

Granting of subsidies for the rental payment

According to the Government Resolution of 4.6.2020 in the accelerated legislative procedure shall be approved the amendment to Act no. 71/2013 Coll. on the granting of subsidies within the competence of the Ministry of Economy of the Slovak Republic, as amended, the subject of which is the adjustment of the longer-awaited granting of subsidies to pay the rent in order to mitigate the negative effects of COVID-19.

Who can apply for the rent subsidy?

The subsidy can be granted if the following conditions are met:

- a) the rent arises from a lease relationship that started from 1st of February 2020 at the latest, but changes to the lease agreement that occurred after 12th March 2020 will not be taken into account for the purposes of the subsidy.
- b) the subject of the lease are the premises where the lessee sells goods or provides services to final consumers, including related service and storage premises, or a market place; and
- c) the use for the agreed purpose was in connection with the prevention of the consequences of the spreading of the dangerous contagious human disease COVID-19 by measures e.g. public health authorities in the field of public health or schools founders and school facilities prevented (i) closure of establishments, (ii) suspension of teaching in schools and school establishments or (iii) substantially restricted by the prohibition of public presence in establishments.

This means that the subsidy will be available to all entrepreneurs who had a closed operation based on the decision of state authorities, as well as schools and school facilities with the suspension of teaching, if they used the leased premises for their activities.

In which amount will the state grant a subsidy for the rental payment?

The state will grant to the lessees a rent subsidy **up to the amount in which the lessor releases them a part from the rent, but not more than 50% for the period during which the lessee could not use the leased object** for an agreed purpose due to state measures related to the spreading of COVID-19. Lessee will not receive a subsidy to pay for services usually related to rent. If the amount of this payment cannot be separated from the amount of the rent, the amount of the rent will be reduced by 5% when calculating the subsidy. For example, if the lessor releases the lessee from a rent of 20%, the state will grant him with a subsidy for rent in the same amount.

The lessee will then be able to repay the uncovered part of the rent in the installments for a maximum period of 48 months after the end of the emergency situation in connection with the spreading of COVID-19. If the lessee and the lessor do not agree to waive part of the rent, the lessee will be able to pay the rent in equal installments over a period of 4 years after the end of the emergency.

How is the subsidy for the rental payment applied?

The lessor will apply for a rent subsidy on behalf of the lessee, but on his own account. Lessors can be not only entrepreneurs and legal persons, but also individuals and non-entrepreneurs. The application will be submitted electronically using a form published by the Ministry of Economy of the Slovak Republic on its website. If the lessor asks the lessee for cooperation in this regard, he is obliged to provide it immediately.

The application shall include a declaration of compliance with the following conditions for the granting of the subsidy:

- a) the lessee is not subject to insolvency proceedings, is not in insolvency, in restructuring and the petition to declare insolvency has not been rejected against him due to lack of assets,
- b) has not been legally prohibited from receiving subsidies or grant; and
- c) does not have a lawful penalty against receiving assistance and support from European Union funds.

If the requested amount of the subsidy exceeds the amount of 100 000 EUR, the application will also have to include an indication of the beneficial owner. If the declaration of compliance with the conditions or the specified beneficial owner is proven to be untrue, the lessee will be obliged to return the subsidy.

If you have any questions, please do not hesitate to contact us.