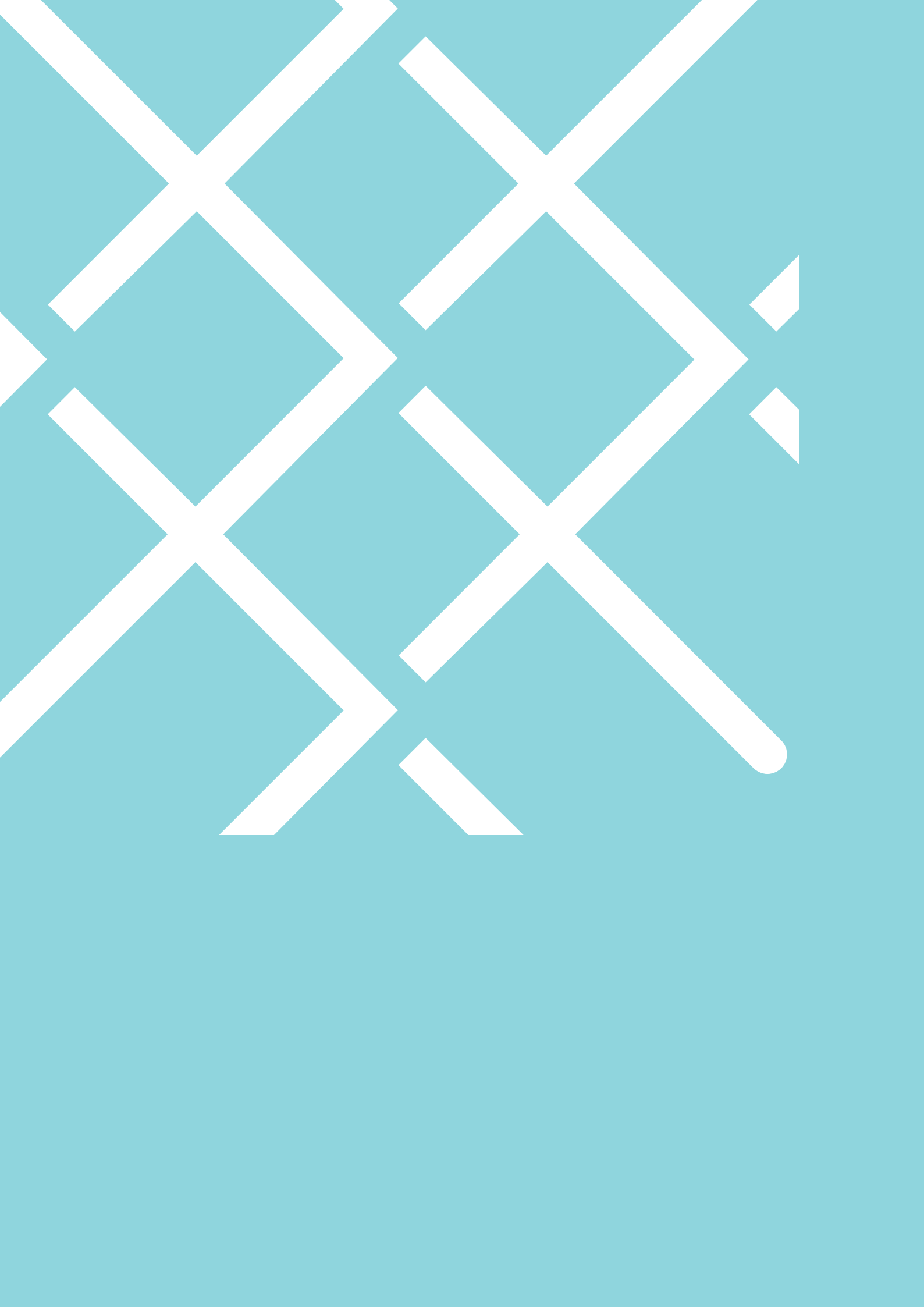




sela
south east legal alliance

Real Estate & Construction





What we do

Real Estate & Construction

SELA - South East Legal Alliance
October 2017



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01

Top-notch Regional Expertise

The South East Legal Alliance – SELA provides real estate legal services across the countries of South East Europe, including Albania, Bosnia & Herzegovina, Bulgaria, Croatia, Macedonia, Montenegro, Serbia and Slovenia. SELA offers clients a regional network of experienced lawyers for all types of real estate transactions. Our clients choose us because we offer them the opportunity to work with a focused group of law firms with an exceptional understanding of local regulations that provides top tier legal and business services in a coordinated manner over multiple jurisdictions.





Investor appetites for property in the countries of South East Europe have been growing and this trend has positively impacted the real estate sector. The real estate market is characterized by its buoyancy in the face of political shifts, its lower-cost advantages over neighboring regions and favorable investment incentives.

