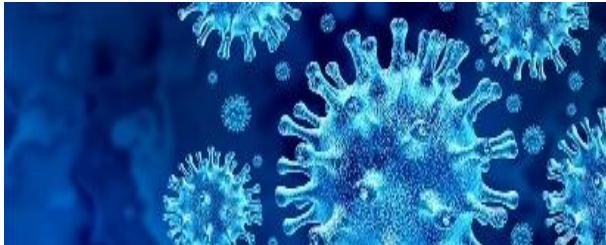


COVID-19 EMPLOYMENT AND LOCKDOWN: IMPLICATIONS AND RECOMMENDATIONS



Introduction

COVID-19 is a respiratory disease caused by (new) coronavirus that was first detected in Wuhan City, Hubei Province, China. Due to its fast spread in the greater part of the world, it was declared a pandemic by the world Health Organization on the 11th day of March 2020.

Uganda confirmed the first COVID-19 case on 22nd March 2020 and to date the number has arisen to over 50 cases.

In a bid to curb the spread of the virus, the President of the Republic of Uganda on the 30th of March 2020 declared a nationwide lockdown for 14 days.

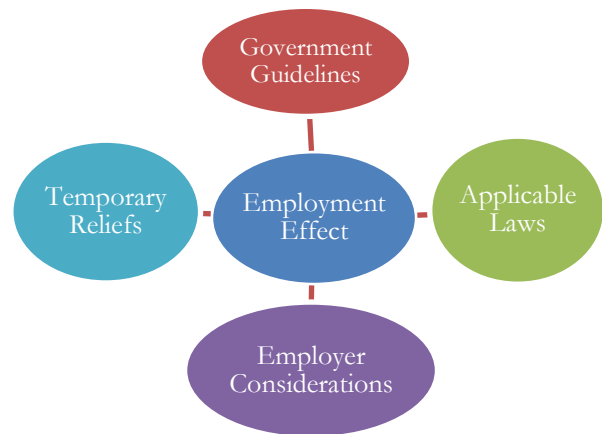
The directives issued prohibited all people to people movement, movement of private vehicles and suspended operation of non-essential work and work places such as shopping malls, arcades and all businesses dealing in non-food items.

These directives do not apply to persons or organizations offering essential services i.e. medical, veterinary, telecommunication, door-to-door delivery, banks, private security companies, cleaning services, garbage collection, fire-brigade, petrol stations, water departments, Uganda

Revenue Authority and Uganda National Roads Authority. Although these establishments are exempted, access is restricted.

The lockdown and the continued spread of COVID-19 are expected to have an impact on business operations and contractual obligations.

Business owners/employers have been shocked with challenges of their businesses to include irregular running of businesses, work methods and possible financial constraint on the organisations /companies with un certainty of the future.



Government Guidelines

- i) A national wide lockdown was issued by the President of the Republic of Uganda for 14 days.
- ii) On 20th March 2020, the Minister of State for Labour issued a press statement giving general guidelines and considerations to be followed to mitigate the effects of the pandemic in Uganda namely;

- ✚ Employers should retain employees who are on monthly pay to avoid terminal benefits costs.
- ✚ Employers should train employees on preventive measures
- ✚ Engagement of employees on casual terms may be reviewed or the employees can be advised to stay at home.
- ✚ Employees should be encouraged to take pending annual leave or unpaid leave.
- ✚ Unionised works should explore the provisions of Collective Bargaining Agreements if layoffs are the best option.
- ✚ For a temporary lay-off, there should be a commitment to re-engage the employees/workers when work normalises.
- ✚ In the event that a lay off is inevitable, the procedures under the Employment Act should be followed and terminal benefits paid.

Temporary Reliefs



URA - Returns (press release 25th March 2020)

- ✚ Companies, whose accounting date is in September and are unable to file corporation tax returns by March 31, 2020, are granted a two-month extension up to May 2020 to file their final Income Tax returns.
- ✚ All penalties for late submission shall not apply or will be refunded if the companies are able to submit on or before May 31, 2020.

- ✚ Tax payers whose returns (VAT, PAYE, LED, WHT, Lottery & Gaming) for March were due are granted an extension to file the returns and make payment up to 30th April 2020.

National Social Security Fund (Press release 31st March 2020)

- ✚ Businesses facing economic distress are granted an option to reschedule their NSSF contributions for the next 3 months without accumulating penalty.
- ✚ Affected businesses are to send an email to **amnestyenssfug.org** to work out the detailed modalities.

Ministry of Gender & Labour – Labour Returns (Press release 30th of March 2020)

- ✚ All employers to submit labour returns and statistics on the number of employees, rates of remuneration by category and any other conditions affecting their employment.
- ✚ The details required are; employees names, designation, monthly, salary and national ID numbers of all the workers who have or are likely to be affected by the COVID 19 pandemic.

Applicable Laws to Employment

The Occupation Safety and Healthy Act 2006 (OSHA).

