

Real Estate: Legislative response to COVID-19

Commercial leases: Restrictions on termination

Who is eligible?	Tenants whose operation was affected by the extraordinary measures adopted in relation to the COVID-19 pandemic
How does it work? Are rent or service charges actually reduced?	No. But landlords may not terminate leases merely due to late payment of rent falling due between 12 March and 30 June 2020
What is the final deadline for the deferred payments?	31 December 2020
Does the law suspend also other contractual obligations?	No. Service charges are still payable. Also, other obligations remain unaffected, including obligations to pay late interest and penalties
Can a landlord utilize rental security?	In general, yes
Can parties deviate from the new law?	Yes, but not to the detriment of the tenant
Are VAT and income tax obligations also suspended?	The law does not address tax issues
What are the downsides and loopholes of the new law?	<ul style="list-style-type: none"> > Possibility to terminate due to violation of other obligations linked to delayed payment of rent > Judicial issues resulting from general slowness of Czech courts which may be overburdened

Loan moratorium (commercial loans)

Who is eligible?	Borrowers of loans utilized or (subject to further conditions) entered into prior to 26 March 2020 whose operation was affected by COVID-19 pandemic
How does it work?	Borrowers have to apply for a moratorium which extends the due date of the debts ("opt-in"). Lenders have to respond within 30 days
How long does the moratorium last?	Until 31 October 2020. An earlier deadline of 31 July 2020 must be explicitly applied for by the borrower
Does the moratorium apply to both principal and interest?	Just the principal. The borrower has to continue paying the interest

Insolvency moratorium

How does it work?	Until 31 August 2020, debtors may apply for a specific insolvency moratorium, which can be further extended by another 3 months
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