HORIZONS ALLIANCE

REAL ESTATE CEE - LEASE AGREEMENTS GUIDE

Comparative Guide for

Croatia, Czech Republic, Hungary, Montenegro, Poland, Romania, Serbia, Slovakia

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INTRODUCTION

Understanding the legal frameworks governing real estate across Central and Eastern Europe can be complex. Lease requirements, from written documentation to the specifics of lease terms, differ widely between countries.

Our CEE Comparative Guide on Lease Agreements provides a concise and accessible summary of these regulations in key countries, including Croatia, the Czech Republic, Hungary, Montenegro, Romania, Poland, Serbia and Slovakia. This side-by-side comparison is a practical tool for businesses and individuals alike, supporting well-informed choices in real estate ventures throughout these jurisdictions.

We encourage you to consult this guide for a comprehensive insight, equipping you to navigate leasing rules confidently across CEE countries.

Sincerely,

Gábor Erdős
Partner, Real Estate Practice Team Leader
T:+36309193169
gabor.erdos@erdospartners.com

Sorin Aungurenci
Partner, Real Estate Practice Team Deputy
T:+40722372410
saungurenci@birisgoran.ro

LEASE AGREEMENT SUMMARY

A lease agreement can greatly influence a company's operations and activities, as it defines the primary rights and responsibilities of both parties. Non-residential (or commercial) lease agreements are prevalent across various sectors and regions, though they are governed by differing legal standards and practices. Our Horizons Alliance Real Estate team has developed a guide comparing lease regulations in eight countries: Croatia, Czech Republic, Hungary, Montenegro, Romania, Slovakia and Serbia. This report provides a comparative summary of general lease regulations, followed by specific rules for non-residential lease agreements.

In the following, a chart highlights notable aspects, illustrating both similarities and differences in the regulations across these eight jurisdictions.

	Is written form obligatory?	Is energy performance certificate necessary?	Any special rules regarding the lease term?	Any special (mandatory) rules?	Registration of the agreement with the territorial tax authorities?
Croatia	✓ (except a few cases)	✓	x (except for some leases of business premises owned by the Republic of Croatia and by local or regional self-government units and leases of agricultural land owned by the Republic of Croatia in a public tender process)	· some rules set in the Obligations Act (general lease rules) · some rules set in the Act on the Lease of Apartments (e.g. written form, contents of the agreement) · some rules set in the Act on the Lease and Sale of Commercial Premises (e.g. written/notarial form, compulsory public tender for publicly owned premises, with narrowly defined exceptions); · some rules set in the Agricultural Land Act for state-owned agricultural land	✓
Czech Republic	x (can be made verbally)	✓	x (except for some leases of business premises owned by the Republic of Croatia and by local or regional self-government units and leases of agricultural land owned by the Republic of Croatia in a public tender process)	x	x
Hungary	✓	✓	x	· rules set by the Housing Act (e.g. condition of the premises, right to supervise) · Agricultural Land Act (regarding the use of agricultural and forestry areas, under certain title)	x
Montenegro	x (except a few cases)	✓	x	·agricultural land · public properties with state, municipality and other public entities · rules set by the Serbian Housing Law for residential lease	x (only mandatory for residential leases)

	Is written form obligatory?	Is energy performance certificate necessary?	Any special rules regarding the lease term?	Any special (mandatory) rules?	Registration of the agreement with the territorial tax authorities?
Poland	x (can be made verbally)	✓	maximum lease period: 10 years or 30 years (for entrepreneurs) –	· agricultural land · state-owned properties	x
Romania	x (except a few cases)	✓	maximum lease period: 49 years (and 5 years if the lessor is a person with limited legal capacity)	· public properties with the state or municipality · agricultural land · condition · pre-emption right	✓
Slovakia	✓	✓ (except for industrial halls/plants and warehouses,	x	· non-residential premises · agricultural land · state-owned properties	x
Serbia	x (except a few cases)	✓	x	·agricultural land · public properties with state, municipality and other public entities · rules set by the Serbian Housing Law for residential lease (e.g. 90 days notice period, etc.)	x (registration only in case of residential lease / in other cases is only necessary to report lease income for tax purposes)

OUR CEE JURISDICTIONS

CROATIA: GENERAL OVERVIEW

General rules on lease agreements in the Republic of Croatia are set out in the Obligations Act ("**Obligations Act**"), which provides the general framework for lease agreements as bilateral, consensual contracts under which the lessor undertakes to deliver an item for use to the lessee, while the lessee undertakes to pay rent. However, most leases of real estate are also governed by special legislation, which takes precedence (lex specialis) over the general provisions of the Obligations Act.

In particular, the following special laws and regulations provide additional rules for specific types of leases:

1. **Lease of residential premises (apartments)** – governed by the Act on the Lease of Apartments, which prescribes more detailed rules regarding lease of apartments or parts of apartments. Such rules include general rights and obligations of the parties, but also special rules regarding termination of apartment leases, rules on subleases of apartments etc.

2.**Lease of commercial premises** – governed by the **Act on the Lease and Sale of Commercial Premises**, which sets out detailed rules on the establishment and termination of lease relationships regarding commercial premises leases, as well as the rights and obligations of lessors and lessees of commercial premises owned by the Republic of Croatia, local and regional self-government units, and legal entities under their control.

3.**Lease of agricultural land** – governed by the **Agricultural Land Act**, which prescribes the public tender procedure, the conclusion of lease agreements, mandatory contractual elements, specific conditions for land use, and supervisory mechanisms.

Lease agreements must be executed in written form and contain mandatory provisions, including the lease term, rent amount, lessee obligations, the agricultural production programme, and an enforcement clause.

4.**Lease of campsites owned by the Republic of Croatia** – governed by **the Regulation on the Arrangement of Lease of Plots within Campsites Owned by the Republic of Croatia** that defines the subject matter of the lease, the obligations of the contracting parties, the mandatory content of the lease agreement, the method of calculating rent, and other specific conditions.

5.**Lease of forest land** – governed by the **Regulation on the Lease of Forest Land Owned by the Republic of Croatia**, which defines the scope of the lease and provides exceptions related to protected areas.

Generally, special legislation and regulations provide more detailed rules regarding procedures, conditions, and the rights and obligations of the parties for these specific categories of leases, while the general provisions of the Obligations Act apply subsidiarily—namely, only to matters not regulated by special rules or where such special rules do not provide otherwise.

The **general rules** set out in the Croatian Obligations Act **differentiate between residential leases and non-residential (commercial) leases**. Residential leases (Cro. ugovori o najmu) grant the lessee/the tenant only the basic right to use the property, while the non-residential (commercial) leases (Cro. ugovori o zakupu) grant the lessee also the right to exploit or derive benefits from the property.

Under the general provisions of the Croatian Obligations Act, **the following principles apply to the non-residential (commercial) leases**:

- **freedom of form** – written form is not a condition for validity unless required by other laws (which usually is the case for lease of real estate, with written or notarial form being prescribed as mandatory in various special laws and regulations) or agreed by the parties;
- **essential elements of the lease** – identification of the parties, description of the leased object, rent amount and lease duration;
- the **lessor's obligation** to deliver and maintain the object in a condition suitable for the agreed use, including liability for material and legal defects;
- **legal protection of the lessee** – including the right to rent reduction, contract termination, or compensation for damages.

SPECIFICS OF LEASE AGREEMENTS FOR NON-RESIDENTIAL PREMISES

Under Croatian law, the **Act on the Lease and Sale of Commercial Premises** constitutes **a lex specialis for all leases of commercial premises**. It prescribes:

- **mandatory written form** (and notarisation for leases granted by the State or municipalities),
- **compulsory public tender procedures for premises owned by the State or local government units**,
- **detailed mandatory contractual content** and strict limitations on sublease, alterations and permitted use,
- **specific termination mechanisms, special lease regimes** and supplementary application of the Obligations Act for all matters not expressly regulated by Act on the Lease and Sale of Commercial Premises.

SCOPE OF APPLICATION

The Act on the Lease and Sale of Commercial Premises applies to the conclusion and termination of commercial leases, and presribes the rights and obligations of the parties, irrespective of who the contracting parties are (companies/natural persons). It does not applyto temporary use arrangements not exceeding 30 days, or up to six months when the premises are used solely for storage of goods.

