

## Not paying rent

In the event you are considering or are unable to pay your rent as a commercial tenant, there are support services available to help you understand your cashflow, options, and consequences.

### Understand your position

Start by reviewing your lease including any obligations and associated costs.

Get a clear understanding of:

- your goals (e.g. keep trading/selling),
- your financial position,
- the challenges you are facing, and
- the impacts on your business.

Explore and evaluate your options to achieve your goals such as obtaining finance, asking to defer rent, selling assets or selling the business (if possible).

### Important facts

- Governments do not provide cash to commercial tenants struggling to pay rent.
- QSBC mediators cannot mediate disputes about the amount of rent payable under the lease.

### # Top tips

- Set goals and gather information for weighing up your options.
- Negotiating and mediating can save everyone time and money.
- Give specific dates and amounts you will pay to catch-up arrears.

### Struggling to pay rent

Information and support services can help you understand your options:

- Seek support from the [Small Business Debt Helpline](#) (1800 413 828)
- Access information on [cash flow management](#)
- Contact your bank's [financial hardship team](#)
- Access [free small business support services](#).

### Ending a lease early

If you break the lease by ending it early (i.e., walk away), you may be liable for paying the rent owed from the day the lease is ended until the end of the agreed term of the lease.

To avoid a potentially long and expensive process of breaking a lease agreement, you may consider other options such as:

- Selling the business
- Subleasing or a lease assignment
- Negotiating early termination
- Negotiating rent relief or deferring rent
- Voluntary administration or personal insolvency.

Consider impacts on any guarantors (the people (or other legal entities) who agree to be responsible for the debts of the tenant, should the tenant default).

Read our fact sheet on [ending a lease early](#).

## Tenancy disputes

Tenants and lessors occasionally find themselves in dispute about a matter relating to the lease such as the condition or maintenance of the premises or ongoing works disturbing the businesses operations.

The QSBC provides access to low-cost mediation for retail and commercial leasing disputes up to \$750,000 in value, including for maintenance or business disruption disputes.

It is **not recommended** to withhold rent during disputes as this may put you in breach of the lease. You should seek legal advice before withholding rent.

Consider engaging professional lease negotiators or legal professionals experienced in commercial leases to help negotiate and resolve disputes.

## Notice to Remedy Breach

If you do not pay rent, in accordance with the lease the lessor may issue you with a Form 7 Notice to Remedy Breach of Covenant (a Form 7 Notice) under the *Property Law Act 1974* (the PLA). Read our [breach notices](#) fact sheet.

The lessor must allow the tenant reasonable time to remedy the breach. A court can decide what is a reasonable time in the circumstances.

If the lessor fails to comply with the PLA when issuing a Form 7, a court may deem the notice to be invalid. An invalid notice is ineffective and would need to be reissued by the lessor.

## # Impact of inaction

If a breach is not disputed or rectified in full by the date specified in the breach notice **the financial and legal implications can be serious and significant** including terminating the lease, having the locks changed, any possessions inside seized or sold, forfeiture of any bond or bank guarantee, reputational damage with staff and customers.

## Tips to resolve issues

- Talk to the lessor as soon as you become aware that you cannot pay rent.
- Respond promptly to property managers or lessors (communication is key).
- Prepare a proposal with specific detail of what you can pay and by when.
- Provide supporting evidence and ask your lessor if you can discuss options.
- Make any requests in writing and ask the lessor to confirm receipt.
- Ask your lessor for a date you might expect a response or a decision to a proposal or request.

## More information

Contact the QSBC by submitting an [online enquiry](#) or calling 1300 312 344.

*This information provides general guidance only. It does not constitute legal advice. We recommend you seek Independent legal advice which considers your individual circumstances and applicable laws.*

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