Real estate deals are increasingly complex and the importance of having the right partners at your side is a fundamental part of success. SELA is ideally placed to handle all of your regional real estate matters with a team of real estate experts at your disposal across our regional network.

02

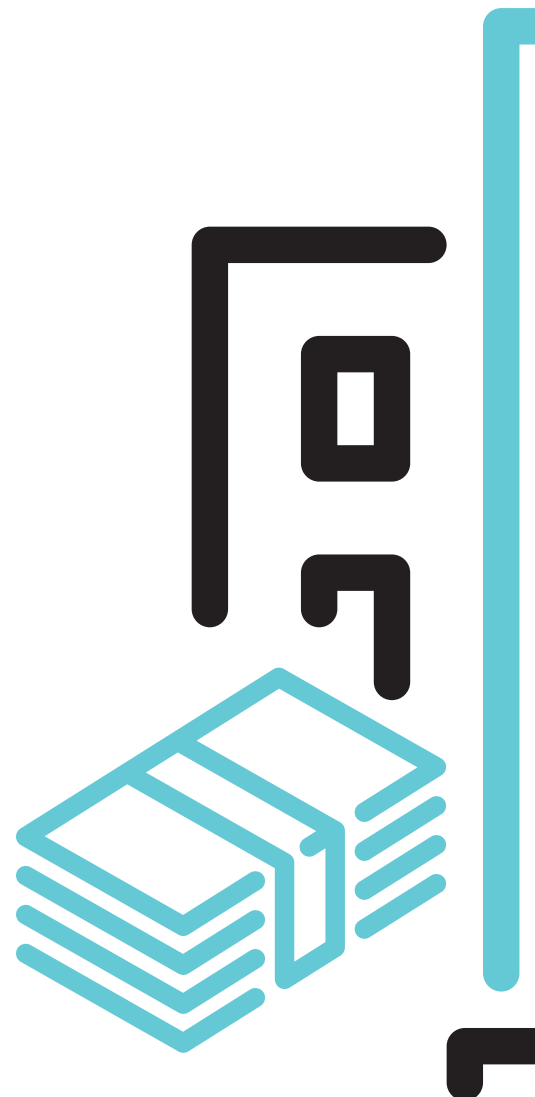
Premier Legal Advisory

Real Estate Acquisitions, Investments, Development and Joint Ventures

For acquisitions where real estate is fundamental to the strategic rationale of a transaction, a full legal assessment is a critical part of the acquisition process. SELA's real estate experts help clients throughout the entire investment cycle, from investment structuring, to financing, sale, joint venture and development to exit strategies, our team advises on the largest and most prestigious real estate deals across South East Europe. For transactions that cannot be solely classified as real estate portfolio acquisitions, our M&A team is uniquely placed to provide experienced advice and multi-disciplinary services.

Our Services

- Domestic and cross-border investment advice and structuring
- Establishing investment vehicles
- Administrative support and planning / zoning permissions
- Drafting construction, financing and leasing contracts
- Legal due diligence
- Drafting and negotiating sale and purchase agreements





Real Estate Finance

SELA's real estate finance experts work with clients to help them meet their commercial and strategic objectives. Whether you are buying or selling, refinancing, investing or working out debt, our experts actively guide you through the challenges of our markets. We advise developers, commercial banks, investment banks and other property lenders, funds, investors and other key stakeholders on the full spectrum of investment and development financings.

Our Services

- Loan structuring and financing documentation
- Loan portfolio transactions
- Multi-asset financing
- Syndicated lending
- Lender and borrower transactions
- Debt restructuring, distressed debt, recapitalization and enforcement
- Construction and acquisition financing
- Joint venture structuring
- Sale and leaseback structures
- NPL portfolio acquisitions

Key facts

Land Rights Regime Categories



AGRICULTURAL LAND



FORESTRY LAND



CONSTRUCTION LAND



WATERS



LANDS FOR TRANSPORTATION /ROADS



PROTECTED LANDS



DISTURBED LANDS FOR REHABILITATION



TOURISTIC LAND



OTHER

	AGRICULTURAL LAND	FORESTRY LAND	CONSTRUCTION LAND	WATERS	LANDS FOR TRANSPORTATION /ROADS	PROTECTED LANDS	DISTURBED LANDS FOR REHABILITATION	TOURISTIC LAND	OTHER
ALB	*	*	*	*		*			Postures and meadow land
BiH ¹	*	*	*						
BG	*	*	*	*	*	*	*		
CRO	*	*	*	*	*			*	
MKD	*	*	*						
MNE	*	*	*						*
SER	*	*	*						
SLO	*	*	*	*					*

