PORTUGUESE LEASE LAW

WHAT MAY CHANGE UNDER BILL NO. 103/XVII

The Portuguese Government is preparing a reform of the urban lease regime: more contractual freedom, stronger tools against tenant default and simpler eviction procedures. Part of the social protection of vulnerable tenants shifts to the State.

A reform that restores freedom to landlords

Status	Next stage	Caution
Approved in general terms	Detailed committee discussion and vote	The final text may still change significantly

Rent, updates and security deposit

Initial rent and rent updates

CURRENT REGIME

Law 56/2023: 2% cap over the previous rent when setting the initial rent in subsequent agreements; legal limits on annual updates.

PROPOSAL

Article 34 and the update limits repealed: initial rent and updates freely agreed between the parties.

Security deposit and advance rent

CURRENT REGIME

Article 1076 of the Civil Code: deposit capped at 2 months' rent; advance capped at 2 months, with written agreement.

PROPOSAL

Deposit uncapped as to form and amount; advance up to 3 months, with the same written agreement requirement.

Termination by the landlord

Unmotivated termination

CURRENT REGIME

Article 1101(c) of the Civil Code: 5 years' notice, no justification required.

PROPOSAL

Notice period reduced to 3 years.

Termination for works or demolition

CURRENT REGIME

The works must not result in premises with equivalent characteristics.

PROPOSAL

Requirement removed; only proof that the planning procedure has started and compensation or rehousing are required.

Termination for arrears

CURRENT REGIME · ARTICLE 1084 OF THE CIVIL CODE

- Arrears of 3 months or more, or late payments of more than 8 days more than 4 times in 12 months
- Curing of arrears allowed
- Notice required after the 3rd late payment

PROPOSAL

- Arrears of 2 months, or late payments of more than 8 days more than 3 times in 12 months or more than 4 times in 18 months
- Curing of arrears no longer possible
- Notice already after the 2nd late payment
- Limitation period extended from 3 to 6 months

Right of first refusal and transmission on death

Tenant's right of first refusal

CURRENT REGIME

Article 1091 of the Civil Code: applies where the lease has lasted more than 2 years.

PROPOSAL

Now requires that the lease has lasted more than 3 years.

Transmission on death

CURRENT REGIME

Article 1106 of the Civil Code and Law 6/2001: covers common-economy cohabitants; de facto union of more than 1 year.

PROPOSAL

Excludes common-economy cohabitants; de facto union of more than 2 years; closed, ranked list of beneficiaries.

Pre-1990 agreements and eviction

Pre-1990 agreements

CURRENT REGIME

Article 35(1) of Law 56/2023: transition to the NRAU is blocked.

PROPOSAL

Article 35(1) repealed; transition at the landlord's initiative, with safeguards for low-income tenants, elderly tenants or tenants with a disability rating of 60% or more.

Eviction

CURRENT REGIME

General Code of Civil Procedure regime: appeals have suspensive effect; no automatic immediate eviction.

PROPOSAL

Article 647 of the Code of Civil Procedure: appeals merely devolutive; immediate eviction upon a successful claim, with the court ruling of its own motion on entry into the dwelling.

In summary



Contractual freedom

- Initial rent and updates free
- Deposit uncapped
- Advance rent up to 3 months



Reaction to default

- Relevant arrears of 2 months
- No curing of arrears
- Notice after the 2nd late payment



Eviction and exit

- 3 years' notice for unmotivated termination
- Merely devolutive appeals
- Immediate eviction

Thinking about tomorrow?
Let's talk today.

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