

### WHEN WAS THE STATE OF EMERGENCY TERMINATED?

The emergency powers handed to the Hungarian government in March in response to the coronavirus epidemic were cancelled with effect from 18 June 2020, thus terminating the state of emergency with effect from 18 June 2020.

### WERE THERE ANY NEW PROVISIONS PASSED?

At the same time, on 18 June 2020, the Hungarian Parliament passed Act LVIII of 2020 on transitional rules related to the termination of the emergency and on epidemiological preparedness. This Act affects the real estate sector on several issues.

Compared to previous government decrees, there are new provisions regarding deadlines, but most of the rules remain unchanged. These provisions are the following:

### WHAT ARE THE SPECIAL NEW PROVISIONS ON CONSTRUCTIONS?

Should (i) a final building permit; (ii) a conceptual building permit; (iii) an installation or demolition permit or (iv) a permit for archaeological excavation or a heritage conservation permit expire between the proclamation of the state of emergency (11 March 2020) and the termination thereof (18 June 2020), the effect of such permit shall be automatically extended with one year from the day of the termination of the state of emergency.

Should such permit described above expire within 180 days from the termination of the state of emergency (18 June 2020), the effect of such permit shall be automatically extended with one year from the day it should have originally expired.

### WHAT ARE THE NEW TRANSITIONAL RULES FOR LEASE AGREEMENTS?

The lease agreements concluded with respect to non-residential premises in sectors of tourism, hospitality, entertainment, gambling, film, performing artists, event organisers and sports may not be terminated until 30 June 2020.

The residential lease agreements for residential properties owned by state or local municipalities that expired during the state of emergency and lease agreements for premises owned by state or local municipality without a new tender, are extended until the 90<sup>th</sup> day from 18 June 2020, based on an unilateral written declaration made by the lessee during the state of emergency – but no later than the expiry date of the lease agreement.

Until the 30th day from 18 June 2020, the parties may deviate by mutual agreement from the provisions of the Act on National Wealth with regard to the lease agreements for a residential property owned by state or local government or from the content of lease agreements for non-residential property owned by state or local government.

Such provisions for properties owned by state or local government shall apply to the lease agreements concluded before or on 6 May 2020.

### ARE THERE ANY RENT DISCOUNTS FOR NON-RESIDENTIAL PROPERTIES?

Non-governmental organizations and small- and medium-sized enterprises which lease non-residential properties from the Budapest Municipality as lessor shall be automatically entitled to a 25% rent discount between 1 March 2020 and 30 June 2020 due to the COVID-19 emergency and its economic impacts. Furthermore, these tenants may request further discounts (up to maximum 90%) based on (i) their sales decrease as compared to the previous year and (ii) the amount of employees they let go.

### WHAT IS DIFFERENT WITH THE APPLICATION OF THE PROVISIONS OF JUDICIAL ENFORCEMENT?

Judicial enforcement action in connection with the vacation of a real property may be taken only after 1 July 2020 with the proviso that the deadline for conducting the measure, enforcement procedure, postponement and for the notification to the notary shall recommence on 2 July 2020.

### WHO TO CONTACT?

In case you have a question on the above, please do not hesitate to contact any member of our team:

Attila Ungár	attila.ungar@lakatoskoves.hu	+36 20 972 5878
Júlia Várkonyi	julia.varkonyi@lakatoskoves.hu	+36 70 478 3072
Tamás Oláh	tamas.olah@lakatoskoves.hu	+36 70 416 4384

### CREATIVE | COMMITTED | CLIENT FOCUSED

This newsletter does not constitute legal advice with respect to any matter or set of facts and may not be relied upon for such purposes. Readers are advised to seek appropriate legal advice before making any determination or taking any action related to matters discussed herein. No part of this newsletter may be copied or quoted without the prior written consent of Lakatos, Köves and Partners.



Attila Ungár  
Partner

[attila.ungar@lakatoskoves.hu](mailto:attila.ungar@lakatoskoves.hu)



Júlia Várkonyi  
Lawyer

[julia.varkonyi@lakatoskoves.hu](mailto:julia.varkonyi@lakatoskoves.hu)



Tamás Oláh  
Lawyer

[tamas.olah@lakatoskoves.hu](mailto:tamas.olah@lakatoskoves.hu)

### Lakatos, Köves and Partners

1075 Budapest  
Madách Imre út 14.  
Tel: +36 (1) 429 1300  
Fax: +36 (1) 429 1390  
[www.lakatoskoves.hu](http://www.lakatoskoves.hu)