



Legal Implications of a Global Pandemic

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KPMG Georgia Legal Services



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Global tax, legal and immigration guide
- [Keeping Connected Globally – Virtual Meeting Series](#)
Our global leaders on tax & legal implications of pandemic

Introduction

On 21 March 2020, by the virtue of the Decree of the President of Georgia, the state of emergency was declared throughout the whole territory of Georgia. For the purpose of the enforcement of the Decree, the Government of Georgia has adopted various legislative acts related to the measures to be implemented in connection with the prevention of the spread of the coronavirus (COVID-19) in Georgia.

The global pandemic has substantially changed the ongoing economic processes in the country. Due to the restrictions imposed during the state of emergency, the population of Georgia, the business sector and the government agencies have faced new challenges in major aspects of everyday life.

KPMG Georgia hereby joins the active information campaign of KPMG global network of member firms in order to decrease the negative impact of the pandemic on the business and society.

I Relationship with the Employees

In anticipation of the peak of the COVID-19 epidemic, almost all sectors of the economy have faced the need for substantial changes in employment policy and the regime of relations with employees.

We hereby propose the list of essential legal issues in order to evaluate readiness of your business for effective management of human capital:

- Amendments to the labor agreements to regulate changes in the workplace and other essential working conditions for remotely working employees;
- Preparation of the documents on compliance with the established requirements for ensuring labor safety and provision of relevant information to the employees;
- Evaluation of the issues related to the temporary disability to perform work duties by the employees placed in self-isolation, quarantine or medical facilities and preparation of written communication on the payable remuneration;
- Preparation of relevant written documentation on compliance with the established rules for requesting and issuing paid and unpaid leave;
- Preparation of appropriate economic and operational justification in case of need to downsize the workforce.



Relationship with the Local Business Partners

The epidemic has significant impact on many business sectors. The new reality requires changes in almost every business relationship. In order to undertake appropriate legal actions during the state of emergency, it is important to consider a variety of factors, including:

- Existence of provisions regulating force-majeure circumstances and substantial changes of the economic situation, in contracts and determination of the scope of application of such articles;
- Notification to the other party in accordance with the procedures determined under relevant contracts;
- Assessment of the justification to rely on the legal mechanisms provided by the Civil Code of Georgia, namely:
 - Adaptation of the contract to the changed circumstances;
 - Extent of obligation to compensate damages in case of fault or lack of fault;
 - Refusal to perform obligations due to non-performance by the other party.
- Existence of written evidence of the negotiations with the other party of contract and execution of respective changes in case of reaching an agreement to modify contractual terms.

Relationship with the Foreign Business Partners

The virus is a global challenge, which particularly increases the need to analyze legal relationships with foreign partners. Considering substantial disruption of the international supply chain and other external economic factors, it is important to thoroughly evaluate contractual rights and obligations, including the following additional factors:

- Evaluation of application of international conventions (for example, the United Nations Convention on Contracts for the International Sale of Goods (CISG)) to the legal relationships;
- Defining law governing contractual relationships;
- Regulation of force-majeure or other liability exemption circumstances under applicable law;
- Actions of governments of foreign business partners in response to the pandemic;
- Determination of the competent court/arbitral tribunal for resolution of contractual disputes and analysis of the practice of relevant jurisdiction related to the force-majeure and other similar circumstances with regard to the termination or modification of contracts.



Connect with us



Kakha Rukhadze

Managing Partner

+995 322 935695

krukhadze@kpmg.com

www.kpmg.ge



Jaba Gvelebiani

Head of Legal Department

+995 322 935695

jgvelenbiani@kpmg.com

www.kpmg.ge



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