
NEWS ALERT

Decree law by Catalan Government on reducing the rent of premises affected by COVID-19 restrictions

October 23, 2020



On October 22, Decree Law 34/2020, of October 20, on urgent measures to support economic activity carried out in leased business premises (the “Decree Law”), entered into force, and has been published in the Official Journal of the Catalan Government.

Under the Decree Law, lessees of real estate in which industrial and commercial activities are carried out, and whose activity has been suspended or partially restricted by a competent authority owing to the COVID-19 pandemic, can present a certified request to their lessor asking for a reasonable and equitable amendment of their contract conditions.

If the parties are unable to reach an agreement within one month from the date on which the lessee presents the request, and while the measures are in force, the rent and other amounts must be reduced as follows: (i) if the activity has been suspended, by 50%; and (ii) if the use of the premises has been partially restricted in terms of capacity or opening times, by a proportion equal to half of the area or times affected by the restriction. If the measures suspending (not partially restricting) the activity last over three months during the same year, the lessee can withdraw from the agreement, giving one month’s notification, without penalty.

The reductions will become effective from the date of the request to amend the contract conditions, and the lessor must refrain from issuing a rent invoice until the one-month negotiation term has elapsed, or until the agreement date, if earlier.

The lessee can request that the outstanding amounts be totally or partially deducted from any guarantees the lessee has paid, excluding the legal deposit, being obliged to repay the



CUATRECASAS

amount within one year from the date on which the restrictions are lifted or before the rental agreement ends, if that term is shorter.

The lessee can exercise the powers established in the Decree Law regardless of any agreements the contracting parties may have reached previously.

The Decree Law, which the Catalan parliament must validate within 30 days, provides that, within two years, the Catalan government must approve a draft bill incorporating into Catalan law regulations concerning the restoration of contractual balance in the event of an unforeseen change in circumstances (“rebus sic stantibus”).

For additional information, please contact Cuatrecasas.

©2020 CUATRECASAS

All rights reserved.

This legal flash is a compilation of legal information prepared by Cuatrecasas. The information and comments in it do not constitute legal advice.

The intellectual property rights on this document are held by Cuatrecasas. Any reproduction, distribution, assignment or any other full or partial use of this legal flash is prohibited, unless with the consent of Cuatrecasas

