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COVID-19 / Montenegro: Implications for Businesses

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The Government of Montenegro imposed several measures in order to prevent and limit the spread of COVID-19 including, through orders on undertaking temporary measures for stopping entering into the country, suppression and transmission control of the new coronavirus, which particularly refer to prohibition of public gatherings, both indoors and outdoors.

Also, in the entire territory of the Republic of Montenegro, work prohibition of all hospitality facilities (coffee shops, restaurants) is in force, except for those who offer delivery services and all retail shops except for pharmacies and retail shops supplying the essential goods and hygiene products.

Administrative offices providing public services are reduced to minimum work and employers are instructed to organize remote work when possible.

Public as well as intercity and international transportation is cancelled except for specially organized arrivals of residents of Republic of Montenegro and departures of foreigners to their home countries. Several border crossings are completely closed down.

Labor law issues

Considering that all schools and kindergartens in Montenegro are closed the biggest change related to employment is made in the field of paid leave from work for one parent of a child not older than 11 years of age, with the exception of healthcare employees, and employees in certain state institutions.

The government suggested employers to organize remote work where possible. Shortening and redistribution of working hours related to reduced scope of work should also be considered. Suspension of work when employees would be entitled to the compensation of salary amounting to at least 60% of their salary is one of the available options.

Contractual issues

Given the above listed measures already imposed by the authorities, which definitely limit certain business activities, the Force Majeure clauses set out in the commercial agreements may be triggered upon fulfilment of certain conditions. The contractual party may not be liable for the non-fulfilment of its contractual obligation if: (i) the Force Majeure circumstance occurred (i.e. the Government already imposed the measure that prevented the party to perform its obligation); and (ii) the obligation has not become due before the Force Majeure circumstance occurred.

Government support to the economy

the Central Bank imposed several economic measures in order to mitigate the negative effect of the pandemic: (i) postponement of the credit repayments of the general population and companies, with all commercial banks, microcredit institutions and Investment Development Fund (IDF) in the duration up to 90 days; (ii) postponement of the payment of income tax and contribution payments as well as tax obligations of the tax payers in tax debt rescheduling programs; (iii) new credit opportunities provided by the IDF with the aim of increasing of liquidity of companies in the amount up to EUR 3 million; and (iv) advance payments to the service providers and work performers with the provision of the advance payment bond, in order to keep their liquidity and continuity of the capital investment projects.

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