

BKM | BERKEMEYER

Asunción | Paraguay

**CORPORATE, CONTRACTUAL, TAX, AND LABOR MEASURES
APPLICABLE IN TIMES OF COVID-19**

CORPORATE AND CONTRACTUAL MEASURES

LIMITED COMPANIES – CALL TO ORDINARY SHAREHOLDER MEETINGS

Limited Companies which financial year ended in December 2019

- Term extension of 4 to 6 months for call to Ordinary Shareholder Meeting to deal with the following points:
 - Board of Directors annual report
 - Financial statements and distribution of profits
 - Report of Trustee
 - Appointment of directors, trustees, and remuneration fixation
- Until June 30th instead of April 30th

LIMITED COMPANIES – CALL TO ORDINARY SHAREHOLDER MEETINGS

Limited Companies that called Ordinary Shareholder Meetings from March 9th onward

- Ordinary Shareholder Meeting must be called again
- New publication of call for Meeting
- Until June 30th

LIMITED COMPANIES – CALL TO ORDINARY SHAREHOLDER MEETINGS

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LIMITED COMPANIES – NOTIFICATION TO TREASURY'S LEGAL DEPARTMENT

Limited Companies that held Ordinary Shareholder Meetings between March 4th and 9th 2020

- Term of notification to Treasury's Legal Department extended until June 30th, 2020

Terms of notification that start computing starting June 30th, 2020

- Company Inscription
- Stocks Trade
- Stocks Transfer

Provided the proceedings started as of March 9th, 2020.

REGISTRATION OF PERSONS AND LEGAL ENTITIES AND
FINAL BENEFICIARIES

RUC Ending	Original Deadline Law No. 6446/2019 Decree No. 3241/2020	Current Deadline Decree N° 3.486/2020
0 – 3	29-FEB-2020	29-FEB-2020
4 – 6	31-MAR-2020	30-APR-2020
7 – 9	30-APR-2020	29-MAY-2020

LEASE CONTRACTS

Payment default on lease contracts between March and June 2020 will not be regarded as cause for eviction of landlord, under the following conditions:

- Rents must be paid 40% or more
- The remaining amount shall be paid along with the rent of the months of July onwards, within a maximum of six months.

In other words, between July and December, besides paying the agreed monthly rent, the defaulted amounts between March and June must be paid off.

It is **not** a discount nor a debt relief

There is **no** distinction

FORCE MAJEURE

Elements:

- External to individual debtors
- Unforeseen and supervening to the obligation's constitution
- Existing at the time in which it must be fulfilled
- Obligation fulfillment must be impossible
- Debtor must not be in arrears
- The party that invokes it must do so in good faith

FORCE MAJEURE

Possibility to excuse the fulfillment of an obligation or damages due to contractual non-compliance, when the unfulfillment is caused by force majeure or acts of God.

Elements:

- External to individual debtors
- Unforeseen and supervening to the obligation's constitution
- Existing at the time in which it must be fulfilled
- Obligation fulfillment must be impossible
- Debtor must not be in arrears
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UNPREDICTABILITY THEORY

Unforeseen situations that do not constitute force majeure by **not existing an impossibility** to fulfill contractual obligations, but still becoming excessively burdensome to the fulfillment of obligations to one of the parties.

Requirements:

- Executory contracts relating to outsourced services
- That fulfillment becomes excessively burdensome
- That the debtor is not the reason of the supervening situation
- That the debtor is not in arrears

Not applicable when it is a situation that is comprised within the scope contract

MAIN RECOMMENDATIONS

Analyze the specific contract

Define applicable legislation

Analyze specific force majeure clauses, if they were present in the contracts

Identify the exact nature of the problems and their causal link to the impossibility of fulfillment and/or significant increase in burden

Verify that there exist no waiver clauses to the legal provisions of force majeure and unpredictability

TAX MEASURES

TAX MEASURES

- The Law of National Emergency granted the PE powers to provide tax extensions.
- So far:
 - All obligations originally due between March 21st and 26th (initially moved to April 1st, 2nd, 3rd) have been extended to May 4th, 5th, and 6th 2020.
 - Iracis and Iragro due in April were moved to June.
 - Other obligations due in April were moved to May. (EEFF was moved to July)

Careful that in May many obligations can be due.

