

## LEGAL ALERT

### on legal challenges for Russian business due to coronavirus (COVID-19) outbreak<sup>1</sup>

#### 1. INTRODUCTION

- 1.1. On 11 February 2020, the World Health Organisation announced an outbreak of a new coronavirus disease COVID-19, which was further declared a pandemic on 11 March 2020.<sup>2</sup> As of 23 March 2020, more than 340,000 cases were registered all over the world.
- 1.2. Due to the COVID-19 outbreak a number of countries have imposed or are planning to impose various restrictions in order to prevent the further increase of COVID-19 cases, including limitations on border crossings, more thorough border control, cancellation of public events, quarantines etc.
- 1.3. As of 23 March 2020, 438 cases of COVID-19 were confirmed in Russia (including 262 cases in Moscow).
- 1.4. The Russian Government has established a special government coordination council on control of the incidence of coronavirus infection in Russia (the “**Coordination Council**”).

#### 2. IMPACT ON LITIGATION AND ARBITRATION

- 2.1. On 18 March 2020, the Presidium of the Russian Supreme Court and the Presidium of the Russian Council of Judges issued a joint resolution ordering Russian courts to consider only emergency disputes (e.g. ordering or lifting pre-trial measures in criminal proceedings, taking actions in order to defend interests of minors or individuals with no legal capacity etc.) or small commercial disputes to be considered in summary proceedings. It is recommended for Russian courts to consider disputes using video conference.<sup>3</sup> The Russian courts should follow the above terms for the consideration of disputes from 19 March until 10 April 2020.
- 2.2. The exact categories of disputes to be considered by Russian courts within the above periods are not specified. However, local Russian courts clarified that they could consider:
  - Administrative cases that are required to be considered by courts;
  - Disputes over payments to dependents of a person declared bankrupt, who need funds to buy expensive pharmaceuticals or address to medical assistance;
  - Disputes over imposing or lifting of injunctions;
  - Small disputes to be considered in summary proceedings;
  - Any other categories of commercial or civil disputes if all of the parties to the dispute have filed motions to consider the dispute in their absence and these motions are satisfied by the court.
- 2.3. Access to buildings of the courts is now restricted for the public. Obtaining copies of judgments, reviewing the case files or submission of any documents to the courts in person is presently prohibited. All filings or appeals are to be submitted electronically or via the Russian post.

<sup>1</sup> This legal alert is not designed to provide legal advice and does not purport to deal with every important issue or to cover all aspects of the topics with which it deals.

<sup>2</sup> <https://www.who.int/emergencies/diseases/novel-coronavirus-2019/events-as-they-happen>.

<sup>3</sup> We note that this recommendation is impossible to implement in the times of restriction of public access to the courts as far as under Russian procedural law videoconference is possible only between different Russian courts.

- 2.4. Most of the courts still continue interaction with experts by providing them documents required for expert proceedings as well as receiving expert reports.
- 2.5. The active proceedings are not stayed within the above period. The court hearings, which were scheduled for the end of March 2020 are now effectively postponed until approximately May 2020 (depending on the workload of judges).
- 2.6. Some of the Russian arbitration institutions also start to follow this approach of state courts. For example, on 19 March 2020 the Russian Chamber of Commerce and Industry (the “**CCI**”), the International Commercial Arbitration Court at the CCI as well as Maritime Arbitration Commission issued a joint resolution recommending either to stay arbitral proceedings or to postpone arbitral hearings at the request of a party to a dispute or at the discretion of the arbitral tribunal.
- 2.7. At the same time the Russian Arbitration Centre at the Russian Institute of Modern Arbitration and the Arbitration Centre at the Russian Union of Industrialists and Entrepreneurs still continue to handle pending arbitration proceedings suggesting for arbitration tribunals to hold hearings using videoconference facilities.

