

5TH OF JUNE OF 2020

COVID 19
EXCEPTIONAL REGIME FOR SITUATIONS OF DEFAULT
IN THE PAYMENT OF RENT

Last 29th May, Law no. 17/2020 was published. This Law establishes the first amendment of Law no. 4-C/2020 which foresees an exceptional regime for situations of late payment of rent due under the terms of residential and non-residential lease contracts, within the scope of the COVID-19 pandemic.

The amendments introduced by this Law only concern non-residential leases and other forms of exploitation of real estate for commercial purposes.

The scope of this exceptional regime has been extended to establishments open to the public for trade, retail, services, catering and similar establishments which are closed or have their activities suspended after the end of the state of emergency under a legal provision or administrative measure adopted in the framework of the COVID-19 pandemic.

In such cases, tenants may defer payments of rent due for the months in which closure of premises or suspension of activities is determined or for the first month thereafter, until 1 September 2020. The debt settlement only begins on 1 September 2020 or after the end of the month following the ceasing of the impediment, if prior to this date (however, the debt cannot be settled beyond June 2021).

The deferred rent due under this regime shall be satisfied in monthly payments not lower than the amount resulting from the apportionment of the total amount due by the number of months over which it must be settled, paid along with the rent of the month in question.

The failure to pay these rents – rents due during the months in which state of emergency was in force and the first month thereafter, as well as, in the case of establishments which remain closed, rents due during the months in which legal provisions or administrative measures adopted in the context of the COVID-19 pandemic requiring the closure of facilities or suspension of activities are in force and the first month thereafter (but always until 1 September 2020) – cannot be invoked as a ground for cancellation, report or any other form

of termination of contracts, nor can the tenants be required to pay any other penalties based on the late payment of the rent due.

Furthermore, until 1 September 2020, the compensation for late payment of rent provided for in Article 1041, no. 1, of the Civil Code cannot be claimed.

This exceptional regime shall apply to rentals due from 1 April 2020 until 1 September 2020.

PARES | Advogados is available to provide more detailed information on the consequences of the exceptional and temporary measures taken to mitigate the effects of Covid 19 in lease contracts, that will suit the specific needs of each client, being able to offer all necessary support on this and other matters.

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