MANDATORY WRITTEN FORM

A lease of commercial premises may be concluded exclusively in written form, and any agreement established in a different form is null and void. Where the lessor is the Republic of Croatia or a local or regional government unit, the written agreement must also be notarised as an additional requirement of validity. Furthermore, if the lessor is the Republic of Croatia or a local or regional government unit, a lease agreement can not be concluded if the prospective lessee has outstanding public liabilities at the time of conclusion, unless an official deferral of payment has been granted.

PROCEDURE FOR LEASING STATE-OWNED PREMISES

When commercial premises are state-owned (i.e. owned by the Republic of Croatia, a local or regional government unit or legal entities owned by them), a public tender procedure is mandatory, with the most favourable offer being the one that proposes the highest rent while meeting all prescribed conditions. As a narrowly defined exception, a lease may be concluded without a tender when justified by reasons of general, economic, or social interest, or in cases where an existing lease is extended under the specific conditions set out in the Act.

MANDATORY CONTENT OF THE LEASE AGREEMENT

The lease agreement must contain a number of mandatory elements, including the identification of the contracting parties, a detailed description and surface area of the leased premises, the intended business activity to be conducted within the premises. It must also specify the delivery date of the premises, the duration of the lease, the amount of rent and the mechanism for its adjustment, provisions regarding the use of common facilities and equipment, as well as the place and date of execution.

LEASE DURATION

Lease duration under the Act on the Lease and Sale of Commercial Premises may be agreed for a fixed or an indefinite term. A fixed-term lease automatically ends upon the expiry of the agreed period. According to the court practice of Croatian courts, tacit renewal of lease agreement for non-residential premises is not possible (although tacit renewal is possible according to the general rules of the Croatian Obligations Act). By contrast, an indefinite-term lease remains in force until terminated, although it may not be terminated earlier than one year from the date of its conclusion unless the parties have agreed otherwise.

ORDINARY TERMINATION AND RESCISSION BY THE LESSEE

The lessee may terminate the lease and claim damages if the lessor fails to deliver the premises within the agreed period or does not maintain them in the condition required by the agreement and by statute. In addition, when the lessor notifies the lessee of major construction works to be carried out on the premises or the building, the lessee is entitled to terminate the agreement within one month from the date of receiving such notice.

ORDINARY TERMINATION AND EXTRAORDINARY RESCISSION BY THE LESSOR

The lessor may exercise extraordinary termination in several clearly defined situations. These include cases where the lessee fails to pay rent within fifteen days of receiving a written warning, uses the premises in a manner contrary to the agreement or causes significant damage, undertakes structural alterations or other modifications without the required consent. Also, the lessor may terminate the lease agreement if it is unable to use the commercial premises in which he carried out his business activity and therefore intends to use the premises currently held by the lessee. Once the notice period expires following such termination, the lessee is required to vacate the premises.

RESTRICTIONS REGARDING SUBLEASE AND LESSEE'S USE OF THE LEASED PROPERTY

Restrictions on the lessee's disposal and use are strictly regulated. Sublease is prohibited unless the lessor has given express written consent. For premises owned by the State or local government units it is absolutely forbidden, except in narrowly defined categories of tourism facilities, while any breach leads to automatic termination ex lege.

Structural alterations or any modifications that change the size, purpose or outward appearance of the premises may only be carried out with the lessor's prior written consent. If the lessee undertakes such works without consent, the lessor has the right to terminate the lease agreement and the lessee is liable for any resulting damage.

RETURN OF PREMISES AND LESSEE'S INVESTMENTS

Upon termination of the lease, the lessee must to return the premises to the lessor in the condition in which they were received (unless otherwise agreed). The lessee has the right to remove any fixtures installed in the premises, provided that such removal does not damage the premises and provided that the lessor has not compensated such investment by reducing the amount of the rent.

CZECH REPUBLIC: GENERAL OVERVIEW

Lease agreements, including leases of non-residential premises (premises used for business), are in the Czech Republic regulated by the Act No. 89/2012 Coll., Civil Code, as amended ("**Civil Code**").

In general, most of the statutory provisions relevant for lease agreement and for leases in general are **dispositive**, which means that the parties to the agreement may agree on different rules. The only exception is a cogent regulation of residential leases where the Civil Code protects the tenant. Therefore, when negotiating a lease agreement for non-residential premises, the parties are limited only by considerations of good morals and public order, which gives the parties a great deal of contractual freedom.

A typical lease agreement for non-residential premises regulates standard matters, such as precise identification of the leased premises (including possible expansion), lease term (including possible extension or break option), rent amount (including indexation), service charges, security deposit, maintenance obligations, adjustments of the premises by the tenant, termination etc.
A triple-net lease is a standard.

SPECIFICS OF LEASE AGREEMENTS FOR NON-RESIDENTIAL PREMISES

ASTI AND FIT-OUT WORKS AND ITS PERMITTING:
In the Czech Republic, the permitting process has been simplified under the new building code, which came into effect on July 1, 2024. The previous, rather complicated and lengthy process has been streamlined, and now only one permit is required for construction or modification works. This new single-permit system is expected to shorten the overall permitting process.

In general, **the builder may commence the construction works only upon obtaining the new consolidated permit** issued by the relevant building authority. This permit might be changed during the construction. This is frequently used for modification works (ASTI – Above Standard Technical Improvements, or for fit-outs) of the building under construction. Similar permit is required also for significant changes of an existing building. Furthermore, for the use of the building or its modifications (ASTI, fit-outs) a use permit is required.

Typically, during the construction of the building, two proceedings are running side by side: (i) for a permit of changes before completion of the building (the proceeding is initiated by the landlord) – to approve changes to the original permit taken due to business or technical decision of the landlord or due to ASTI, and (ii) for a permit to carry out the fit-out works (the proceeding is initiated by the tenant).

The **landlord secures the ASTI permits** (including change of the permit for construction of the building and the use permit) **provided the tenant delivers its required specification on time**. The tenant should try to negotiate with the landlord to include to this change of the permit (applied for by the landlord) also a permit for the fit-out works. Landlords often accept such requests but are restrained to warrant issuance of such permit and to warrant a deadline of its issuance. They often refuse to apply for use permit for the fit-outs (since the fit-outs are typically delivered by a third party).

Successful permitting process depends on perfect synchronization and cooperation between the landlord and the tenant consisting mainly in timely and accurate submission of specifications by the tenant.

Fit-outs and ASTI are also related to the following topics:

- who implements the ASTI works (typically the landlord) and who implements the fit-out works (typically the tenant);
- who pays for the ASTI and for the fit-out-works (typically tenant, but landlord might provide a contribution);
- who guarantees the issuance of the permits and under what conditions;
- when the lease period actually starts (the commencement date – typically it is not subject to use permit for the fit-out works but might be subject to a permit for the fit-out works and regularly is subject to use permit for the premises, including ASTI); and
- the consequences of a delay in obtaining permission or implementation of the ASTI works.
- This all should be regulated by the lease agreement. This is valid for build-to-suit leases as well as for other commercial leases.

SUBLETTING AND ASSIGNMENT

Any sublet of the leased premises and assignment of the lease is **subject to a written approval by the landlord under the Civil Code**. This is often repeated in the lease agreement. The tenants often require exemptions from this rule stating when the approval is not required or when the landlord is obliged to grant such an approval.

In case of transfer of the ownership title to the leased premises from the landlord to a third party **the lease is automatically transferred** to the new owner of the leased premises by virtue of the law provided he had to know that the premises are leased.

SANCTIONS FOR EARLY TERMINATION

We often see the following clause in lease agreements: if the lease is terminated early for a reason on the tenant's side the landlord is entitled to ask for a contractual penalty in the amount of a rent which would accrue from the date of the early termination until the expiry of the original lease term. This might be negotiated to reduce the amount of the penalty to a few-month rent (approx. 4-12, depending on the negotiating power of the parties). Similar penalty might be asked against the landlord.

