



COVID-19

Legal Insights no. 36

Law No. 17/2020, of May 29th

Law No. 17/2020, of May 29th, proceeds to the first amendment of the exceptional regime for the situations of late payment of rent due under residential and non-residential urban lease agreements, in relation with the Covid-19 pandemic.

On May 29th, 2020, Law No. 17/2020, was published in the Portuguese Official Gazette, which proceeds to the first amendment of the exceptional regime for the situations of late payment of rent due under residential and non-residential urban lease agreements, in relation with the Covid-19 pandemic, set forth by [Law 4-C/2020, of April 6th](#).

The first amendment introduced aims to cover, in regard to **non-residential lease agreements and other forms of buildings exploration for commercial purposes**, the application of this Law to establishments open to the public whose retail and service activities are, even with the end of the state of emergency, suspended or their facilities closed under a legal provision or administrative measure approved in relation to the Covid-19 pandemic.

Consequently, the possibility to defer the payment of rents due under non-residential lease agreements or other forms of buildings exploration for commercial purposes by tenants who meet the respective requirements, is extended until September 1st, 2020.

It should be noted that this deferral is possible at the latest, and as mentioned, until September 1st, 2020, but it may be waived earlier if the effects of the legislative provision or administrative measure approved in the context of the Covid-19 pandemic, which led to the closure of the facilities or the suspension of the activities aforementioned, cease.

In effect, the debt settlement period will only begin on September 1st, 2020, or, if applicable, after the end of the month following the one in which the impediment ceases, if earlier than the date referred to herein.

It also must be stressed that the debt settlement period may not exceed the month of June 2021, and the debt should be reimbursed in monthly installments for the amount corresponding to the proportional division of the total amount owed by the number of months foreseen for its settlement, paid together with the rent due in the respective month.

Also with regard to non-residential lease agreements and other forms of buildings exploration for commercial purposes, the non-payment of rent by the tenants whose premises remain closed or whose activities are suspended under a legal provision or administrative measure approved in relation to the Covid-

19 pandemic, and no later than September 1st, 2020, or until such impediment occurs, if prior to the date referred to herein, cannot be invoked as grounds for termination, denunciation or other form of ceasing the respective contracts, nor may it be invoked as grounds for an obligation to vacate the buildings.

The legal diploma under analysis also establishes that the compensation foreseen in the Civil Code, corresponding to 20% of what is due, concerning the delay in the payment of the rents due until September 1st, 2020, cannot be demanded if the non-residential tenants may defer, as explained herein, the payment of said rents.

In addition, this Law establishes that the financial support granted to the **residential tenants**, as well as the regime applicable to **public entities**, all under the terms of Law No. 4-C/2020, applies to the rents due from April 1st, 2020 until September 1st, 2020.

This Law takes effect at midnight of May 30th, 2020.

To access its full text, please click [here](#).

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