**RGP recommendations:**

*Evaluate importance of your pending court proceedings (if a hearing is scheduled for the period until 10 April 2020) and presence of legal counsel and consider sending of motions for consideration of disputes without or only in the presence of legal counsel at a hearing.*

**3. DISRUPTION TO COMMERCIAL CONTRACTS**

- 3.1. The restrictions imposed in connection with the COVID-19 outbreak may have negative impact on the ability to perform contractual obligations. The CCI predicts that COVID-19 outbreak may result in numerous defaults under commercial contracts, millions of bankruptcies and massive layoffs.<sup>4</sup> We assume that this outbreak should first of all result in defaults under credit, lease and supply agreements.
- 3.2. This update summarizes the concepts of Russian law allowing to extend the performance of obligations under a contract, terminate and/or change the terms of such contract that may be applicable due to the restrictive measures imposed in connection with the COVID-19 outbreak.

**A. Force Majeure**

- 3.3. A force majeure clause typically allows to delay the performance of obligations and, in some cases, terminate the contractual obligations under certain emergency circumstances. Pursuant to the Russian Civil Code<sup>5</sup> a party to a contract shall not be liable for failure to perform its contractual obligations if such party proves that performance of its contractual obligations was not possible due to emergency and unavoidable events under the given circumstances, unless otherwise provided by such contract or a statute.
- 3.4. Even if a contract does not contain a force majeure clause general provisions of the Russian Civil Code on force majeure shall apply.
- 3.5. In order for a particular event or circumstance to be recognised by a Russian competent court as force majeure such event or circumstance shall:

<sup>4</sup> <https://www.ntv.ru/novosti/2308460>.

<sup>5</sup> Civil Code of the Russian Federation dated 30 November 1994 No. 51-FZ (the “**Russian Civil Code**”).

- meet the emergency and unavoidability criteria; or
  - be specifically listed in the contract as force majeure event.
- 3.6. According to Russian court practice, any event which is exceptional and would not occur in normal circumstances shall be considered as emergency event.<sup>6</sup>
- 3.7. An event shall be deemed unavoidable if no other person carrying out activities similar to those carried out by the non-performing party could avoid occurrence of such event or its consequences.<sup>7</sup>
- 3.8. Russian courts may recognise, for example, the following events as force majeure, among others: (i) storm,<sup>8</sup> (ii) epidemics<sup>9</sup> (iii) impossibility of supply of raw materials necessary for production of goods in case of lack of other suppliers,<sup>10</sup> (iv) restrictions on trading, quarantines<sup>11</sup> and others, even if such events are not specifically set out in a contract.
- 3.9. We note that in case a contract specifically lists certain events as force majeure Russian courts tend to consider such events as force majeure without analyzing if such events actually meet the criteria set forth in law.<sup>12</sup> For example, a financial crisis is generally not deemed as a force majeure event unless such event is set forth in a contract.<sup>13</sup>
- 3.10. It should be noted that under the Russian Civil Code in case failure to perform obligations results from a breach by any third-party (e.g., supplier) of its obligations to such non-performing party, lack of products on the market, or insufficiency of funds, such events shall not be considered as a force majeure event. In practice, however, whether the described events fall under this exemption depends on particular circumstances. For example, we have located Russian court cases where an impossibility to supply goods under a contract that is caused by restrictions on international trade, sanctions or restrictions of a similar nature is considered as a force majeure, where such goods were not available in the Russian Federation or it was not possible to replace such goods by a similar product.<sup>14</sup>

#### How to Prove the Force Majeure?

- 3.11. According to the Russian court practice there is no standard set of documents that it is necessary to provide in order to prove occurrence of a force majeure event. Documents evidencing occurrence of such events can vary depending on particular circumstances.

#### *Foreign Trade Contracts*

- 3.12. With respect to foreign trade contracts, the occurrence of a force majeure event can be evidenced by a certificate of the CCI confirming that such event has occurred (the “**CCI Certificate**”).<sup>15</sup>

<sup>6</sup> Paragraph 8 of the Decree No.7 of the Supreme Court of Russian Federation dated 24 March 2016 (the “**Decree No.7**”).

<sup>7</sup> Paragraph 8 of the Decree No.7.

<sup>8</sup> Ruling of the Council for the economic disputes of the Supreme Court of the Russian Federation No. 303-ES15-5226 dated 01 September 2015 on case No. A24-2619/2014.

<sup>9</sup> Decree of the Eighth Arbitrazh Appeal Court No. 08AP-137/2020 dated 28 February 2020 on case No. A75-14334/2019.