COMPENSATION FOR ACQUISITION OF CUSTOMER BASE

The Civil Code states that if a lease ends by a termination notice by the landlord, the tenant is entitled to compensation for the benefit which the landlord or a new tenant gained by acquiring the customer base established by the tenant. The tenant does not have this right if the lease has been terminated due to serious breach of the tenant's obligations. Application of this provision (together with some others) is regularly excluded in lease agreements.

HUNGARY: GENERAL OVERVIEW

Lease agreements, including leases of non-residential premises (commercial or business leases) in Hungary are regulated by the Act V of 2013 on the Civil Code ("**Civil Code**"), with additional rules set out in Act LXXVIII of 1993 on the lease and alienation of apartments and premises ("**Housing Act**") for residential leases and commercial leases. In addition to the above, Act CXXII of 2013 on agricultural and forestry land turnover ("**Agricultural Land Act**") provides specific regulation regarding the use of agricultural and forestry areas, which is only possible under certain title for natural persons and legal entities qualifying the criteria set out therein.

The relevant provisions of the Civil Code regulating lease agreements and leases are dispositive regulations, therefore the contracting parties of a lease agreement may agree to different conditions other than the rules set out in the Civil Code. However, there are a few exceptions to this rule:

- as a general rule of the Housing Act, **all lease agreements must be made in writing**;
- if a residential lease is concluded with the state or a municipality, it must be compliant with the Housing Act, which lays down mandatory rules for the protection of tenant rights,
- lease agreements related to agricultural and forestry land must be compliant with the Agricultural Land Act,
- unless otherwise agreed by the parties, **commercial leases are bound by the rules set by the Housing Act**, specifically in connection with the conclusion of the lease agreement, the rights and obligations of the parties and the termination of the lease, which contains detailed regulations for some key matters.

The key sections of the **Housing Act** are the following:

- the premises must be in a condition suitable for its intended use (i.e. the central facilities of the building, such as: heating, water, sewerage, electricity, are in working order) during the handover to the lessee;
- the lessor must present an energy performance certificate (or a copy) related to the premises, before the conclusion of the contract;
- the lessor has the right to supervise the proper use of the property and the fulfilment of the contractual obligations at least once a year.

IIt is important to note that the Housing Act declares that the rental fee, handover, proper use, maintenance, renovation, termination of the tenancy and the return of the premises at the end of the contract shall be governed by the agreement of the parties. Therefore, except for some general principles of the Civil Code, namely the principle of good faith and fair dealing, **the parties have contractual freedom when negotiating a lease agreement for residential and non-residential premises.**

A typical lease agreement for **non-residential premises** regulates standard matters, such as the name of the parties, the obligations of both parties (including the obligation of the landlord to what extent it has to fit out the premises), the identification of the leased premises (including possible expansion), lease term (including possible extension or break option), rent amount (including indexation), service charges, security deposit, maintenance obligations, alterations of the premises by any of the parties ordinary and extraordinary, termination etc.

SPECIFICS OF LEASE AGREEMENTS FOR NON-RESIDENTIAL PREMISES

CONSTRUCTION AND ITS PERMITTING:

Government Decree No. 281/2024 (IX. 30.) on construction authority procedures and inspections lists the activities for which a simple notification is sufficient, as well as those for which a construction permit must be obtained from the Authority.

Beside the construction permitting procedure, where the Authority has competence, **the local municipality also has a say in the building/facility that is to be constructed**:

- may carry out a town-planning opinion procedure and give an opinion on an application for a building permit as defined by law, prior to the building permit procedure,
- may carry out a town planning notification procedure for construction activities that are not subject to a building permit and are not considered to be activities subject to a simple notification.

In order to use a building or part thereof for which a construction permit was granted, one of the following procedures must be carried out:

- the contractor should obtain an occupancy permit as the basis for an occupancy permit procedure; or
- the contractor should only notify the authority about the completion of the building or a part thereof as the basis for an occupancy acknowledgement procedure

Based on the statutory warranty of lessor making sure that the premises are appropriate for the intended use during the lease term, unless otherwise agreed, **the lessor is liable for the costs of maintaining the premises and ensuring that it is fit for its intended use**, and for the expenses (such as taxes) relating to the property. The dispositive rules of the Housing Act places the non-major costs of maintaining the object of the lease on the lessee, however, the parties may derogate from these provisions and lay down the rules for the charging of costs in their contract within the general limits of contractual freedom, therefore it is also possible that the lessee undertakes to bear the costs associated with the maintenance of the premises as additional consideration for the use.

SUBLETTING AND ASSIGNMENT

Any sublet of the leased premises and assignment of the lease is subject to approval by the landlord under the Civil Code, but the lessee often require exemptions from this rule stating when the approval is not required or when the landlord is obliged to grant such an approval (usually to bring subsidiaries and affiliated companies to the premises).

In case of transfer of the ownership title to the leased premises from the landlord to a third party the lease is automatically transferred to the new owner of the leased premises by virtue of the law, however, in case the lessee misled the new owner in regard to the existence or main terms of the lease agreement, the new owner has the right to terminate the fixed-term lease.

TERMINATION OF A FIXED TERM LEASE AGREEMENT

If the lessee continues to use the premises following the expiry of the period determined in the lease contract concluded for a definite period, and the lessor does not object to that within fifteen days from the expiry of the contract, the contract concluded for a definite period shall transform into a contract concluded for an indefinite period. This can however be excluded in the lease agreement with mutual consent.

SANCTIONS FOR EARLY TERMINATION OF A FIXED TERM LEASE AGREEMENT

In case the lease agreement is concluded for an indefinite term both parties have the right to terminate the contract with ordinary termination with a notice period agreed, or lack of such agreement as prescribed by law. If it is a fixed term contract and the parties did not agree on the right to terminate the contract with ordinary termination, it can only be terminated for cause, i.e for the breach of the contract by the other party. Landlords usually include a contractual penalty in the lease agreement for early termination for breach by the lessee.

WARRANTY OF THE LESSOR

The lessor warrants that the leased property is in conformity with the contract throughout the duration of the lease, no third party has any right to it which restricts or prevents the lessee from using the property. If the leased property is a dwelling or other premises for human habitation and is in such a condition that its use is dangerous to health, the lessee may terminate the contract even if he knew or ought to have known of this fact at the time of the conclusion of the contract or at the time of taking possession of the property.

MONTENEGRO: GENERAL OVERVIEW

Lease agreements, including leases of non-residential premises (commercial or business leases) in Montenegro, are regulated by the Law on Contracts and Torts of 2008, as last amended by Act No. 123/2024 (“**Law on Contracts**”), which sets the general contractual framework for lease relationships and, as a rule, leaves parties broad freedom to agree on terms departing from statutory defaults The lease of publicly owned property, agricultural land, and residential premises is primarily regulated by special laws, with the Law on Contracts applying subsidiarily to the extent that its provisions do not conflict with the applicable special regime.

The leasing of state or municipally owned premises is governed by the **Law on State Property**. State or municipal property may be leased only with the prior approval of the Government or the relevant municipality, while leases exceeding 30 years require the approval of the Parliament, subleasing without prior consent is prohibited. State property is generally leased through public auction or a call for bids, with direct negotiation permitted only in exceptional cases.

The Law on Agricultural Land (“**Agricultural Law**”), regulates the leasing of agricultural land. Under the Agricultural Law, agricultural land is classified as a good of special public interest and, as such, enjoys enhanced legal protection. A lease of agricultural land must be in writing and notarized, regardless of whether the land is publicly or privately owned. Subleasing of agricultural land is not permitted.

Residential leases are primarily regulated by the Law on Housing and Maintenance of Residential Buildings.

Outside the scope of these special regimes, the parties enjoy broad contractual freedom when structuring non-residential lease agreements. This freedom is primarily limited by the general principles of the **Law on Contracts**, in particular the principles of good faith and fair dealing. Notwithstanding the parties’ contractual freedom, mandatory statutory obligations remain in force, requiring the lessor to deliver and maintain the premises fit for their intended use, and the lessee to use it in accordance with their purpose.

Where energy efficiency regulations apply, the lessor must provide an energy performance certificate (energy passport) prior to the conclusion of the lease. In addition, the use of leased premises is subject to planning and construction regulations and must correspond to the purpose approved under the relevant building and occupancy permits, with any change of use generally requiring a separate administrative procedure and, where applicable, new construction permits or approvals.