Acquisition of Real Property Rights

ALB

BASED ON A VALID LEGAL TRANSACTION FOR THE TRANSFER OF TITLE (I.E. SALE, DONATION ETC.). THE REGISTRATION OF THE TRANSFER OF TITLE WITH THE RELEVANT REAL ESTATE REGISTRATION OFFICE IS MANDATORY WITHIN 30 DAYS.²

BiH

VALID IF ACQUIRED ON THE BASIS OF A LEGAL TRANSACTION FOLLOWED BY REGISTRATION WITH THE REAL ESTATE CADASTER

BG

VALID IF ACQUIRED ON THE BASIS OF A LEGAL TRANSACTION BEFORE A NOTARY IN THE FORM OF A NOTARY DEED. REGISTRATION OF THE TRANSACTION WITH THE REAL ESTATE REGISTRY IS REQUIRED IN ORDER TO MAKE IT OPPOSABLE TO THIRD PARTIES.

CRO

VALID ONLY IF REGISTERED WITH THE RELEVANT LAND REGISTRY

MKD

VALID ONLY WHEN REGISTERED WITH THE AGENCY FOR REAL ESTATE CADASTER OF MACEDONIA

MNE

VALID ONLY WHEN OWNERSHIP RIGHTS HAVE BEEN REGISTERED WITH THE REAL ESTATE CADASTER

SER

VALID ONLY WHEN OWNERSHIP RIGHTS HAVE BEEN REGISTERED WITH THE REAL ESTATE CADASTER³

SLO

DEPENDS ON THE MANNER IN WHICH THE REAL PROPERTY RIGHT WAS ACQUIRED⁴

¹ Bosnia and Herzegovina ("BiH") has a multi-level government structure and it consists of: two entities, the Republic of Srpska ("RS") and the Federation of Bosnia and Herzegovina ("FBiH"), (collectively referred to as the "Entities") and Brcko District (the "District").

² Transfer of title with the relevant real estate registration office is mandatory within 30 days, subject to penalties. Failure to register the transfer of title does not however cause the invalidity of the transaction, but it may cause oppositions by good faith third parties.

³ Certain exceptions apply. For example, when someone dies, his/her heir shall become the owner at the moment of death (registration does not matter).

⁴ Originally (for example acquisitive prescription) - entry in the Land Register is not prerequisite for validity and it only has declaratory effect - derivatively (for example legal transaction) - valid only when registered with the land register

Foreign Ownership Restrictions

ALB	Foreign citizens or foreign entities (no distinction between EU or no EU citizens and entities) may not own agricultural land, forestry land, pastures and meadow land.	
	EU CITIZENS AND ENTITIES	NON-EU CITIZENS AND ENTITIES
BiH	<ul style="list-style-type: none"> Reciprocity requirement. Foreign ownership may also be allowed by an international agreement. Certain areas may be legally prohibited from foreign ownership to protect the interests and security of the property. 	Same as for EU citizens and entities
	EU CITIZENS AND ENTITIES, EEA	NON-EU CITIZENS AND ENTITIES
BG	<ul style="list-style-type: none"> Same requirements as for residents for acquisition; Exception: agricultural land⁵ 	<ul style="list-style-type: none"> Acquiring of ownership over buildings or acquiring of limited rights in rem – same requirements as for residents; Reciprocity requirement for land acquisition; Acquisition of land by means of succession is also permitted. There are restrictions for forest lands and agricultural lands⁶ Additional requirements for agricultural land.
	EU CITIZENS AND ENTITIES	NON-EU CITIZENS AND ENTITIES
CRO	<ul style="list-style-type: none"> Same requirements as for Croatian citizens and entities; Exception: agricultural land. 	<ul style="list-style-type: none"> Inheritance - reciprocity requirement Acquisition of real estate - reciprocity requirement and prior approval of the Minister of Justice
	EU CITIZENS AND ENTITIES AND OECD	NON-EU CITIZENS AND ENTITIES AND OECD
MKD	<ul style="list-style-type: none"> Inheritance - same requirements as Macedonian citizens and entities or on the basis of a last will and testament Acquisition of residential or business premises - same requirements as Macedonian citizens and entities Acquisition / long-term lease of construction land - same requirements as Macedonian citizens and entities Acquisition of real rights over agricultural land - not permitted for foreign nationals, however long-term lease is permitted under certain conditions⁷ 	<ul style="list-style-type: none"> Inheritance - reciprocity requirement or on the basis of a last will and testament Acquisition of residential or business premises – reciprocity requirement Acquisition / long-term lease of construction land - reciprocity requirement Acquisition of real rights over agricultural land - not permitted for foreign nationals, however long-term lease is permitted⁸
	EU CITIZENS AND ENTITIES	NON-EU CITIZENS AND ENTITIES
MNE	<ul style="list-style-type: none"> Same requirements as for residents Exception: agricultural and forestry land⁹. 	<ul style="list-style-type: none"> Same requirements as for residents Exception: agricultural and forestry land¹⁰.
	EU CITIZENS AND ENTITIES	NON-EU CITIZENS AND ENTITIES
SER	<ul style="list-style-type: none"> Reciprocity requirement; Exception: agricultural land¹¹. 	<ul style="list-style-type: none"> Reciprocity requirement; Exception: agricultural land.
	EU CITIZENS AND ENTITIES, EEA, EFTA AND OECD MEMBERS	NON-EU CITIZENS AND ENTITIES, EEA, EFTA AND OECD NON-MEMBERS
SLO	Same requirements as for Slovenian citizens and entities.	Reciprocity requirement.

