

Coronavirus - State Subsidy for Rent - Slovakia

The National Council of the Slovak Republic approved the long-awaited law on reimbursement of a part of the rent by the state in case of compulsorily closed operations. The law entered into force on 17 June 2020, but the application system is expected to be launched on 24 June 2020.



What lease relationships does the subsidy cover?

- lease of premises, which are approved for purposes other than housing and where the lessee sells goods or provides services to final consumers, including related service areas (for example car parks) and storage areas; market places
- the use of the subject-matter of lease for the agreed purpose was, as a result of the measures of state authorities due to COVID-19, prevented by closure of the subject-matter of lease or substantially limited by the prohibition of public presence at the subject-matter of lease ("difficult use")

What is the amount of the subsidy?

- the amount of the subsidy equals to the discount from the rent on the basis of an agreement made between the lessor and the lessee, but not more than 50% of the rent



Example: If the lessor and the lessee agree on a discount of 50% of the rent, the lessee will not pay any rent and 50% of the rent will be paid to the lessor by the state. If they agree on a discount of 20% of the rent, the rent will be in the amount of 80%, with 60% of the rent paid by the lessee and 20% by the state.

- the amount of rent does not include any other liabilities, such as payments for services usually associated with the rent (for example payments for energy supply) or the turnover component
- the lessee may pay the unpaid rent for the period of difficult use after the end of the extraordinary situation, in a maximum of 48 equal monthly instalments
- if, after 12 March 2020, an agreement on amendment of the contract was made (for example adjustment of the amount of rent), such changes are not taken into account for the purposes of the subsidy
- the rent subsidy can be applied even if the lessee has already paid the rent to the lessor for the period of difficult use, for the same length of period in the future

How to apply for the subsidy?

- the application for rent subsidy is submitted by the lessor on behalf of the lessee and on the lessor's own account
- the application is submitted electronically using a form, which will be available on the website of the Ministry of Economy of the Slovak Republic
- among other particulars, the agreement between the lessor and the lessee on a rent discount must be attached to the application (this does not apply if the signatures of the lessor and the lessee on the form are electronically authorised)

What to pay attention to?

- the discount agreement between the lessor and the lessee must be formulated so that it meets the statutory conditions
- the discount agreement should also address the issue of liability for rent in the event that the conditions for rent payment by the state are not met, as the lessee is legally responsible for refunding the subsidy
- there is no legal claim to the subsidy, so depending on the specific situation, we recommend considering the possibility of drafting the discount agreement conditional on the actual provision of the subsidy

What if the lessor and the lessee cannot agree on a discount?

- the lessee may pay the rent for the period of difficult use after the end of the extraordinary situation, in a maximum of 48 equal monthly instalments
- the lessor cannot unilaterally terminate the lease until 31 December 2020 due to the lessee's delay in paying the rent payable in the period from 1 April 2020 to 30 June 2020, if the lessee's delay arose as a result of COVID-19

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**We are with you
even at the time of COVID-19**

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Contact us

Our experienced colleagues are available in Slovakia and the Czech Republic.

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