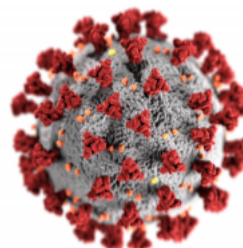




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COVID-19 Updates



COVID-19 - Updates

30/03/2020

During these complex times, Meitar | Law Offices continues to provide services to its clients in Israel and around the world.

As part of our firm's continuing commitment to provide outstanding service, each of our departments established a team of representatives to gather and analyze the recent legal implications arising from the spread of the Coronavirus. The team members whose details appear below will be glad to be at your service.

For your convenience, please find attached an update on the series of measures taken by the government authorities in the last few days together with a number of legal issues that have arisen due to this latest development.

Immigration Law

Effective March 18th, the Israeli government has decided on a stricter entry policy in order to halt the spread of the Coronavirus in the country. All foreign nationals who are neither citizens nor residents of Israel, are barred from entry into Israel, even if they can prove their ability to self-isolate. The exception are foreign nationals whose "center of life" is in Israel, to whom the Ministry of Foreign Affairs and the Immigration Authority may grant approval to enter the country, subject to submission of a formal application and approval thereof prior to the flight to Israel. In addition, on March 29th the Israeli government published new initial temporary guidelines specifying the conditions to get approval for entry into Israel of foreign experts who are needed for repairs of essential machinery (medical or non-medical) in critical facilities. In relevant and limited cases, on an ad hoc basis, the government may approve entrance of a limited number of foreign employees who are required specifically for critical repairs, despite the abovementioned restrictions. In such cases, it is required to obtain prior approvals and work permit and to undertake to follow strict guidelines to ensure the health of the foreign national and the public. Our Relocation and Immigration team is

available to advise with respect to the said guidelines as well as in any matters related to Immigration Law.

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Emergency Regulations

Click [here](#) for the Summary of the Emergency Regulations Regarding Limitation of Activity in the Public Domain and at Workplace.

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Tax

As of now, the Israeli government and the Israeli Tax Authority ("ITA") have not yet announced any changes (whether permanent or temporary) to **substantive** tax law provisions due to the Coronavirus pandemic. The government is still putting up its economic support program, which is likely to include certain tax instruments both in order to support the economy and in order to finance the growing fiscal needs.

In the interim, certain **statutory timeframes** were extended and **short-term deferral** of certain monthly payments was introduced, to assist businesses with their current challenging cash-flow needs. **We emphasize that not all tax-related periods were extended.**

In addition, certain **procedural reliefs** re the ability to rely on electronic documents were introduced.

Taxpayers eagerly expect new measures to be introduced soon, to understand how they will assist different sectors and what will they impose on taxpayers in order to fund fiscal needs. Areas in which the current situation is especially likely to invoke tax issues include: cash-flow aspects (deferral of payments, advance payments rates, cash vs. accrual tax accounting etc.), recognition of bad debts and other extraordinary expenses (e.g. working from home), loss recognition and offset rules, inventory depreciation, residency issues, transfers of assets which were significantly depreciated and potential buy-backs of shares and traded bonds.

In these troubled times, tax-wise, there may be a silver lining. The ITA is making a true effort to expedite issuance of pending ruling requests so as to facilitate as many deals as possible. In addition, in order to induce tax collection, certain temporary relief provisions may be introduced (e.g. repatriation of foreign profits, dividend distributions to individuals or foreign companies, etc.) which may offer an opportunity for some taxpayers.

As matters develop on a daily basis, it is advised to keep informed.

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Labor Law

Our labor law department published various newsletters regarding the implications of the Coronavirus:

- A newsletter dated March 30, 2020, which details the new Emergency Regulations (New Coronavirus) providing certain benefits to employees that were dismissed or placed on unpaid leave for a period of at least 30 days in connection with unemployment benefits paid by the National Insurance and special adaptation grants paid by the National Insurance to employees at the age of 67 and above that were dismissed or placed on unpaid leave for a period of at least 30 days and are not entitled to unemployment benefits. For the newsletter click [here](#).
- A newsletter dated March 19, 2020 which provides an overview regarding reduction in force and expenses by the employers as a result of the spread of the Covid-19 virus including with respect to unpaid leave, reduction in scope of position and salary and forced paid vacation and layoffs. For the newsletter (Hebrew) click [here](#).
- A newsletter dated February 12, 2020 which provides the main legal provisions that should be complied with if an employee notifies that he or she contracted Covid-19 or is in home isolation because of a concern of infection. For the newsletter (Hebrew) click [here](#).

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Courts and Legal Procedure

Due to the application of the Court Regulations and the Execution Offices (Special Emergency Procedures), all regular court hearings from March 15, 2020 to April 16, 2020, which are not in one of the urgent matters set out in the Notice of the Director of the Court of Justice, will be postponed. The president of the court has the authority to instruct from reasons to be recorded, a particular procedure that is not in accordance with the matters set out in the notice will not be discussed, or that a particular procedure which is not listed will be discussed.

In addition, all deadlines set in the enactment or court decision to submit pleadings to the court will be postponed accordingly (except to pleadings that the court has set a specific time for submission).

