

# PETERKA PARTNERS

THE CEE LAW FIRM

## NEW GOVERNMENTAL PROPOSALS TO MITIGATE CERTAIN IMPACTS OF COVID-19 ON LESSEES OF NON-RESIDENTIAL PREMISES

On April 1, 2020, the Czech Government adopted the **Draft Act on Particular Measures to Mitigate the Impact of the Coronavirus Pandemic on Lessees of Non-Residential Premises (“Draft”)**.

### The Draft set the following particular measures:

- The **Lessor will not be authorized to terminate the lease by notice during the protected period starting from the Draft’s effective date until 31 December 2020 (“protected period”)**, if the Lessee will be only in delay with payment of rent connected with usage of **non-residential premises for business activities (“premises”)** and such delay occurred:
  - i. in the **period from 12 March 2020 to 30 June 2020 (“relevant time”)**; and
  - ii. mainly due to the **restrictions arising from the extraordinary measures** adopted by the Czech Government, the Ministry of Health, and Regional Hygienic Authority, with the aim of tackling the pandemic situation related to COVID-19, which limited or made its business activities impossible (**“restrictions”**).

The Lessee will be obliged to submit to the Lessor documents proving the fulfilment of the conditions under point ii) above within fifteen days after the first day of the Lessee’s delay in payment occurred.

- The **Lessor will be entitled to terminate the lease by notice with a five-day termination period, if:**
  - i. the Lessee does not settle all of its receivables related to the lease which become payable in the relevant time within the protected period; or
  - ii. the Lessee declares, or it becomes otherwise clear, that these receivables will not be paid within the protected period.
- The **Lessor will be entitled to ask for the cancellation of the lease**, if the toleration of limitations set by the measures cannot be reasonably demanded from it, in particular; however, the Lessor may ask for the cancellation only after the restrictions cease to exist, and not earlier than the termination or cancellation of the state of emergency.
- If the lease terminates or is cancelled during the protected period, the Lessee is obliged to settle all receivables which became payable during the relevant time within 30 days following the termination or cancellation of the lease.

The **other rights of the Lessor related to the Lessee’s delay remain unchanged**, and the Parties are also entitled to terminate the lease for any other reason.

### The measures shall apply to:

- **Lease or sublease of the premises;**
- **Usufructuary lease** (in Czech: “pacht”), if its substantial part is the lease of the premises.

**Any contractual provisions, which will derogate from the abovementioned against the Lessee, shall be invalid.**

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*This document reflects the status as of April 14, 2020.*

*The Draft will become effective on the day of its promulgation; however, it is now in the process of being discussed by the Parliament of the Czech Republic, and amendments may occur.*

*We are closely monitoring the situation and will keep you updated.*

*This document is for informational purposes only and may not be considered a legal opinion or advice on how to proceed in a particular case.*