<sup>10</sup> Decree of the Ninth Arbitrazh Appeal Court No. 09AP-67215/2017 dated 05 February 2018 on case No. A40-85259/17.

<sup>11</sup> Decree of the Ninth Arbitrazh Appeal Court No. 09AP-7093/2017 dated 23 March 2017 on case No. A40-189794/16.

<sup>12</sup> Decree of the Tenth Arbitrazh Appeal Court No. 10AP-4086/2016 dated 22 April 2017 on case No. A41-5424/15.

<sup>13</sup> Decree of the Federal Arbitrazh Court for Volgo-Vyatsky Region dated 21 September 2010 on case No. A82-660/2010; Decree of the Thirteenth Arbitrazh Appeal Court No. 13AP-3311/2016 dated 30 March 2016 on case No. A56-74907/2015; Decree of the Arbitrazh Court of Povolzhsky District No. F06-42162/2018 dated 21 January 2019 on case No. A55-6562/2018.

<sup>14</sup> Decree of the Thirteenth Arbitrazh Appeal Court No. 13AP-12243/2015; 13AP-12241/2015 dated 1 September 2015 on case No. A21-1547/2014.

<sup>15</sup> Article 15 (3)(n) of the Law of the Russian Federation “On the Chambers of Commerce and Industry in the Russian Federation” dated 7 July 1993 No. 5340-1.

- 3.13. Pursuant to the Regulation On the Procedure for Confirmation by CCI of Force Majeure Events (the “**Regulation on CCI Certificates**”),<sup>16</sup> a certificate shall be issued in relation to a contract that is considered as a foreign trade contract in accordance with Law of the Russian Federation No. 164-FZ “On governmental regulation of foreign trade activities” dated 8 December 2003 (the “**Law on foreign trade activities**”).<sup>17</sup>
- 3.14. Pursuant to the Law on foreign trade activities, a contract that envisages export or import of goods, as well as contracts for cross-border transfer of information, intellectual property rights and provision of services (including production, distribution, marketing and delivery), shall be considered as an international trade contract. However, Russian law does not contain an exhaustive list of criteria for international trade contracts. We are aware of court practice evidencing that Russian courts may consider a contract between two Russian entities (irrespective of foreign shareholders) as domestic contract even if such contract envisages import or export of goods.
- 3.15. We note that according to the Russian court practice, while the CCI Certificate has an evidentiary value and confirms the occurrence of certain events, whether or not such events actually constitute force majeure shall be determined by the court.<sup>18</sup> However, Russian courts generally tend to consider the CCI Certificate as sufficient evidence of the occurrence of a force majeure event.
- 3.16. Please note that the CCI has announced that it intends to issue certificates stating that the restrictive measures connected with COVID-19 outbreak are to be qualified as a force majeure.<sup>19</sup> Such CCI Certificate may be obtained upon application of a party to foreign trade contract. The Regulation on CCI Certificates set out a list of documents to be provided along with such application.
- 3.17. Given the significant workload of the CCI one can assume that the procedure will require substantial time and suggest it may be prudent to apply for the CCI Certificate as soon as possible in order to show good faith and preserve one’s position under contractual relations.

*‘Domestic’ Contracts*

- 3.18. In case of a domestic contract the CCI Certificate would not be sufficient evidence of the occurrence of force majeure events.<sup>20</sup> In such case the interested party may prove the occurrence of force majeure raising other arguments and turning to other evidence in accordance with general procedural rules provided by Russian law. For example, in cases of force majeure events caused by weather conditions courts may consider statements of governmental meteorological organisations on weather conditions, as well as photographs and videos, as sufficient evidence.<sup>21</sup>
- 3.19. According to the Order No. 20-UM adopted by the Mayor of Moscow on 14 March 2020, the high alert regime introduced in Moscow in connection with the COVID-19 outbreak shall be considered as a force majeure.
- 3.20. We note that the Russian Civil Code does not recognise acts of local authorities confirming a force majeure regime as an automatic trigger for occurrence of force majeure events. However, acts of governmental authorities or local authorities (i) imposing restrictions that could prevent due performance of obligations, or (ii) confirming the occurrence of emergency and unavoidable

<sup>16</sup> Appended to the Decree No. 173-14 of the CCI Board dated 23 December 2015.

