

Measures agreed by the Generalitat in matters of rentals

On 16th October, the resolution of Catalonian Department of Health SLT/2546/2020, of 15th October, was published in the Official Diary of the Generalitat of Catalunya, establishing the **suspension of catering activities in all types of premises and establishments**.

Subsequently, on 20 October 2020, Generalitat of Catalunya published Decree Law 34/2020 establishing **measures** to relief the decrease of incomes from industrial and commercial services, as well as the **price reduction from lease of commercial premises contracts**.

a) Application requirements

DL 34/2020 applies to the lease of commercial premises contracts of premises that comply with the following requirements:

- **Premises leased for the industrial and commercial activities** (such as bars, restaurants, hotels, beauty centers, gambling halls, bingos, casinos and playrooms).
- **The activity in these premises has been suspended or restricted by the competent authority** as a result of the COVID-19.

If both requirements are met, the tenant is entitled to request to the owner a reduction in the lease price by evidencing means - bureau fax, notary's request or other means -.

b) Rules in case of absence of agreement

If the owner does not agree to reduce the lease price requested within one month of the request, the following measures **will be automatically applied**:

- **In case of suspension of the activity** - such as in bars, bingos, casinos, beauty centers, gyms, toy libraries, restaurants and gambling halls - **lease price must be reduced by 50%**, starting from the day the tenant has notified the will to negotiate until the end of the suspension measure.

For the purposes of DL 34/2020 the take-away and delivery services of bars and restaurants will benefit from the same advantage as if the activity were totally restricted.

- **In case of partial restriction** - as it happens in shops, hotels, theatres and 24-hour shops where the capacity has been limited between 30% and 50% - **the reduction of the price will be 50% of the unused part**.

This means that if an establishment, affected by partial restrictions, has its capacity limited to half, the tenant must pay the full rent for the half used and pay 50% of the other half restricted.



Likewise, DL 34/2020 allows to tenants to require that all or part of the excess guarantees provided before - excluding the legal deposit or others deposited with the competent authority- be charged to the payment of the said lease price and other similar amounts provided that are overdue.

However, as an exceptional measure applied to the current economic situation, the tenant must return the guarantees that have been imputed to this payment within one year of the disappearance of the circumstances that led to it - that is to say, the total or partial restriction of the activity - and, in any case, before the end of the contract if its duration is shorter.

c) Withdrawal from the contract

The tenants may **choose to withdraw from the contract without any penalty**, giving one month's reliable notice to owners, if such measures of suspension of activity are extended **for more than three (3) months** in the course of a year from the day of application of DL 34/2020.

d) Applicability

Lease price reductions and other similar amounts owed by the tenant will be retroactive - counting from the date of the request - and the owner will not be able to issue an invoice until the monthly period for negotiating the modification of the lease price has passed off or, if it is previous, until the date of the agreement.

The tenant may make use the faculties of DL 34/2020 regardless of the agreements reached by the parties prior to its entry into force.

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