A standard lease agreement for non-residential premises typically sets out the identification of the contracting parties, a detailed description of the leased space and any ancillary areas, the permitted use of the premises, the lease duration together with extension or early termination options, the rent and any indexation mechanisms, service charges and utilities, security arrangements such as deposits or other forms of collateral (including bank guarantees, promissory notes or hold-back amounts), the allocation of maintenance and repair responsibilities, rules governing ordinary and structural alterations, compliance with applicable planning and construction regulations, insurance coverage, and the grounds, procedures, and consequences of termination.

SPECIFICS OF LEASE AGREEMENTS FOR NON-RESIDENTIAL PREMISES

FIT-OUT WORKS AND THEIR PERMITTING

One of the notable regulatory developments in 2025 concerns the enactment of the **Law on Construction**. The new law reintroduced the system of **obtaining a construction permit** as the **primary prerequisite for carrying out construction works**, replacing the process based on a notification of construction. Despite the importance of this change, its practical impact on fit-out work is limited. The Law on Construction preserves the simplified regime under which adaptation and refurbishment works may be carried out based on a notification of works submitted to the construction inspector, rather than a formal construction permit.

The majority of typical fit-out works fall within the scope of adaptation and refurbishment under the Law on Construction and are therefore subject to the significantly simplified notification regime, with no requirement to obtain a construction permit.

If lessee carries out alterations contrary to terms of the lease or without obtaining the lessor’s prior consent, such alterations may constitute a breach of the lease agreement. The lessee is required to restore the premises to their original condition. Even where the works have increased the value of the property, the lessee is not entitled to any compensation. In such cases, the lessor is entitled to claim damages and, in certain circumstances, to terminate the lease.

SUBLETTING AND ASSIGNMENT

As a general rule, Law on Contracts allows the lessee to sublease the premises to a third party, unless the lease agreement provides otherwise. In practice, lease agreements require the **lessor's prior written consent for any subletting**. Law on Contracts limits the lessor's discretion by requiring that consent, where contractually required, may be refused only on reasonable and justified grounds. If the lessee sublets the premises without the required consent, the lessor may terminate the lease. Even when subletting is permitted, the lessee remains fully responsible to the lessor and must ensure that the premises are used in accordance with the agreed purpose.

If the lessee fails to meet its payment obligations, the lessor may seek payment directly from the sublessee, but only up to the amount owed by the sublessee to the lessee. Subleases are automatically terminated upon the expiry or termination of the main lease.

Where **the leased premises changed the ownership after the lessee has taken possession, the lease remains in force** and automatically binds the new owner. Until the lessee is notified of the change in ownership, it may continue paying rent and performing other obligations toward the former owner, and during this interim period both the former and the new owner remain jointly responsible toward the lessee. A transfer of ownership does not entitle the new owner to terminate a fixed-term lease solely on the grounds that the property has been sold. If ownership is transferred before the lessee takes possession, the buyer is bound by the lease only if it was aware of its existence, otherwise the lessee's remedies are limited to damages claim against the original owner.

In case of the change of ownership, Law on Contracts grants the lessee a statutory right to terminate the lease and the parties may also agree that the lease will terminate automatically upon a transfer of ownership.

Unlike subletting, the transfer of the lease to another person or company (assignment) is subject to stricter rules. Assignment generally requires the lessor's consent, unless the parties have expressly agreed otherwise. Commercial leases frequently permit assignment or subletting to affiliated entities or other group companies.

TERMINATION OF A LEASE AGREEMENT AND SANCTIONS FOR EARLY TERMINATION

Lease agreement may end automatically upon the expiry of the agreed lease term. In addition, where a lease is concluded for an indefinite period, either party may terminate it unilaterally by giving notice, subject to the applicable notice period.

The lease may also be terminated for cause. In particular, the non-defaulting party is entitled to terminate the lease in the event of a material breach by the other party, such as failure to pay rent, improper or unauthorized use of the premises, or other violations of the lease obligations. Furthermore, the lease terminates by law if the leased premises are completely destroyed.

Upon the expiration of a lease, if the lessee continues to occupy the premises without objection from the lessor, the lease continues. It is then deemed to be converted into an indefinite term lease on the same terms and conditions, unless the parties have agreed otherwise. In the case of leases concluded for an indefinite period, either party may terminate the lease by giving notice. While the statutory minimum notice period is eight days, commercial lease agreements typically provide for substantially longer notice periods.

The parties are free to change or agree on additional termination grounds, including termination for convenience (i.e. termination without cause). Such a right does not arise automatically under the Contract Law and must therefore be expressly stipulated in the lease agreement.

Law on Contracts does not provide for statutory penalties specifically linked to early termination of a lease. In practice, parties typically stipulate in the agreement the financial consequences of early lease termination. Fixed term leases may not be terminated without cause prior to their expiry, unless otherwise agreed by the Parties.

WARRANTY AND LIABILITY OF THE LESSOR

Under Law on Contracts, the lessor is required to hand over the leased premises in the condition agreed by the parties and to keep them fit for use throughout the lease term. The lessee bears the cost of minor repairs resulting from normal wear and tear, while the lessor remains responsible for ensuring the overall usability of the premises.

The lessor is liable for both material defects (physical shortcomings of the premises) and legal defects (third-party rights affecting use), except for defects that were known to the lessee at the time the lease was concluded.

Although the statutory obligations of the lessor are largely of a dispositive nature and may be modified by agreement, Law on Contracts renders any contractual exclusion or limitation of the lessor’s liability null and void in specific cases. This applies where the lessor knew of a defect and failed to disclose it, where the defect makes the premises unusable for their intended purpose, or where the limitation of liability is imposed by abusing a dominant position.

POLAND: GENERAL OVERVIEW

Lease agreements in general, and lease agreements for non-residential premises in particular, are governed primarily by the Polish **Civil Code**, and by the **Act on the Formation of the Agricultural System in the case of agricultural land leases.**

Under Article 659 § 1 of the Polish Civil Code, ‘by a lease agreement, the landlord undertakes to give the tenant the item for use for a specified or unspecified period, and the tenant undertakes to pay the agreed rent’. A lease agreement is thus a reciprocal contract: the landlord’s primary obligation is to provide the leased item for use; the tenant’s corresponding obligation is to pay rent.

The rent can be expressed in a specific amount of money (in Polish zlotys or other currencies) or – less commonly – by reference to other forms of consideration. The agreement should specify at least the calculation mechanism (components, indexation, method of calculation, and payment frequency).

A lease agreement is formed once the parties reach an understanding on its essential terms, namely the leased item and the rent. **No particular form is required for its validity, so the agreement may be concluded in any form** (e.g. oral, documentary, electronic, or written). Certain forms may be necessary, however, to achieve specific legal effects.

The parties enjoy contractual freedom (as provided for in Article 353 of the Civil Code) to shape their legal relationship, provided that the content or purpose of their contract does not contravene the nature of the relationship, the law, or principles of community life.

SPECIFICS OF LEASE AGREEMENTS FOR NON-RESIDENTIAL PREMISES

TERM

As a rule, a lease entered into for a period exceeding ten years is treated as a lease for an indefinite term once the ten-year period has expired. However, leases between entrepreneurs – typically involving non-residential premises – may be concluded for a term of up to thirty years. A lease agreed for a period longer than thirty years is considered, after the lapse of the initial thirty-year term, to continue as a lease for an indefinite period and may then be terminated by either party in accordance with the notice provisions set out in the Civil Code.

FORM OF AGREEMENT

A lease agreement for real estate or premises that is intended to last for more than one year should be made in writing. If this requirement is not met, the lease is deemed to have been concluded for an indefinite term.

A common issue in leases of non-residential premises is the sale of the leased property. As a general rule, if the leased item is transferred during the term of the lease, the purchaser steps into the position of the landlord and, under Polish law, may terminate the lease subject to statutory notice periods. This right, however, is excluded if the lease was entered into for a fixed term in written form with a certified date ("data pewna" – a date confirmed by a notary public or a public authority) and the leased property was delivered to the tenant.

