

HUNGARIAN GOVERNMENT ORDERS RENT-FREE PERIOD FOR STATE AND MUNICIPALITY OWNED BUSINESS PREMISES

On 9 February 2021 the Hungarian Government issued Government Decree No. 52/2021 (II.9.) on rent free period (“**Government Decree**”), effective from 10 February 2021.

I. DURATION OF THE RENT-FREE PERIOD

The rent free period lasts for 5 months, from **10 February 2021 to 10 June 2021**.

II. ELIGIBILITY FOR THE RENT FREE PERIOD

The Government Decree establishes several conditions that shall be met in order to be exempted from paying rent for this period:

1. **The owner of the premises** is the Hungarian State, a local municipality, or a company under the majority influence of the Hungarian State or a local municipality – except for the Hungarian National Bank or a company under the majority influence of the Hungarian National Bank;
2. The exemption only applies to agreements concluded **before 10 February 2021**;
3. The tenant was already **conducting its business** before 4 November 2020; and
4. The tenant is engaged in one of the **25 businesses activities** listed in the Government Decree:
 - i. Restaurant, mobile catering;
 - ii. Event catering;
 - iii. Beverage services;
 - iv. Movie screening;
 - v. Conference, organization of trade shows;
 - vi. Sports and leisure training;
 - vii. Performing arts;
 - viii. Complementary services to performing arts;
 - ix. Operation of art facilities;
 - x. Museums;
 - xi. Operation of a zoo, plant- and/or nature conservation area;
 - xii. Operation of a sports facility;
 - xiii. Sports association;
 - xiv. Exercise services;
 - xv. Other sports activities;
 - xvi. Theme and amusement parks;
 - xvii. Physical well-being services;
 - xviii. Other entertainment and leisure services;
 - xix. Hotels;
 - xx. Holiday and other temporary accommodation services;
 - xxi. Camping services;
 - xxii. Other accommodation services;
 - xxiii. Travel agencies;
 - xxiv. Travel arrangements; or
 - xxv. Other land passenger transport.

III. UNSUITABILITY FOR THE RENT FREE PERIOD

The Government Decree **does not apply** to a) restaurants and buffets at workplaces; b) restaurants and bars located at hotels, hostels and other kinds of accommodation; c) canteens and buffets of public educational institutions and vocational training institutions; and d) restaurants and buffets located in health-care institutions.

POSSIBLE FUTURE EFFECTS OF THE GOVERNMENT DECREE

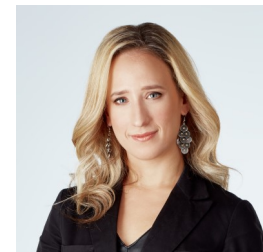
The future impact of the Government Decree on court decisions in disputes related to the payment of rent during the Covid-19 epidemic cannot be predicted. Tenants of non-Government owned properties may refer to the new Government Decree in order to support their arguments for exemption from/reduction of rent payment during the Covid-19 epidemic. On the other hand, the Government Decree explicitly does not extend to the private sector, which follows the concept of the earlier Government Decree No.47/2020 (III.18.), where only a moratorium was ordered on the termination of lease agreements and on increasing rent until 30 June 2020 (see our earlier [Newsletter](#) in this regard).

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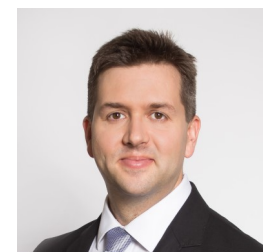
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