

Is your business “positive” to COVID-19? Should you pay the rent?

March 2020

While a great number of businesses have been affected by COVID-19 pandemic and the governmental measures taken in response, businesses are in search of alternatives to their rent payment for their commercial leases.

Businesses suspended by a governmental order related to COVID-19

In response to COVID-19, the Greek government has suspended the operation of businesses that provide entertainment or attract a large number of people (cinemas, theatres, hotels, restaurants, bars, malls etc.) as well as the majority of retail businesses (except of e-shops, online services, fuel stations, kiosks, supermarkets, retail of cleaning products, port and airport shops etc.)

Art. 2 of the Greek Legislative Act dated 20.03.2020 is giving such businesses some breathing space. According to the latter, any such lessee may enjoy an immediate 40% discount of the monthly rent of his commercial lease (and same discount in stamp duty) for the months March and April

2020, without giving rise to the lessor’s right to terminate the lease agreement nor to any other civil claim. Same discount applies in finance leasing agreements of either movable or immovable objects intended solely for professional use, as well as in the house rentals of employees, of whom employment agreements have been suspended by virtue of the Covid-19 governmental measures.

In order for a certain balance to be kept, lessors of real estate properties falling into the above mentioned cases are expected to enjoy a suspension of their tax liabilities related to their property for 6 months.



Businesses not suspended by a governmental order

Unfortunately, for the time being non-suspended businesses (including factories, professional, scientific and technical services etc.), although likely severely affected by the COVID-19 crisis, are not covered by the above measure.

However, if your business belongs to the above category, there are some things that you should consider doing at this time:

- Discuss with your lessee: Lessors often have an interest in the smooth continuation of the lease and their lessees surviving the crisis. Under the current difficult circumstances, it is probable that a lessor may consent to a rent holiday, a rent deferral, a moratorium on enforcement or even temporary adjustment of the monthly rent. You won't know if you don't try!
- Analyze available existing legal mechanisms providing protection to your interests under the lease and assess whether the conditions created to your business by COVID-19 and the consequent governmental restrictions meet the relevant legal requirements. Should that be the case, look for judicial relieve by a readjustment

of your rental. For more details, please see our newsletter regarding frustration of contract:

Contract Performance and Coronavirus: Does it constitute an event of Force Majeure?

***Your Legal Partners** are actively advising clients in relation to the Covid-19 outbreak. Please do not hesitate to [get in touch with us](#) if your business has been affected*

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