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Contract Law

The Coronavirus pandemic is spreading at great speed and has many legal implications, including and perhaps primarily on contractual engagements. The border closures, the flight restrictions, and in particular the home isolation instructions, the lockdowns and other social distancing rules, are likely to create a situation in which many contractual obligations won't be fulfilled (whether due to physical and legal restrictions, workforce restrictions or restrictions on movement, and mainly due to the shutdown of commercial activity in Israel and other countries).

There are several legal-contractual aspects that are important to be aware of in the context of the present Corona pandemic: "force majeure", "frustration of purpose" and "adjustment of contracts to changing circumstances" by virtue of the principle of good faith. Press [here](#) to read the English translation of the interview in Globes with our partner, Livian Segal, on this subject.

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Telecom

Attached is an updated memo on Corona related resolutions and events in the telecommunications sector.

The extract is:

- The Ministry of Communications (MoC) instructed the cellular companies to cease all marketing actions for private subscribers starting March 30 at 10:00 am, in order to focus on their activities in operation of the networks, handling of emerging events and providing customers' service.
- The MoC defined the communications sector as essential service and therefore engineering and television news departments and workers continue to fully working.
- The MoC froze the transition between the communications' companies and the prices of cellular packages (including the packages that are due to be updated at the end of their period).
- The deadline for bidding for the 5G frequency tender, the dates of all public hearings and the sanctions for violations were frozen.

For the full update please click [here](#).

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Capital Markets and Securities Law

During March 2020, the Israel Securities Authority (the "ISA") has issued a few announcements relating to the implications of the Coronavirus epidemic on certain aspects relevant to the conduct of reporting entities listed on the Tel Aviv Stock Exchange. Some of these are briefly referred-to below.

On March 8, the ISA issued a Staff Notice, emphasizing the duty of reporting entities to include adequate disclosures on the implications of the Coronavirus epidemic in their periodic and immediate reports. On March 16, the ISA announced that in light of the implications of the virus outbreak, reporting corporations would be allowed to submit the periodic report for 2019 not later than April 30, 2020 (instead of March 31, 2020). On March 16, the ISA announced that the holding of Board of Directors' meetings (and its committees) and the general meetings of shareholders (and general meetings of bondholders) can be conducted by electronic means during of the Coronavirus restrictions period. On March 17, the ISA issued an announcement regarding the possibility of conducting buybacks (share repurchase) even before the publication of the full periodic reports, if the corporation publishes preliminary financial statements. On March 26, the ISA announced that reporting corporations must confirm that they are able to continue to publish their reports on the electronic reporting system in a timely manner, and that they have all electronic means required to continue reporting under the unfolding restrictions with the necessary remote access capabilities.

Some of the ISA updates about the Coronavirus crisis are also published in an English version [here](#).

- [The holding of Board of Directors' meetings and General meetings by electronic means during a period of restrictions to prevent the spread of the Coronavirus.](#)
- [Buybacks and Share Repurchase Offers during the .](#)
- [Extension for the Publication of the 2019 Periodic Report.](#)

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Israel Innovation Authority grants

The Israel Innovation Authority (IIA) has issued three requests for proposals offering grants to address the Coronavirus challenges. The grants are addressed to Israeli companies which may receive between 20% and 70% of approved R&D expenses for these projects. Due to the time constraints, the grant applications can be submitted by way of a dedicated and shortened form, and the applications will be reviewed in an expedited manner. For more details and information (Hebrew) click [here](#).

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Privacy

The Privacy Protection Authority issued a Q&A document regarding privacy aspects during the Corona period. The Authority's position as expressed in the Q&A document indicates that in this period, there is a need to balance the right to privacy and other rights and interests, and that in some circumstances, a breach of privacy may be justified. At the same time, the authority's position clearly indicates that the fact that Israel is under this emergency period will not permit private or public organizations to act in a way that violate privacy rights beyond what is required and without taking into account privacy aspects.

The Authority also issues a document with certain highlights as to remote work vis-à-vis the corporate network, which includes recommendations and emphasis on information security in remote work application, management of meetings and cloud-based calls (such as the ZOOM app and the like) and the need for alertness to fraud and fishing attempts.

In addition, the Authority also issued guidelines regarding remote renewal of electronic certificate as well as guidelines for identifying applicants for the purpose of issuing electronic certificate.

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Antitrust

The Israeli Competition Authority (ICA), as well as competition authorities in the world, monitors the markets in light of the outbreak of the Coronavirus. The ICA has stated that temporary collaborations between businesses to enable regular activity during this time of crisis, which will eventually enable long-term competition to be maintained, are likely to be justified and will likely not be considered to prejudice competition, subject to compliance with the competition regulations. Other competition authorities around the world also offer guidance on collaborations needed to address the challenges of this crisis, e.g., the UK Competition and Markets Authority, which has consented to the UK government's initiative to allow local supermarkets to collaborate in order to prevent shortage of supply, and the European Competition Network which has also stated that EU competition authorities will not intervene in temporary collaborations aimed at dealing with a shortage in supply. At the same time, in Israel and around the world, various competition authorities warn against attempts by business owners to exploit the situation to harm competition and consumers, for example through unfair selling prices for essential products or price fixing. Therefore, business owners must examine the legality of their actions in light of competition laws even during these difficult times.