<sup>17</sup> Law of the Russian Federation No. 164-FZ “On governmental regulation of foreign trade activities” dated 08 December 2003.

<sup>18</sup> Decree of the Arbitrazh Court of the Far-East Region No. F03-915/2019 dated 13 March 2019 on case No. A51-17486/2018; Decree of the Twenty-first Arbitrazh Appeal Court No. 21AP-95/2017 dated 07 March 2017 on case No. A84-653/2016.

<sup>19</sup> According to the publicly available information on the website of CCI.

<sup>20</sup> Decree of the Fifth Arbitrazh Appeal Court No. 05AP-463/2017 dated 01 March 2017 on case No. A51-25712/2015.

<sup>21</sup> Decree of the Ninth Arbitrazh Court No. 09AP-42464/2016 dated 30 September 2016 on case No. A40-220908/15; Decree of the Third Arbitrazh Appeal Court dated 07 February 2019 on case No. A74-7025/2018.

circumstances, will have a clear evidentiary value in case of a court dispute, and would likely be considered by courts as evidence of a force majeure.<sup>22</sup>

- 3.21. On 16 March 2020, the Coordination Council discussed measures aimed at slowing the COVID-19 outbreak and support of business. As such, the Coordination Council announced that a force majeure regime will be introduced in relation to government procurement and contracts involving repatriation of foreign currency proceeds. Also, it is planned to introduce a “green corridor” at customs for supply of basic goods such as food products.<sup>23</sup>

#### Consequences

- 3.22. Contracts typically set forth an obligation of a non-performing party to notify the other party to contract of a force majeure event.
- 3.23. According to Russian court practice, if one of the parties fails to comply with the notification requirement and fails to perform other reasonable actions to mitigate the losses of the other party, such non-breaching party shall be entitled to compensation of losses.<sup>24</sup>
- 3.24. Occurrence of a force majeure event does not lead automatically to the termination of the obligations of the parties if such obligations could still be performed after the force majeure.<sup>25</sup> Although if as a result of such delay in performance the other party loses interest in the contract such party may terminate the contract without having a right for compensation for any losses suffered by such delay.

### **B. Impossibility of Performance**

- 3.25. The Russian Civil Code allows to terminate a contractual obligation if it becomes impossible to perform and no other person would have been able to perform such obligation under the given circumstances (Article 416 of the Russian Civil Code).
- 3.26. In addition to the general rule described above, pursuant to Article 417 of the Russian Civil Code full or partial impossibility of due performance of obligations caused by an act of a governmental authority leads to termination of such obligation in full or in part, respectively. In case of such termination, the only remedy available to the parties is compensation of losses incurred by the parties by the Russian Federation, its constituent entity or local authorities in case such act of governmental or local authorities is unlawful and/or declared void by the court.
- 3.27. According to the Supreme Court of the Russian Federation, acts of governmental authorities that lead to impossibility of due performance of obligations under a contract are deemed to be force majeure events in case such acts have a temporary effect. Thus, Article 417 of the Russian Civil Code shall apply only to cases where impossibility to perform obligations is permanent.

### **C. Material Change of Circumstances**

- 3.28. Under Article 451 (1) of the Russian Civil Code a contract, unless otherwise provided therein, may be terminated or amended in case of material change of circumstances provided that the parties would not have entered into such contract or would have entered into the contract on materially different terms if such change of circumstances could have been reasonably predicted.

---

<sup>22</sup> Decree of the Fifth Arbitrazh Appeal Court No. 05AP-6836/2018 dated 24 October 2018 on case No. A51-25621/20.

<sup>23</sup> <http://government.ru/en/news/39164/>.

<sup>24</sup> Paragraph 10 of the Decree No.7.

<sup>25</sup> Paragraph 9 of the Decree No.7.