In addition, the tenant may request that the lease rights be entered in the land and mortgage register maintained for the property. To do so, the lease must be executed in written form with notarized signatures.

ENERGY PERFORMANCE CERTIFICATE

From 28 April 2023, a valid energy performance certificate must be prepared and provided for a building or part of a building that is the subject of a lease. An energy performance certificate is a document specifying the amount of energy required to meet the energy needs associated with the use of a building or part of a building.

The obligation applies to the owner or manager of the building or its part, as well as to a person holding a cooperative ownership right to premises or a cooperative tenant's right to residential premises. Upon entering into a lease agreement, they must provide the tenant with a copy of the Certificate – either a copy of the paper Certificate received from the issuer or a printout of the Certificate received in electronic form. This follows from Article 11(1) of the Act of 29 August 2014 on the Energy Performance of Buildings.

FIT-OUT WORKS

As a rule, ordinary fit-out works (such as painting, replacing flooring, or installing standard internal fittings) do not trigger any administrative obligations for the tenant. More extensive alterations, however, particularly those involving installations or structural modifications, may require obtaining a building permit or, at minimum, submitting a notification of the intended works. Under Polish construction law, such actions require the right to dispose of the property for construction purposes ("dysponowanie nieruchomością na cele budowlane"). Since this right typically belongs exclusively to the property owner, the tenant cannot independently file the notification or obtain the necessary permits. Therefore, the tenant will generally need the landlord's cooperation in order to carry out more advanced fit-out works.

ASSIGNMENT AND SUBLEASE

Assignment of rights and obligations under lease agreements for premises requires the prior consent of the other party, unless the parties agree otherwise. Transfer of rights alone (i.e. not obligations) does not require the consent of the other party, unless the parties agree otherwise.

Subleasing is not permitted unless the parties agree otherwise. The subtenant is jointly and severally liable with the tenant for using the leased item in accordance with the terms of the lease agreement, and the subtenancy relationship expires at the latest upon the end of the lease.

TERMINATION OF INDEFINITE-TERM LEASES

If the lease is for an indefinite term, it may be terminated on the terms set out in the agreement. In the absence of contractual provisions, statutory notice periods apply, generally aligned with the rent payment frequency. If rent is payable monthly, termination may be given at least three months in advance, effective at the end of a calendar month.

TERMINATION OF DEFINITE-TERM LEASES

Lease agreements for non-residential premises are commonly entered into for a definite period of time. In principle, these cannot be terminated unless the lease expressly stipulates termination grounds. In addition or otherwise, according to the Polish Civil Code, the lease may also be terminated in the following circumstances:

By the landlord:

- **Inappropriate use / neglect**: The lease agreement should clearly specify the permitted use of the leased property. In the absence of such provisions, the premises are to be used in a manner consistent with their inherent characteristics. Accordingly, the landlord is entitled to terminate the lease with immediate effect if the tenant: (i) uses the premises in a way that contravenes the terms of the lease or the intended purpose of the property and fails to remedy this despite the landlord's notice, or (ii) neglects the premises so that they are exposed to loss or damage. For example, this right arises if the tenant makes alterations to the property without the landlord's consent.

- **Rent arrears**: If the tenant is in arrears for at least two payment periods, the landlord may terminate the lease with immediate effect. However, for leases of premises, the landlord must first grant an additional one-month cure period.
- **Rent increase not accepted**: The landlord may increase rent on one month's notice effective at the end of a calendar month. If the tenant does not accept the new rent, the lease expires by law.
- **Inappropriate conduct**: The landlord may terminate without notice if the tenant materially or persistently breaches rules in force in the building or materially interferes with other occupants' use.
- **Unauthorized sublease**: The landlord may terminate the lease if the tenant subleases the premises or grants them for gratuitous use without the landlord's consent.

By the tenant:

- **Defects of the premises**: One of the landlord's fundamental obligations is to deliver the leased property to the tenant and maintain it in a condition suitable for intended use throughout the entire term of the lease. Accordingly, The tenant may terminate without notice if defects make contractual use impossible and either (i) the landlord, after notice, fails to remedy them within a reasonable time, or (ii) the defects are irremediable.

  This right does not apply if the tenant was aware of the defects at the time of entering into the lease, unless the defects pose a threat to the health of the tenant or its employees, in which case the tenant may terminate the lease even if it knew about the defects.

  There are two important caveats. Firstly, the tenant must bear all minor expenses associated with normal use of the leased item, such as in particular: minor repairs to floors, doors, and windows; painting walls, floors, and the inside of entrance doors; minor repairs to technical installations and equipment ensuring the use of lighting, heating, and water supply and drainage. Secondly, if the object of lease is destroyed due to circumstances not attributable to the landlord, the landlord is not obliged to reinstate the object of lease.

SERVICE CHARGES

The Civil Code does not specifically regulate service charges. These are typically agreed upon separately from the rent and are calculated based on metered utility consumption or other identifiable services, with the landlord re-invoicing the costs to the tenant.

The tenant is generally permitted to install electric lighting, gas, telephone, radio, and similar equipment in the leased premises, provided that the installation complies with applicable regulations and does not compromise the safety of the property. If the landlord's cooperation is required for the installation, the tenant may request such assistance in exchange for reimbursement of any related costs.

LANDLORD'S LIEN ON TENANT'S MOVABLE PROPERTY

The landlord may exercise a statutory lien on the tenant's movable property brought into the premises as security for the payment of rent and additional charges, unless such property is exempt from seizure (for example, if ownership of the movable property by the tenant is required for the lien to apply). This lien can be enforced in the event of arrears exceeding one year. The lien generally expires once the encumbered items are removed from the leased premises; however, the landlord may object to their removal and retain the items at their own risk until the outstanding rent is paid or otherwise secured.

CONDITION UPON LEASE TERMINATION

Upon the termination of the lease, the tenant is obliged to return the premises in an undamaged (non-deteriorated) condition, taking into account normal wear and tear resulting from ordinary use. Regarding improvements made by the tenant, unless otherwise agreed, the landlord may, at its discretion, either retain the improvements and reimburse the tenant for their full value as of the date the premises are returned, or require the tenant to restore the premises to their original condition at the time of hand-over.

ROMANIA: GENERAL OVERVIEW

Lease agreements, including leases of non-residential premises (commercial or business leases) in Romania are regulated by the Law no. 287 of 2009 on the Civil Code ("**Civil Code**"). The general provisions for the lease agreements are applicable also for residential leases, as well as for agricultural leases, if such are compatible with the particular rules provided for these types of leases. Also, some particular rules on the residential leases are applicable to the non-residential premises, as expressly provided in the Civil Code.

The relevant provisions of the Civil Code regulating lease agreements and leases **are dispositive** regulations, therefore the contracting parties of a lease agreement may agree to different conditions other than the rules set out in the Civil Code. However, there are a few exceptions to this rule:

- **the lease agreement is consensual**, meaning that it is not required to be made in written for validity. However, for proof (ad probationem), the written form and the registration of the agreement with the territorial tax authorities are required, the last being under the sanction of administrative fine;
- if a lease is concluded **for public properties** with the state or a municipality, **the lease agreement must be made in writing** and it must be compliant with the Administrative Code, which lays down mandatory rules for the lease procedure that is made through public tender;
- **lease agreements related to agricultural land must be made in witing** under the sanction of nullity and registered with the local authorities, and compliant with the special provision of the Civil Code;
- the lease agreements executed in writing and registered with the tax authorities/local authorities and the lease agreements made in authentic form (in front of the notary) are enforceable for the rent payment obligation;
- unless otherwise agreed by the parties, the lease agreements are **bound by the rules set by the Civil Code**, specifically in connection with the conclusion and the term of the lease agreement, the rights and obligations of the parties and the termination of the lease, which contains detailed regulations, some of them bounding, for some key matters. **The key sections of the act** are the following:

- the maximum lease period of 49 years (and 5 years if the lessor is a person with limited legal capacity) and the parties cannot agree otherwise;
- special term for the lease agreements whereby the parties does not provide expressly the lease period (i.e. 1 year for the premises used for professional activity and for the unfurnished residential premises);
- the premises must be in a condition suitable for its intended use (i.e. the central facilities of the building, such as: heating, water, sewerage, electricity, are in working order) during the handover to the lessee and the lessor is bound to execute all the necessary repairs during the leased period, in order to maintain the premises in suitable condition;
- the lessee must use the premises with prudence and diligence, in accordance to the intended use;
- the lessor must present an energy performance certificate (or a copy) related to the premises, before the conclusion of the contract;
- typically, the lessor has the right to supervise the proper use of the property and the fulfilment of the contractual obligations periodically;
- specifically for the residential premises, agricultural land and for premises used for professional activity, the lessee has a general 3-months pre-emption right in the event its lease agreement has expired and the lessor intends to conclude a lease agreement with a third party, in the same conditions, only if the lessee has complied with all its contractual obligations;
- specifically for agricultural leases, the lessee has a pre-emption right at the acquisition of the land in case the owner intends to sell.