In addition, according to emergency regulations published on March 25, 2020, the validity of regulatory approvals that expire in the period from March 10, 2020 to May 10, 2020 will be extended. These regulations extend for a two months period the validity of (1) merger approvals; and (2) exemptions granted for restrictive arrangements; by the ICA, that expire in the said period. Furthermore, the regulations extend by a 3 months period, the dates in the process of imposing a monetary sanction according to the Competition Law, that applies during the period of validity of the regulations. These dates include, inter alia, the date of a hearing before the ICA

regarding the intention to impose a monetary sanction, the date of the Competition Commissioner's decision to impose a monetary sanction and the date for payment of the monetary sanction.

[Coronavirus: Announcement by the Israeli Competition Authority.](#)

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Environment Regulation and Municipal Law

Licenses, permits, sampling, financial sanctions

- On March 18, 2020, the Ministry of Environment Protection ("MOEP") issued guidelines and instructions clarifying that requirements and conditions set in licenses and permits shall remain in effect. At the same time, the MOEP will allow applications for postponement of deadlines in the event of delays arising from the situation. Also, the MOEP listed several additional relaxation regarding permits and licenses' renewal procedures. As a general rule, a renewal of a business license will be granted as a one-year temporary permit based on the current's license existing conditions. Toxins permits will be renewed without a "preliminary tour", except in exceptional cases. In addition, the MOEP granted a general extension to apply for renewal of emission permits, as well as postponements of deadlines regarding the submission of routine reports and periodic samplings.
- On March 25, 2020 the Emergency Regulations (new Coronavirus - extension of validity and postponement of deadlines), 2020 were published, according to which, regulatory approval which validity is expected to expire between March 10, 2020 and May 10, 2020, shall be automatically extended for an additional two months. These regulations also set a three-month postponement of deadlines in procedures of imposing financial sanctions.

Mandatory payments in the business sector

- Water bills – Upon request of a consumer which is a business which was significantly affected by the situation - the water supplier will postpone the payment of the bill for the subsequent billing period, and will spread the payment up to 12 monthly payments, as per the consumer's request, at a minimum interest rate, starting from the subsequent billing period.
- Property taxes (Arnona) – The Director General of the Ministry of Interior ordered all heads of local authorities to exercise their legal authority and set special business payment arrangements for the municipal property tax payment for 2020, so that the payment deadline will be postponed to May 1, 2020 (plus linkage differentials, no arrears).

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Energy

The Electricity Authority announced the postponement of deadlines in the competitive procedures for the construction of Photo-Voltaic (PV) Facilities and regarding the process for the construction of natural gas fueled Power-Stations to be connected to the low pressure natural gas distribution network.

Israel Electric Company ("IEC") announced that despite the reduction in its activity, it will continue to connect new customers and Independent Private Electricity Producers, including and especially PV facilities.
In addition, the IEC published a package of benefits for customers and suppliers including early payments to suppliers and avoiding from disconnecting customers.

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Hotels and Leisure

Although the majority of hotels in Israel are currently closed due to the Coronavirus, and hotel owners/operators have put most of their employees on unpaid leave [see Labor Law update], the government regulations and guidelines in Israel have not imposed a mandatory closure on hotels.

The Emergency Regulations enacted on the 21 and 22 March 2020, that deal with the restriction of public activities and the number of employees that may work in a place of employment, specifically prohibit the opening and operation of hotel restaurants for the consumption of food on premises. This together with other limitations imposed by the Emergency Regulations, such as the prohibition on opening and operating bars, pubs, banquet halls, swimming pools and spas together with the restrictions that limit the number of people that can gather in a public space and the requirement for a 2 meter gap between people, makes the operation of hotels practically infeasible. The close down of international flights and the call for social distancing have left hoteliers with no other option than to close hotels, although the government has refrained from including "hotels" in the list of businesses that cannot open due to the COVID19 virus.

On the 15 March 2020 the Ministry of Tourism issued a guideline with regard to the operation of hotels in light of the Emergency Regulations and the Ministry of Health's guidelines, in which it informed the hotels that they can continue to operate subject to the limitations and restrictions imposed by the Emergency Regulations as above.

Due to the local and global closure of most hotels, hotel companies worldwide are generally adopting cancellation policies that enable guests to cancel even prepaid no cancelation reservations. Alternatively, vouchers are being offered for periods of 12 months, sometimes with a bonus value (i.e. 125% for a future reservation). In some European countries, these policies are being backed by governments and legislation.

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Planning and Construction

On 25 March 2020, the new Emergency Regulations due to the Coronavirus spread were published. According to such regulations and to the Planning Administration notification, due to the special emergency situation, the period between 15 March 2020 and 24 May 2020, will not be counted in the day-count of Planning and Construction Law and Licensing Construction Regulations, (please note that some issues were specifically excluded).

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