



GRATA
INTERNATIONAL

Local Knowledge
for Global Business

www.gratanet.com

The State Duma allowed entrepreneurs to terminate lease agreements unilaterally

The state Duma of the Russian Federation has adopted in the third and final reading a bill regulating rental relations during high-alert regime.

The adopted law allows small and medium businesses from the list of sectors affected by coronavirus to prematurely terminate lease agreements before October 1, 2020 and not to compensate for losses in the form of lost profits.

You can terminate the contract under these conditions if the owner of the premises refused to reduce the rent. At the same time, the Deposit (security payment) made by the tenant will not be returned to him.

Initially, it was assumed that the right to unilaterally terminate lease agreements without fines and compensation for losses this year will be granted to all companies (not only small and medium-sized businesses) whose incomes have decreased by more than 50% after the introduction of the self-isolation regime. At the same time, the landlords had to return the security payment to them, if it was paid.

This approach was opposed by the representatives of the commercial real estate industry, including shopping centers, while representatives of retail chains and other tenants supported such an editorial. The State Duma, after a week-long break, finalized it, excluding the norm on reducing income by more than 50%.

The law grants tenants who are small and medium-sized businesses and operate in the industries most affected by coronavirus, the right to request the reduction in rent from the landlord for a period of up to one year under a contract concluded before the introduction of the self-isolation regime.

It should be noted that this right is granted only to buildings, structures, non-residential premises or parts of them used for carrying out their activities.

It has been established that if, within 14 working days from the moment of application, the parties fail to agree on the reduction in the amount of the rent or otherwise change the terms of the contract, the tenant will be entitled to terminate the contract no later than October 1, 2020.

Please note that the termination will be carried out without compensation by the lessee for losses in the form of lost profits of the owner of the premises, but the landlord will retain the security payment.

In addition, small and medium-sized businesses are entitled to defer redemption payments for a period from six months to one year in case of acquisition of leased state or municipal property.

The law enters into force from the date of its official publication.

Author: *GRATA International, St.Petersburg*

Practice areas

[COMMERCIAL CONTRACTS](#), [REAL ESTATE](#)

Industries

[CONSTRUCTION AND INFRASTRUCTURE](#)

Locations

[RUSSIA](#)

