2020. Most trials and court judgements are suspended and also almost all deadlines set by the law or the courts. As a result, bankruptcy and seizures against natural persons or legal entities are suspended.

CONTRACT LAW - FORCE MAJEURE

A large part of the population who is unable for the time being, to meet any financial or other contractual obligations, reasonably wonders if there is any room for deviation from the contractual obligations via the existing legal framework due to the exceptional generalized situation.

It is made clear that this unprecedented condition constitutes an event of force majeure which affects the contractual obligations, a fact which can be concluded from the measures adopted by the Greek government in order to provide financial aid to the damaged enterprises and employees.

As regards the effects of force majeure upon contractual relations, it should be noted that force majeure results in release from or suspension of the obligations, yet neither generally nor indiscriminately. The right to release or suspend any obligation is directly related to the nature of the right and therefore there is no general rule. It is also

very likely that force majeure will affect only a part rather than all contractual obligations.

The possibilities provided should be considered on a case-by-case basis to draw safe conclusions, as it is accepted that in case the obligations of the counterparty have been fulfilled, the occurrence of a force majeure event does not justify the non-fulfilment of financial obligations by the other counterparty but only the suspension. In addition, the rights provided under the legal framework should always be exercised on the basis of good faith and transactional ethics, because it is common that rights provided by law to be exercised abusively.

Finally, force majeure clauses are often included in contracts, which determine the consequences of the occurrence of force majeure events in contractual obligations. Even in these cases, force majeure events may have consequences upon the rest contractual obligations or force majeure clauses may result in abusive obligations to the parties.

In conclusion, it is difficult to draw a general framework as the occurrence of force majeure events may lead to a variety of modifications upon the contractual obligations of the parties depending on the nature of the obligations and the existing circumstances. These are cases where legal flexibility is required as any ancillaries cause more problems than they solve.

CORPORATE LAW - GENERAL MEETING AND BOD MEETINGS

The Legislative Act "*Urgent measures to address the consequences of the risk of spread of coronavirus COVID-19, the support of the society and entrepreneurship and the ensuring of smooth operation of the market and public administration*" (Government Gazette A '68 / 20-03-2020) provided the right to companies and to each legal entity to hold the General Meeting of the members via teleconference.

In particular, the "*The General Meeting of Shareholders or Members of any legal person or any legal entity, may be held via teleconference for all or some of its members. In this case, the invitation to the members of the General Assembly includes the necessary information and technical instructions for their participation in the meeting. This right is granted to legal entities until 30.06.2020.*".

It is important that this right, meaning the holding of the General Assembly via teleconference, is provided to all legal entities, regardless of whether it is included in their Articles of Association or not.

At this point, it is wise to say that this right was already granted by law, but many companies had not included it in their Articles of Association.

As far as the Board of Directors is concerned, this legislative act was amended on 30.03.2020 and now it includes provisions for the meeting of the Board of Directors.

Technology now allows easy access to a number of electronic conference platforms and the members/shareholders are able to participate directly in the General Meetings of the Companies even if they are not present. It is important that if the General Meeting is finally decided to be held by the above deadline, meaning 30.06.2020, the invitation must include detailed information on the platform in order for the members/shareholders to gain access and exercise their rights.

Characteristic examples are well-known Greek companies which, had implemented preventive and protective measures for the virus spread, before the implementation of the emergency measures, posting on their website a ballot for remote voting by which shareholders could vote on the issues of the General Assembly in advance; while at the same they could also attend the proceedings via teleconference.

We have supported a number of companies on the successful realization of their GM and BoD meetings, in full compliance of the new law and their Articles of Association.

SAFETY MEASURES FOR TOURISM

Greece is preparing to welcome the new tourist season, allowing international flights to Athens from June 15th and to the islands from July 1st, with safety and responsibility.

With the exception of EU countries, there are restrictions on flights depending on the country of take-off, while countries with negative epidemiological characteristics are excluded. This decision is also justified by the fact that generalized COVID-19 checks will not apply to all visitors.

According to the Ministry of Tourism, the country is divided into three risk zones based on accessibility to health facilities and the possibility of epidemiological tests.

In Zone A (low risk) is the whole of mainland Greece, Crete, Evia, the islands of the Saronic Gulf, the nearby Cyclades and in general those tourist destinations located less than two hours away from tertiary health facilities.

In Zone B (moderate risk) are destinations with COVID-19 structures, such as Santorini, Paros, Rhodes and some islands in the Northeast Aegean.

In Zone C (high risk) are remote islands with no COVID-19 or no health structures at all.

In parallel with the above, the Ministry of Tourism has imposed strict standards for the safe operation of tourism businesses, so that a possible case can be identified and isolated in time, thus preventing the possible spread of COVID-19. According to these, each tourism business must draw up a protocol of operation, while hotels with a

capacity of more than 50 rooms must also have an action plan for the management of a suspected case. Their staff must be trained and their cooperation with health structures and doctors must be strengthened. It is necessary to record the data of all visitors in a way that is in line with the requirements of the General Data Protection Regulation (GDPR), in order to investigate the close contacts of any COVID-19 case.

Strict standards are set for each area of tourist accommodation. It is important that in order to avoid overcrowding in the reception area, it is recommended to extend the check-in and check-out duration, as well as to pay only by electronic means.

Daily cleaning of the rooms during the stay is prevented while meticulous cleaning of them is required after the departure of the visitors. It is obvious that the catering services within the accommodation operate under very strict restrictions.

Emphasis is placed on disinfecting the water supply and sewerage network of accommodation, while the operation of indoor pools is prohibited and good chlorination and disinfection of outdoor pools is required. The distance between the bathers should be at least 2 meters and restrictions are imposed on the number of bathers that can be inside the pool at the same time.

In public areas the distance between visitors should be at least 3 meters. Of course, similar restrictions apply to beaches. It is becoming clear that Greece is in the process of intensive preparation to maintain the very low level of COVID-19 spread and to protect its summer visitors, without depriving them of the opportunity to enjoy their summer vacation in a beautiful destination.

CONCLUSION

Greek government announced on April 2020 as the first reference point for the gradual loosening of measures, then it prolonged the initially enacted restrictions for dealing with the crisis by one week until May 4, 2020. People now face a new beginning, the effects of coronavirus start to slowly emerge but they are undoubtedly apparent in all aspects of everyday living. History will show if this crisis will teach any lessons.

Note: It is pointed out that the above outline of provisions is suggestive and summarizing and aims at providing a quick update in relation to the legal framework. Any subjection of your company to the above provisions and the conditions of this subjection constitute the object of a more complete analysis for which the provision of specialized legal advices is required. The contents of this newsletter do not constitute legal or tax advice and cannot be used as such. In case you require advice for your specific case, please do not hesitate to contact one of our experts.

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Our law firm VAP LAW OFFICES, having an extended experience in providing legal support to all legal entities, fully trained and with increased sense of social responsibility is in place to support enterprises and entrepreneurs so as to manage the new conditions. For more information please visit www.vaplaw.eu.

We remain at your disposal for any clarification and/or information.

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