- 3.29. COVID-19 outbreak may also be deemed a material change in circumstances in case the interested party proves that the criteria set out in Article 451 (1) are met (see *Consequences* below).
- 3.30. For instance, Russian courts considered an outbreak of H5N1<sup>26</sup> as a material adverse change.<sup>27</sup> An outbreak of Schmallenberg virus<sup>28</sup> that caused restrictions on import of live cattle imposed by governmental authorities was also considered by the court as a force majeure and a material change in circumstances.<sup>29</sup>

#### Consequences

- 3.31. In case the parties to a contract cannot agree on termination or amendment of the contract in case of material adverse change such contract may be terminated by the court or amended by the court, in case termination of such contract would be adverse to interests of the society or would cause damages to the parties in the amount materially exceeding the expenses that would be incurred by parties in order to perform the contract on the terms amended by the court, provided that in each case all of the following criteria are met:
- (i) while entering into a contract the parties assumed that no such material adverse change would occur;
  - (ii) the interested party acting with due care and diligence that is expected from such party under the contract and market conditions could not address the issues that lead to a material adverse change after such issues have arisen;
  - (iii) performance of the contract without amending its terms would lead to a material disbalance of commercial interests of the parties and losses incurred by the interested party to such extent that the interested party would be deprived of something that such party had a right to expect while entering into a contract; and
  - (iv) it is not implied by the nature of the contract or customary practice that the risk of material adverse change shall be borne by the interested party.
- 3.32. Upon a claim by either of the parties, in case of termination of contract the court shall determine the consequences of such termination based on the concept of fair distribution of expenses incurred in connection with performance of the contract among the parties.
- 3.33. A claim for termination or amendment of the contract may be filed with the court only after having received a negative response from the other party to the contract within a timeframe stipulated in a contract or within 30 days in the event that the contract does not set any specific timeframe.

#### **RGP recommendations:**

*Whether any of the concepts described above would be applicable to particular circumstances essentially depends on interpretation of contractual terms and underlying facts.*

*In case of non-performance of obligations under any contract that you are party to we recommend that you:*

- (a) *review the relevant contracts in order to locate a force majeure clause;*

<sup>26</sup> Influenza A virus subtype H5N1 (A/H5N1).

<sup>27</sup> Decree of the Ninth Arbitrazh Appeal Court No. 09AP-1323/2008-GK dated 29 February 2008 on case No. A40-46947/07-125-325.

<sup>28</sup> A novel Orthobunyavirus that has been associated with disease in ruminants (cattle, sheep and goats) in Europe.

<sup>29</sup> Decree of the Thirteenth Arbitrazh Appeal Court dated 07 March 2014 on case No. A21-8837/2012.

(b) *if particular circumstances that caused non-performance of obligations are listed in the contract or meet the emergency and unavailability criteria:*

- (i) *notify the other party of occurrence of a force majeure event;*
- (ii) *perform reasonable actions to mitigate losses of the other party.*

*RGP lawyers are very experienced in advising on force majeure clauses and obtaining CCI Certificates and we will be happy to analyze impact of COVID-19 on contractual obligations.*

#### **4. IMPACT ON CORPORATE GOVERNANCE**

- 4.1. On 18 March 2020, amendments were introduced to the legislation pursuant to which in 2020 all general meetings of shareholders of Russian joint stock companies can be conducted in the form of absentee voting.
- 4.2. The new regulation allows to include the following items into the agenda of general shareholders' meetings in the form of absentee voting upon a resolution of board of directors:
  - (i) election of the board of directors;
  - (ii) appointment of members of the audit (revision) commission;
  - (iii) approval of the company's auditor; and
  - (iv) approval of the annual report and annual financial statements.
- 4.3. We note that under the Law on Joint Stock Companies<sup>30</sup> the items listed above could be considered by the general shareholders' meeting only in the form of physical presence. The amendments allowing the general shareholders' meeting to be conducted in the form of absentee voting are temporary and are introduced in order to avoid contact of shareholders in person during the virus outbreak.
- 4.4. Please note that the introduced amendments relate solely to joint stock companies.