- ✚ *Section 13* provides that employers have a duty to take as far as is reasonably practicable, all measures for the protection of his or her workers from the dangerous aspects of the employer's undertaking.
- ✚ *Section 14* requires employers to prepare safety and health policies for employees while at work and make arrangements for carrying out the policy.

It is therefore important for employers to update their policies based on the guidelines issued by the Government in regard to the pandemic, inform their employees and train them on the necessary safety measures.

The Employment Act 2006.

In light of the financial hardships during the Covid-19 outbreak, the employment Act addresses the following issues;

- *Section 84* provides for continuity of employment in case of a temporary layoff. The time when an employee is off duty temporarily shall count for purposes of calculating continuous service.
- *Section 6(3)* prohibits discrimination in employment. This includes implementation of the policies and guidelines.
- Under *Section 55*, an employee is entitled to sick leave because of injury or any sickness and is entitled to her/his full salary for the 1st month of absence.
- *Section 54*, provides for annual leave which may be taken at such a time as shall be agreed upon between the employer and employee.
- *Section 65* provides for circumstances under which termination may be deemed to take place.
- *Section 81* provides for collective terminations of more than 10 people and employers should follow the requirements therein.

Businesses or Employers should follow the Law and may consult for legal guidance when implementing policies or procedures.

In light of the above, Birungyi, Barata & Associates makes the following recommendations during the Lockdown and after the Lockdown;



1. Employment

- ✚ Embrace technology and work remotely from home during the lockdown or for Employees who are authorised to work from home after the lockdown.
- ✚ By allowing flexi hours of work to limit the number of people and ensure physical distancing.
- ✚ Employers should communicate to Employees on any intended action point to avoid any misunderstandings.
- ✚ Employers may retain employees on monthly pay but where a layoff or temporary layoff is inevitable, it should be done in accordance with the Employment Act.
- ✚ Employees may use their entitlements like annual leave based on the Employment Act and Ministry of Gender, Labour and Social Development.
- ✚ The terms of engagement for employees under casual terms may be reviewed and some advised to stay home.
- ✚ Conduct virtual office meetings for regular updates on pending assignments/work to maintain social distancing.
- ✚ If an employee has recently travelled to a high-risk country or has been in contact with a person who has tested positive for COVID-19, they should be advised to self-quarantine themselves because of their possible or actual exposure to the virus and get tested.

- ✚ Ensure availability of safety and protective equipment such as sanitizers, masks, gloves, thermometers, soap etc.
- ✚ Maintain a clean and disinfected workplace, and encourage employees to practice good hygiene.
- ✚ Issue policies and guidelines in regards of COVID-19 for Employers or workers to adhere too.

2. Business



- ✚ Conduct an assessment of the business, insurance policies and take necessary steps to mitigate operational risks.
- ✚ Attend to client's need regardless of the lockdown and use electronic platforms.
- ✚ Maintain contact with existing and potential clients through email and telephone calls.
- ✚ Conduct virtual meetings through the available tech applications such as Zoom, WhatsApp etc.
- ✚ Regularly provide clients/customers with updates (depending on the sector), on new

- ✚ developments in light of COVID-19 and the lockdown especially from critical institutions like Uganda Revenue Authority in regards to
- ✚ extension of time to filing returns and pay taxes, use of online platforms for certain institutions.

3. Contractual obligations

- ✚ One of the effects of the lockdown is that many companies will not be able to meet their contractual obligations. The potential relief in this case will be the Force Majeure clauses which absolve a party from liability for failure to meet contractual obligations.
- ✚ The burden is on the party asserting such a relief to prove that the lockdown prevented, hindered or delayed performance of the contract.
- ✚ Where existing contracts do not provide for Force Majeure, parties may agree to amend or vary, and provide for such circumstances.
- ✚ In case of new contracts, a clause with express reference to the pandemic should be included since disruption is foreseeable.



Birungyi, Barata & Associates continues to take various precautions and adjust business operations to ensure the safety and health of our employees, clients and community.

DISCLAIMER: Readers are informed that the views, thoughts and opinions expressed in this article belong solely to the author (Birungyi, Barata & Associates) and not anyone else.

STAY SAFE.

In case of any query or clarification, do not hesitate to contact;

Birungyi Cephass Kagyenda
Managing Partner
cbirungyi@taxconsultants.co.ug.

Belinda Lutaya Nakiganda
Associate Partner
bnakiganda@taxconsultants.co.ug

Precious Aheirwe
Legal Associate
paheirwe@taxconsultants.co.ug

Contact: Plot 14 Archer Road, P.O. Box 21086,
Kampala-Uganda.
Tel: +256414348669
Email: info@taxconsultants.co.ug
Website: www.taxconsultants.co.ug

“Employees who believe that management is concerned about them as a whole person – not just an employee – are more productive, more satisfied, more fulfilled. Satisfied employees mean satisfied customers, which leads to profitability.”

Stephen R. Covey