Therefore, except for some general principles of the Civil Code, namely the principle of good faith and fair dealing, **the parties have contractual freedom when negotiating a lease agreement for residential and non-residential premises, except for some bounding rules provided by the Civil Code**.

A typical lease agreement for non-residential premises regulates standard matters, such as the name of the parties, the obligations of both parties (including the obligation of the lessor to what extent it has to fit out the premises), the identification of the leased premises (including possible expansion), lease term (including possible extension or break option), rent amount (including indexation), service charges, security deposit, maintenance obligations, alterations of the premises by any of the parties ordinary and extraordinary, termination etc.

SPECIFICS OF LEASE AGREEMENTS FOR NON-RESIDENTIAL PREMISES

Permitting related matters to lease agreements

FIT-OUT WORKS AND THEIR PERMITTING

Law 50/1991 on authorization of construction works does not allow lessee to obtain a building permit for fit-out works. Consequently, in the event that fit-out works require authorization, **the holder of the building permit is the owner** (usually the lessor, unless subleased) and the lessee carries out the works based on a general power of attorney, assuming all liability. In the event that the works are not legally compliant, the owner is liable and it typically has a contractual-established recourse right against the lessee.
In the event that the fit-out works are in scope of the owner and it fails to perform them, the lessee may perform the works by itself on the cost and liability of the owner. However, the lessee may perform only those fit-out works for which building permit is not required.

AUTHORIZATION OF THE USAGE OF THE PREMISES

In order for the premises to be legally used for the intended purpose, Romanian law provides for various authorizations and permits that should be obtained by the lessee, depending on its activity. The most common permits that are required in practice are a fire permit and an environmental authorization. Both are obtained following the completion of the fit-out works, between the handover of the premises by the owner and the starting of the activity of the lessee.

Lack of permitting is usually sanctioned with fines imposed by the Romanian regulation authorities and also the suspension of the activity within the premises until the permits are obtained.

In case of material damages inflicted on the premises caused by fire incidents, in absence of related permit, the property will not be covered by the insurance.

SUBLETTING AND ASSIGNMENT

Any sublet or assignment of the leased premises is subject to approval by the lessor under the Civil Code. However, in the agreement the lessor may offer an anticipated approval usually in relation to affiliates of the lessee.

Any interdiction of subletting or assignment, in full or in part, must be expressly regulated by the parties.

The Civil Code enables the parties to contractually agree upon a direct claim of the lessor against the sublessee for any financial claims (such as payment of rent and related service charge), as well as for enactment of any material obligations of the sublessee.

THE EFFECTS OVER THE LEASE AGREEMENT OF THE OWNERSHIP RIGHT TRANSFER OVER THE PREMISES

In case of transfer of the ownership right to the leased premises from the lessor to a third party, the lease agreement is automatically opposable to the new owner of the leased premises by virtue of the law, provided that the premises and the lease agreement are registered in the Land Registry. In case the premises are not registered in the Land Registry, this rule of by-default opposition of a lease agreement to the new owner is applicable only if the lease agreement has a certified execution date prior to the certified execution date of the transfer of the ownership right. By certified execution date it is generally understood a validation and acknowledgment of the existence of the agreement by a competent authority or by legal professionals (notaries or lawyers).

The parties may decide to regulate that the lease agreement is terminated as a result of the transfer of the ownership right over the premises. Otherwise, the Civil Code provides for a buffer period within which the lease agreement is still in force, that is equal to twice the duration of the grace period contractually granted in case of unilateral termination without a cause.

TERMINATION OF A LEASE AGREEMENT

The Civil Code provides for multiple causes of termination of a lease agreement, namely: (i) at the transfer of the ownership right over the premises (as mentioned above); (ii) at the expiry of the lease term; (iii) due to unilateral termination without a cause; (iv) by the non-default party in case of breach of contractual obligation by the other contracting party; and (v) for other causes expressly provided by the law.
If the lessee continues to use the premises following the expiry of the definite lease term and provided that it also fulfils its contractual obligations, without being challenged by the lessor, the contract is extended by default for an unlimited period of time. The parties may override this rule in the lease agreement.

In case of lease agreements for which the parties have not established a lease term, the Civil Code grants the parties the right to unilaterally terminate without a cause the agreement, with the observance of a prior reasonable grace period.

Whenever the parties have established the lease term, they may also opt for a right of unilateral termination without a cause, with the observance of a prior established grace period.

The Civil Code also allows parties to terminate the agreement in the event of contractual breaches by either of the parties. In such event, the lease may be terminated with a prior in-delay notice whereby the in-default party is granted a remedy term. Lessors usually include a contractual penalty in the lease agreement for early termination for breach by the lessee. In such a case, the lessor is also granted the right to enforce any securities provided by the lessee, that are covering the non-fulfilment of its obligations.

Also, the lease agreement is terminated in other specific situation, usually outside the will of the parties, such as the total destruction of the premises or other events of force major that make the premises unsuitable for use. The lease is also terminated in the event that the lessor is evicted in its ownership right over the premises.

WARRANTY AND LIABILITY OF THE LESSOR

Usually, the lessee performs prior to the conclusion of a lease agreement an audit/inspection of the premises in order to identify any flaws or hindrances to the proper usage according to the intended scope. To such end, the lessor mandatorily warrants for the hidden flaws only, generally regarding the structure of the premises and other causes that could not be detected by a diligent lessee during the preliminary audit/inspection.

The lessor warrants that the leased premises is in conformity with the agreed specifications throughout the duration of the lease. Also, it acknowledges that no third party has any right to it, which would restrict or prevent the lessee from using the premises. Unless expressly provided otherwise, the lessor is liable only for the remedial works to major defects only that are mostly linked to structure works. Any other remedial works during a normal course of usage are expected to be performed by the lessee.

The lessor is liable to keep the lessee harmless against any third-party claims against the title or the usage over the premises, in full or in part. Should such claim would be successful in court, the lease agreement is either terminated or in case of partial admission of the claim, the lessee is entitled to rent reduction proportional with the remainder available lease area. Further, unless expressly limited in the lease agreement, the lessee is also entitled to other damages covering the incurred costs as a result of early termination.

SERBIA: GENERAL OVERVIEW

Lease agreements, including leases of non-residential premises (commercial or business leases) in Serbia, are regulated by the Law on Contracts and Torts of 1978, as last amended by Act No. 18/2020 ("**Law on Contracts**"). The general provisions on lease agreements also apply to residential leases and agricultural leases, to the extent they are compatible with the specific rules governing those types of leases.

Residential leases are additionally governed by the **Law on Housing and Maintenance of Buildings**, which introduces a stricter regime, particularly regarding the mandatory written form, rights and duties of tenants, and maintenance obligations. Agricultural leases are regulated by the **Law on Agricultural Land**.
The provisions of the Law on Contracts governing leases are **largely of a dispositive nature**. There are, however, several important **exceptions**:

- A lease of commercial premises is consensual and does not require written form for validity. Nevertheless, written form is required in practice for evidentiary purposes, tax registration, and VAT deduction. For residential leases, the written form is expressly mandated by the Housing Law.