#### **RGP recommendations:**

*We will be happy to advise you on the new terms for handling meetings of shareholders and/or participants of Russian companies in order to limit personal attendance in times of COVID-19 outbreak.*

#### **5. REGULATORY AND COMPETITION ISSUES**

- 5.1. The Federal Antimonopoly Service of the Russian Federation (the "FAS") has suspended all inspections and switched to remote consideration of cases until 10 April 2020 in connection with the COVID-19 outbreak. We note that unscheduled inspections in relation to compliance with antimonopoly legislation for the protection of life and health of the citizens will still be conducted. In addition, changes will be introduced with respect to the procedure for consideration by the FAS's commissions of potential violations of antimonopoly legislation and administrative offenses. To the extent possible, such cases shall be considered remotely by means of video conference or suspended with due regard to the deadlines. All interested parties shall be notified of a possibility to participate in such proceedings remotely.
- 5.2. FAS will consider the novel coronavirus pandemic as a force majeure when considering the complaints relating to the government procurement. FAS has noted that the procurement contracts for

---

<sup>30</sup> Federal law No. 208-FZ "On joint stock companies" dated 26 December 1995.

prevention and mitigation of consequences of the COVID-19 outbreak may be entered into with a sole supplier if there is a causal link between the purpose of such contract and the subject matter thereof.

- 5.3. Also, FAS suggested that governmental officials, business community and market experts should refrain from any price forecasts, as any speculation in the media about the prices for certain goods or a shortage of goods may lead to unreasonable demand and increase of such prices. Thus, according to instruction of the FAS's Head starting from 23 March 2020 territorial divisions of FAS shall intensify efforts for discovering cases of unreasonable price increases for so-called socially important goods. A special focus will be on bread and flour products, grits, meat, eggs, butter and several types of vegetables and fruits. Territorial divisions of FAS will monitor prices for the above mentioned products on a daily basis by fixing prices in retail stores.
- 5.4. We note that according to the Instruction of the Government of the Russian Federation, governmental inspections to which the provisions of the Federal Law "On protection of rights of legal entities and individual entrepreneurs during state and local authorities control" (the "**Law on control**"),<sup>31</sup> as well as on-site tax and customs inspections, shall be suspended until 1 May 2020, unless such governmental inspection is unscheduled and relates to harm caused to health and life of citizens, emergency events of natural or industry-related origin, or such inspection results in issuing of a permission, license or other permitting documents.<sup>32</sup> The Law on control does not apply to antimonopoly proceedings.

### **RGP Recommendations:**

*We will be happy to advise you on the next steps in relation to impact of COVID-19 on your FAS-related matters.*

## **6. EMPLOYMENT AND MIGATION**

### **A. Employment**

- 6.1. In order to slow the COVID-19 outbreak certain obligations were imposed on employers in order to prevent the spread of COVID-19.
- 6.2. The Russian Labour Code<sup>33</sup> sets forth a general obligation of the employer to ensure safe working conditions for employees<sup>34</sup>.
- 6.3. In addition to general requirements of Russian law, the following recommendations, *inter alia*, were provided at the federal level in accordance with acts of Russian Federal Service for Surveillance on Consumer Rights Protection and Human Wellbeing (the "**Rospotrebnadzor**")<sup>35</sup>:
- (i) measure the temperature of employees<sup>36</sup> upon arrival (and during the working hours, if needed) and suspend any employees who have a fever from work;
  - (ii) upon request of Rospotrebnadzor provide information on all contacts of a person diagnosed with COVID-19 and disinfect the areas where such employee has been;

<sup>31</sup> Federal law No. 294-FZ "On protection of rights of legal entities and individual entrepreneurs during state and local authorities control" dated 26 December 2008.

<sup>32</sup> Instruction of the Government of the Russian Federation dated 18 March 2020.

<sup>33</sup> Labour Code of the Russian Federation No. 197-FZ dated 30 December 2001 (the "**Russian Labour Code**").

<sup>34</sup> Articles 22 and 163 of the Russian Labour Code.

<sup>35</sup> Letter of Rospotrebnadzor No. 02/3853-2020-27 dated 10 March 2020.

<sup>36</sup> Such actions do not require a consent of employees as they are performed in order to determine the ability of the employee to work in accordance with Article 88 of the Labor Code of the Russian Federation.



