



## Covid-19: Extension of the moratorium on bank credits

The legal moratorium on bank credits was extended until 31 March 2021, a measure that will automatically apply to beneficiaries already covered, unless they expressly oppose to the extension by 20 June 2020.

Families, companies and other eligible entities that have not requested the application of the moratorium should apply no later than 30 June 2020.

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The Portuguese Government passed [Decree-Law 26/2020](#), which extends the legal moratorium on bank credits and expands the scope of its application.

In March 2020, a legal moratorium on credits was approved for a period until 30 September 2020, through [Decree-Law 10-J/2020](#). Since then more than 514 thousand families and companies have benefited from this regime, a measure that has mitigated the impacts of the temporary lack of liquidity arising from the COVID-19 pandemic.

Considering the urgent need to support the economy recovery and relieve the financial effort that bank credits entail for companies and families, the Government decided to extend the legal moratorium until 31 March 2021.

In addition to this extension, the situations eligible to the moratorium were also widened and will now cover the proven loss of income of at least 20% - to protect borrowers who do not fall in the previous eligible situations -and also to citizens not-resident in Portugal.

It was further established that the moratorium will apply to the following situations, irrespectively of whether they affect the borrower or other household members, namely:

- Preventive isolation or sickness;
- Assistance to children or grandchildren;
- Reduction of the normal working period or suspension of the employment contract, due to a business crisis;
- Unemployment;
- Employees entitled to the extraordinary support for the reduction of a self-employed person economic activity;
- Employees from entities which has been closed during the state of emergency or during a public calamity situation due to legal or administrative statutory requirements;
- Proven reduction of the overall income of the household of at least 20%.

In relation to natural persons, the moratorium will now apply to all mortgage credit contracts (and not just housing credit), residential property leasing, consumer credit for education purposes and any form of subsidized credit, without any penalty.

The applications for the moratorium should be submitted no later than 30 June 2020. Entities already covered by the moratorium will automatically benefit from the new rules, unless they notify their opposition by 20 June 2020.

You may find more information on the legal moratorium [here](#).

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