- For land owned by the state or a municipality, the lease agreement must be concluded in writing and must comply with the Law on Public Property. This law prescribes mandatory procedures—primarily public tender (auction or collection of sealed bids) and, in a limited number of cases, direct negotiation (e.g., significant investment projects fulfilling specific economic thresholds).

- A written form is also required for leases of public agricultural land. The Law on Agricultural Land provides stricter rules, including a maximum lease term of 30 years, a prohibition on subleasing.

Apart from these special regimes, the parties remain largely free to structure non-residential leases as they see fit. The main limitations derive from the general principles of the Law on Contracts, including good faith and fair dealing.

The use of premises is also subject to planning and construction regulations. Premises may only be used in accordance with their approved purpose under the building and occupancy permits, and any change of use requires a separate administrative procedure and potential issuance of new construction permits/approvals. Leases of state-owned property are established and registered in accordance with special rules prescribed by the Law on Public Property.

For buildings subject to energy efficiency rules, the lessor must provide an energy performance certificate (energy passport) before the conclusion of the lease, where applicable.

A typical lease agreement for non-residential premises regulates the identification of the parties, representations and warranties, a detailed description of the leased premises (including any appurtenant areas), the lease term and potential extensions or break options, the rent (including indexation), service charges, the security deposit or other forms of deposits (e.g. bank guarantees, promissory notes), maintenance obligations, rules on ordinary and extraordinary alterations by either party, permitted use, compliance with planning and building regulations, insurance, and the conditions and consequences of termination.

SPECIFICS OF LEASE AGREEMENTS FOR NON-RESIDENTIAL PREMISES

FIT-OUT WORKS AND THEIR PERMITTING:

Law on Planning and Construction provides that a full building permit is no longer required for a wide range of smaller-scale construction activities. Instead, **many fit-out works** (e.g. reconstruction, adaptation, reconfiguration of internal layouts) **may be carried out on the basis of a simplified Resolution** approving the execution of works. This considerably shortens the permitting timeline. For such works, the applicant must submit technical documentation, most commonly the Conceptual Design through the Central Records of Integrated Procedures (CEOP). Once a complete application is submitted, the authority should issue the Resolution within five working days. Simple maintenance works, including painting, flooring replacement, minor repairs, furniture installation or other non-structural interventions, do not require any permit and may be executed freely.

As the administrative permit is legally tied to the property title, **the Lessee cannot act as the investor in the permitting procedure**. Only the Property Owner (the Lessor) or another holder of a registrable real right may submit the application, even where the Lessee finances and executes the fit-out works. Accordingly, lease agreements typically regulate the allocation of responsibilities for preparing and submitting technical documentation, bearing the costs of the works and permitting, and determining the timeline for obtaining approvals and completing the fit-out.

The Lessor normally retains control over the permitting process but may authorize the Lessee (usually through a special power of attorney) to liaise with designers, contractors and the authorities. However, responsibility towards the authorities remains with the Lessor, as the formal investor. Non-compliant or unauthorized alterations by the Lessee constitute a material breach of the lease.

Finally, after completion of the works, the premises must undergo a final process before their use, which may include technical inspection and the issuance of an occupancy permit, depending on the scope of works. Only in this process and/or after its completion can the Lessee obtain all operational permits required for its business activities (fire safety approval, sanitary authorizations, etc.).

SUBLETTING AND ASSIGNMENT

Under the Law on Contracts, **the lessee may sublet the leased premises without the lessor's consent unless the lease agreement provides otherwise**. Even in such cases, the lessee remains liable to the lessor and guarantees that the sublessee will use the premises in accordance with the lease. In commercial practice, however, lease agreements almost invariably require the lessee to obtain the lessor's prior written consent for any subletting. Such consent may be refused only for justified reasons. If consent is contractually required and the lessee sublets the premises without it, the lessor may terminate the lease agreement.

Assignment of the lease always requires the lessor's consent, unless the parties expressly waive or modify this rule. Commercial leases frequently include predefined exceptions (e.g. lessee's affiliates, group companies).

The Law on Contracts additionally grants the lessor a direct statutory claim against the sublessee: the lessor may seek payment directly from the sublessee, up to the amount owed by the sublessee to the lessee under the sublease. All subleases automatically terminate upon the expiry or termination of the head lease.

If ownership of the leased premises **is transferred to a third party after the lessee has taken possession, the acquirer automatically assumes the lessor's position** by operation of law, and the lease continues to bind the new owner. The former and new lessor remain jointly liable to the lessee until such notification. The new owner may not terminate a fixed-term lease solely because of the transfer of ownership. Conversely, if ownership is transferred before delivery to the lessee, the acquirer is bound by the lease only if it knew of its existence; otherwise, the lessee's remedy is limited to damages against the former lessor.

Law on Contracts grants the lessee a statutory right to terminate the lease following the alienation of the property, subject to the applicable statutory notice periods. The parties may also agree that the lease terminates automatically upon sale, but such a clause must be expressly stipulated.

TERMINATION OF A LEASE AGREEMENT AND SANCTIONS FOR EARLY TERMINATION

Under Law on Contracts, a lease agreement may terminate: (i) upon expiry of the agreed lease term; (ii) by unilateral termination with notice where the lease is concluded for an indefinite period; (iii) by the non-defaulting party in the event of a contractual breach by the other party (e.g., non-payment of rent, misuse of the premises, or other violations of lease obligations); and (iv) if the leased premises are destroyed in their entirety.

The parties may also contractually stipulate additional termination grounds or agree on termination for convenience (i.e., termination without cause).

If the lessee continues to occupy the premises after the expiry of a fixed-term lease and the lessor does not object, the lease automatically converts into an indefinite-term lease under the same conditions, unless the parties have agreed otherwise. For leases without a fixed term, either party may terminate the agreement subject to a notice period — the statutory minimum is eight days, though commercial leases typically provide for significantly longer notice periods.

Serbian law does not prescribe statutory sanctions for early termination. However, commercial leasing practice commonly includes contractual penalties or financial consequences when the lease is terminated early due to the lessee's default. As a general rule, fixed-term leases cannot be terminated without cause unless the parties expressly agree otherwise.

WARRANTY AND LIABILITY OF THE LESSOR

The lessor is obliged to deliver the leased premises in the agreed condition and to maintain them in such condition throughout the lease term, while the lessee is generally responsible for minor repairs arising from ordinary use. The lessor is liable for both material and legal defects, except for defects of which the lessee was aware at the time of contracting. If the lessor expressly guarantees that no defects exist, its liability extends to all defects, including those unknown to either party at the time of conclusion of the lease.

If necessary repairs substantially hinder or prevent the use of the premises for a prolonged period, the lessee may terminate the lease. Although most statutory obligations of the lessor are dispositive and may be contractually redistributed between the parties, limitations of the lessor's liability are void in three situations: where the lessor knew of a defect and failed to disclose it; where the defect renders the premises unusable; or where the lessor imposes such limitation by abusing a position of dominance.

SLOVAKIA: GENERAL OVERVIEW

The primary legal regulation governing non-residential (incl. commercial) leases in Slovakia is Act No. 40/1964 Coll., the Civil Code (**Civil Code**), which in its Section 720 refers to the application of a particular regulation when it comes to non-residential premises, namely Act No. 116/1990 Coll., on the Lease and Sublease of Non-residential Premises (**the Act**). The interrelation between the Civil Code and the Act is determined by the general principle lex specialis derogat legi generali, which implies that if the conditions for the special regulation are met, this regulation takes precedence over the general one. The provisions of the Civil Code as a general rule of law shall apply to matters not governed by the special regulation. Notwithstanding the aforementioned, specific regulations govern the lease of forest and agricultural lands. Additionally, special provisions are in place to oversee the lease of real estate owned by the state, public authorities, or municipalities.

The term "**non-residential premises**" is defined directly in the Act positively and negatively. In the positive sense, non-residential premises are defined as (i) rooms or sets of rooms that are intended for purposes other than housing, according to the decision of the building authority, and (ii) flats for which consent has been granted for their use as non-residential purposes.

The building authority determines the purpose of use for particular premises; therefore, the decisive factor is legal, not a factual, matter. On the negative side, the Act stipulates that the amenities of the flat and the common areas of the building are not considered non-residential premises.