- (iii) ensure regular disinfection of the premises;
  - (iv) inform the employees about hygiene requirements;
  - (v) maintain 5-day reserves of sanitizers and respiratory protection tools;
  - (vi) ensure limitation of contact with the employees arriving from countries with a high number of coronavirus cases.
- 6.4. According to paragraph 1(1.2) of the Decree of the chief state sanitary doctor of the Russian Federation,<sup>37</sup> additional requirements may be imposed at a regional level.
- 6.5. As such, the following requirements, *inter alia*, were introduced in Moscow<sup>38</sup>:
- (i) ensure measuring the temperature of employees and disinfection of premises;
  - (ii) suspend any employees arrived from countries with high number of registered COVID-19 cases<sup>39</sup>, as well as employees residing with such individuals from work;
  - (iii) suspend any employees older than 65 years old and employees having chronic deceases from work for the period from 26 March 2020 to 14 April 2020;
  - (iv) provide possibilities for the above mentioned employees for self-isolation at home, arrange the possibility to work from home or provide an annual paid vacation.
- 6.6. Failure by employer to comply with the above requirements may lead to administrative or civil liability.
- 6.7. In relation to the governmental authorities, local authorities, and organisations owned by the state, additional recommendations are introduced by Ministry of Labour of the Russian Federation. Such recommendations are similar to those provided by Rospotrebnadzor and include, *inter alia*, additional recommendations on limitation of personal appointments, introduction of flexible working hours.
- B. Migration**
- 6.8. In order to slow down the coronavirus outbreak it is prohibited for any foreign citizen and individuals with no citizenship to arrive to the Russian Federation from 18 March 2020 to 1 May 2020<sup>40</sup>.
- 6.9. Air travel to foreign countries is temporarily limited to flights between Moscow and certain cities<sup>41</sup>.

### **RGP Recommendations:**

*We recommend that you follow the recommendations of Rospotrebnadzor and comply with the applicable requirements introduced by the local authorities.*

*We would be happy to assist with implementing the new requirements and assessing the amendments that you need to introduce to the local acts of your company in order to bring them in line with the new regulations (e.g. COVID-19 employment policies).*

<sup>37</sup> No. 3 dated 02 March 2020.

<sup>38</sup> Order of Mayor of Moscow No. 12-UM dated 05 March 2020, as amended by Orders of Mayor of Moscow No. 17-UM dated 10 March 2020, No. 20-UM dated 14 March 2020, No. 21-UM dated 16 March 2020, No. 25-UM dated 19 March 2020, and No. 26-UM dated 23 March 2020.

<sup>39</sup> The full list of such countries is set out in the Order No. 12-UM.

<sup>40</sup> Oder of the Government of the Russian Federation No. 635-r dated 16 March 2020.

<sup>41</sup> According to Instructions of the Government No. TG-P12-2111 of the Russian Federation dated 20 March 2020.

**7. STEPS TO BE CONSIDERED TO BE TAKEN BY THE RUSSIAN GOVERNMENT**

The Russian Government is planning to introduce measures to support travel companies and air transportation suggesting to grant to them a tax deferral period until 1 May 2020.<sup>42</sup> Moreover, the Russian Government also recommended for state authorities (including Russian tax service) not to file any bankruptcy petitions before 1 May 2020 (a moratorium).

Should you have any other questions on this alert or any other issues affecting your business in Russia during COVID-19 outbreak please contact us at [FightCovid19@rgp.legal](mailto:FightCovid19@rgp.legal).

**YOUR CONTACTS AT RGP:****Ilya Rybalkin**

**Partner**  
Head of Dispute  
resolution practice

+7 495 139 6502

[irybalkin@rgp.legal](mailto:irybalkin@rgp.legal)**Suren Gortsunyan**

**Partner**  
Head of Corporate  
practice

+7 495 139 6503

[sgortsunyan@rgp.legal](mailto:sgortsunyan@rgp.legal)**Yuri Makhonin**

**Counsel**  
Dispute resolution  
practice

+7 495 139 6519

[ymakhonin@rgp.legal](mailto:ymakhonin@rgp.legal)**Nato Tskhakaya**

**Counsel**  
Head of Antitrust &  
Competition practice

+7 495 139 6524

[ntskhakaya@rgp.legal](mailto:ntskhakaya@rgp.legal)**Marina Abazyan**

**Associate**  
Corporate practice

+7 495 139 6518

[mabazyan@rgp.legal](mailto:mabazyan@rgp.legal)

<sup>42</sup> <https://www.kommersant.ru/doc/4292388>.