TAX MEASURES

- Extension of date to call for OA until June 2020 (instead of April) relevant for regulated companies.
- If the assembly resolves to distribute profits, but does not pay, may have to pay IDU as recently as September.
 - If dividends are paid, IDU must be paid the following month.
- SRL, consortia, and others must hold a meeting in April to determine the destination of their results because otherwise an assumption of profit distribution is applied.
 - SRL should verify their articles of incorporation.

TAX MEASURES

- Payment facilities of IRP, Iracis and Iragro:
 - Delivery of 20% and 5 installments without interests.
- Extension of IRE advances of 2020 to:
 - July, September, November and December.
- Extension of CCT validity (90 days).
- Various proceedings enabled exclusively online.
- Suspension of administrative deadlines.
- Suspension of refund applications, among others.
 - It is possible that new regulations are issued.

LABOR MEASURES

LABOR MEASURES

From 10/03 to 19/03

Between Res. N° 90/20 (15 days) and Decree N° 3478/20

Areas affected by Res. 90/20 – Partially affected

- Pending or early vacations granted.
- License agreements with pay.
- Suspension of labor contracts.
- Termination of “part-time” workers
- Termination of workers in trial period.

From 20/03 to 27/03

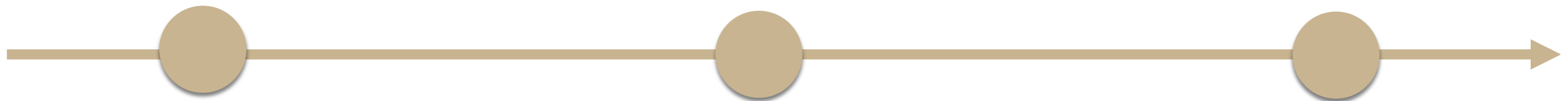
Between Decree N° 3478/20 of 20/20 (quarantine until 28/03 except certain areas) and Law of Emergency.

- Complete payment of salaries in March, independently of task fulfillment for the entire month.
- Suspension of labor contracts.
- Teleworking.
- Unjust terminations.
- IF VACATIONS ARE GRANTED ON 11/04, ON 24/03 IS 12 DAYS, CAN THEY BE GRANTED AGAIN?

From 28/03 to 02/04

Decree N° 3490/20: extends preventive isolation until 12/04.

- Agreement for hourly compensation (Hour bank like Brazil).
- Remuneration reduction agreement starting April.
- Daily wage reduction agreement.
- Suspension of labor contracts.
- Unjust terminations.



LABOR MEASURES

03/04

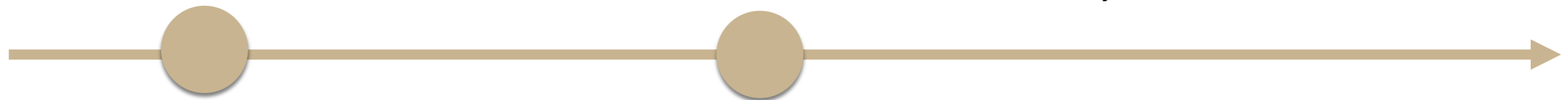
Decree N° 3512/20
Delivery is enabled (except for alcoholic beverages)

From 4/04 to 9/04

Delivery and civil works are enabled (for 2 days)

10/04 to 17/04

38 days



- Areas that can operate partially:
- Hourly compensation agreement.
- Remuneration reduction agreement starting April.
- Daily wage reduction agreement.
- Those who cannot operate analyze:
 - Unjust termination.
 - Contract suspension (because Res. N° 25/20 of IPS is issued)

- **Isolation is extended until 19/04.**
- **Areas that are unable to operate:** hair salons, gym, spa, event centers, casinos etc. if were not previously suspended, they are now.

LABOR MEASURES

10/04 to 17/04

46 days



Marito Abdo ✓
@MaritoAbdo



Se prolonga la cuarentena por una semana más con las mismas condiciones. [#QuedateEnCasa](#)



6:38 a. m. · 17 abr. 2020 · [Twitter for iPhone](#)

Quarantine is prolonged for one more week with the same conditions.
[#StayHome](#)

LABOR MEASURES

Is it possible to modify salaries and work hours?

Can salaries be reduced?

What happens with IPS contributions?

The present publication, due to the broad scope of its content should not be considered as a legal opinion, but it is limited to briefly inform about corporate, contractual, tax, and labor measures applicable in times of COVID-19. In case there is any doubt and legal counsel is required, please contact us at the following email addresses:

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