According to the law, non-residential premises may be leased exclusively for the purposes for which they are structurally intended and in compliance with the terms of the Building Act, i.e., they may only be used for the purposes specified in their building permit. Any change in the use of these premises is subject to the building authority's approval.

The legal regulation of non-residential leases is general and applies to the entire scope of private law, regardless of the legal status of its subjects (entrepreneur or non-entrepreneur). **The general regulation of the Civil Code is largely dispositive.** However, regarding the nature of the provisions of the Act, neither legal theory nor case law is uniform; it is nonetheless generally accepted that the regulation of non-residential leases is cogent in certain aspects.

A lease agreement, regardless of whether it pertains to residential or non-residential premises, is a consensual contract, i.e. it is established when the parties agree on its content. A standardized lease agreement for non-residential premises shall contain the statutory essential elements, such as the identification of the parties and leased premises, the purpose of the lease, the amount and maturity of the rent and the method of its payment, and, if it is not a lease for an indefinite lease term, the period for which the lease is concluded. An agreement that does not contain the preceding elements shall be deemed invalid. According to the Act, a lease agreement must also be executed in written form. In addition, with respect to non-residential premises located in buildings managed by a housing organization established by a national committee, a fixed-term lease may be concluded for a maximum period of two years, unless a special law provides otherwise.

SPECIFICS OF LEASE AGREEMENTS FOR NON-RESIDENTIAL PREMISES

FIT-OUT WORKS

For leases of non-residential premises, the lessee is only allowed to carry out alterations with the lessor's consent and, if the lessor agrees, the lessee may seek reimbursement of the costs. If the lessor grants such consent but does not commit to covering any expenses of the lessee, the lessee may demand compensation for any increase in the property's value after the termination of the lease. However, if the lessee executes unauthorized alterations to the non-residential premises, it is legally obliged to restore these premises to their original condition at its own expense upon the termination of the lease. If the lessor suffers substantial damages due to such unauthorized alterations, it is entitled to withdraw from the lease agreement. Therefore, it is customary for the parties to mutually agree on any fit-out works and the conditions under which they may be carried out, especially regarding the scope of the fit-out, the responsibilities of the parties to carry out such works, the party that will bear the costs, and the party that will arrange for the issuance of the permits and the conditions under which they are issued. Under Act No. 595/2003 Coll. on Income Tax (Income Tax Act), any fit-out works executed by the lessee that increase the property's value are considered non-monetary income of the lessor, unless the lessor reimburses the lessee for the costs and agrees to such alterations. Following the conditions set by the Income Tax Act, such income may be depreciated.

PERMITTING

As of 1 April 2025, **construction permitting** in Slovakia is conceptually based on **two legislative pillars**: **spatial planning** is governed by Act No. 200/2022 Coll. on Spatial Planning (including the institute of a binding opinion of the spatial planning authority as an administrative act), while **the permitting of construction activities** is carried out under the new Building Act No. 25/2025 Coll. The originally adopted Act No. 201/2022 Coll. on Construction did not enter into force and has in the meantime been replaced by new building legislation; however, the fundamental philosophy of the reform has been preserved. Spatial-planning documentation (including binding opinions) constitutes an indispensable input into permitting procedures.

From the perspective of construction permitting, the new Building Act operates with a distinction between decision-making processes which typically end either in a measure (most notably in simplified regimes, including notification procedures) or in a decision (in "full-scale" permitting procedures), with the regime of administrative proceedings applying to the extent stipulated by law. A notification represents a simplified permitting regime (in particular for minor structures or selected construction works) and in practice is linked to the verification of the design documentation with a verification clause, while the Act also contemplates situations in which special mechanisms apply (including cases where a legal fiction of a decision is excluded). Even in simplified regimes, the submission of relevant documentation for the protection of public interests is generally required (in particular the relevant opinions of the competent authorities, including the binding opinion of the spatial planning authority).

The "backbone" of the permitting system is the **procedure for the approval of a construction intention**, which is conceptually designed as a multi-stage process: (1) discussion of the construction intention (preparatory phase), (2) administrative proceedings ending in a decision on the construction intention, and (3) subsequent verification of the design documentation, which constitutes the immediate legal title for the execution of construction works. The preparatory phase is formalised in such a way that the builder (or the designer) secures the documentation and opinions of the concerned authorities, evaluates them, and prepares a supporting report for the initiation of proceedings; this report should demonstrate in particular the timeline of contacting the concerned authorities, the running of statutory time limits, the content of imposed conditions, and the manner in which the asserted requirements were addressed.

As regards substantive limits, construction works carried out without a legal title (in particular without a verified design documentation or in contradiction thereto) are deemed unlawful. Situations in which, pursuant to special legislation, an environmental impact assessment (EIA) is required are also expressly taken into account – where EIA constitutes a condition for permitting, the permitting process must be conducted in continuity with the results of such assessment. Procedural rules further reflect digitalisation: the regime is primarily oriented towards electronic submissions; however, for certain subjects and during a transitional period, paper-based submissions remain permissible, with subsequent conversion into the information system. The formal requirements for submissions and documentation are further specified in implementing legislation.

From the perspective of transitional provisions, permitting proceedings initiated after 1 April 2025 are conducted under the new regime; the Act also addresses the completion of selected "ongoing" proceedings under the previous legal framework and separately regulates the regime applicable to offences linked to the period prior to the effectiveness of the new legislation.

SUBLETTING AND ASSIGNMENT

By default, a lessee may only sublet non-residential premises or any part thereof for a certain period of time with lessor's consent. **In the event of the transfer of ownership of the leased premises to a third party**, the Civil Code specifically stipulates that **the transferee shall assume the legal position of the former lessor**, as the transfer of the leased property generally does not affect the lease agreement, which remains valid, effective and binding on the new owner. The lessee is then entitled to discharge its obligations towards the former lessor as soon as it has been notified of the change or proven by the transferee.

However, the new owner (lessor) is not entitled to terminate the lease. Therefore, it is customary to include a special regulation regarding the subletting of the leased premises, as well as the assignment of the lease negotiated by the parties in the lease agreement that goes beyond statutory regulations. For instance, parties to the lease agreement often agree on the option of the lessee to sublet the use of the premises subject to lessor's consent in specific cases. The lessor grants this consent directly in the lease agreement usually in relation to the affiliates of the lessee, or they regulate the lessor's obligation to grant such consent under certain circumstances. This applies mutatis mutandis in the case of assignment.

TERMINATION OF THE LEASE AGREEMENT

The Act distinguishes between the termination of a lease agreement concluded for a definite or indefinite term. In general, a lease agreement concluded for a definite lease term shall terminate upon the lapse of such lease term. However, the Act allows the termination of a fixed-term lease before the expiry of that term by notice of termination from both the lessor and the lessee due to reasons stipulated by law or directly in the lease agreement. The grounds for termination are exhaustively established in the legal regulation for both the lessor and the lessee. This regulation is mandatory, i.e. the parties cannot deviate from it or exclude it by a different (contrary) regulation in the lease agreement. Such legally established grounds for termination apply directly by virtue of law, regardless of whether they are stipulated in the lease agreement.

In the case of a lease agreement concluded for an indefinite lease term, both parties are entitled to terminate such agreement by a termination notice without giving a reason. The law furthermore allows for the lease agreement to be terminated by the agreement of the parties, by the withdrawal by either party, or due to damage to the leased premises of the death or dissolution of the lessee.

SANCTIONS FOR EARLY TERMINATION

Sanctions for the early termination of a lease agreement in Slovakia cannot be inferred from the law; therefore, it is customary to include various penalties applicable primarily to the tenant in the event of early termination. The sanctions are usually of a monetary nature and consist of the lessor's right to claim a contractual penalty, usually in the amount corresponding to the rent to be paid by the lessee for the remaining part of the originally negotiated lease term or to claim compensation for damages incurred therefrom.

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Deputy Head of Horizons Alliance Practice Group

Gábor Erdős - Hungry

Head of Horizons Alliance Practice Group

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Đorđe Nikolić - Serbia

Djuro Otašević - Montenegro

Martin Kluch - Slovakia

Pavo Novokmet - Croatia

Olga Kaizar - Czech Republic