⁵ Additional requirement for establishment on the territory of Bulgaria for 5 years.

⁶ In case of acquisition of forest or agricultural lands by means of succession, the non- EU citizen or entity is obliged to transfer the ownership in 3 years term.

⁷ Condition of reciprocity is required along with consent from the Minister of Justice, following a previously acquired opinion of the Minister of Agriculture, Forestry and Water Resource Management and the Minister of Finance.

⁸ Permitted under conditions of reciprocity and on the basis of consent by the Minister of Justice, following a previously acquired opinion of the Minister of Agriculture, Forestry and Water Resource Management and the Minister of Finance.

⁹ Additional legal requirements apply to acquiring of ownership over agricultural and forestry land.

¹⁰ See above no. 9

¹¹ Additional legal requirements apply to acquiring of ownership over agricultural land by EU citizens and entities.

Real estate construction

The lines between real estate and construction deals are increasingly blurred. Our experienced team specializes in complex construction matters. We advise investors, developers, financiers, landlords and tenants on every aspect of a project. We are experienced in advising on the construction of shopping centers, hotels, commercial and residential buildings, as well as on complex energy and infrastructure projects and public-private partnerships.

Our Services

- Construction contract review, negotiation and drafting – with particular expertise working with FIDIC contracts
- Project financing and financing arrangements
- Project implementation and administrative support – development permits, approvals, planning and zoning, and other ancillary documentation
- Land acquisition and legal due diligence procedures
- Land conversion procedures
- Construction disputes and conflict resolution
- Tax incentives and real estate taxation

Leasing and corporate occupiers

We work with all types of property assets for both tenants and landlords, offering commercially focused advice to help our clients manage operational issues of strategic importance to them. Our regional experience has given us an intrinsic understanding of the issues and challenges facing corporate occupiers. We specialize in managing leases for shopping centers, retail parks, office buildings and technology parks, and are experienced in property investment, asset management, corporate tenant and occupancy advice across South East Europe.

Our Services

- Negotiating heads of terms
- Drafting and reviewing leasing agreements and ancillary documents
- Negotiation and agreement of commercial leases
- Sale and leaseback structures
- Advice on premise exits
- Disputes and enforcement against tenants in default



Real Estate Registry

ALB Regional Real Estate Registration Office.

BiH Republic Geodetic Administration for Republika Srpska
Federal Geodetic Administration for the Federation of Bosnia and Herzegovina

BG Real Estate Register of Bulgaria
Cadastral administrative information service

CRO Land Registry
Cadaster

MKD Agency for Real Estate Cadaster

MNE Real Estate Administration

SER Republic Geodetic Authority

SLO Land Registry Court
Surveying and Mapping Authority of the Republic of Slovenia at the Ministry of the Environment and Spatial Planning

ALB Albanian Civil Code

BiH	<u>FBiH and RS</u> Act on the Lease of Business Premises on the level Bosnia and Herzegovina	<u>RS</u> Act on Obligations of Republic of Srpska and Bosnia and Herzegovina
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BG Obligations and Contracts Act of Republic of Bulgaria

CRO Act on Lease and Sale of Business Premises Republic of Croatia

MKD Act on Lease and Sale of Business Premises Republic of Macedonia

MNE Act on Contracts and Torts Republic of Montenegro

SER Act on Contracts and Torts Republic of Serbia

SLO Business Buildings and Business Premises Act Republic of Slovenia



Lease of Business Premises

Real Estate Disputes

SELA advises developers, investors, insolvency practitioners, corporate occupiers, retailers, hotel operators, financial institutions and other real estate players on disputes relating to investments in and occupation of land and property. Providing the full range of litigation and dispute resolution services, our multi-disciplinary experts help clients to resolve their disputes quickly and effectively. Our excellent track record and tailored advice extends to property related matters in sectors such as energy, infrastructure, mining, retail and manufacturing.

Our Services

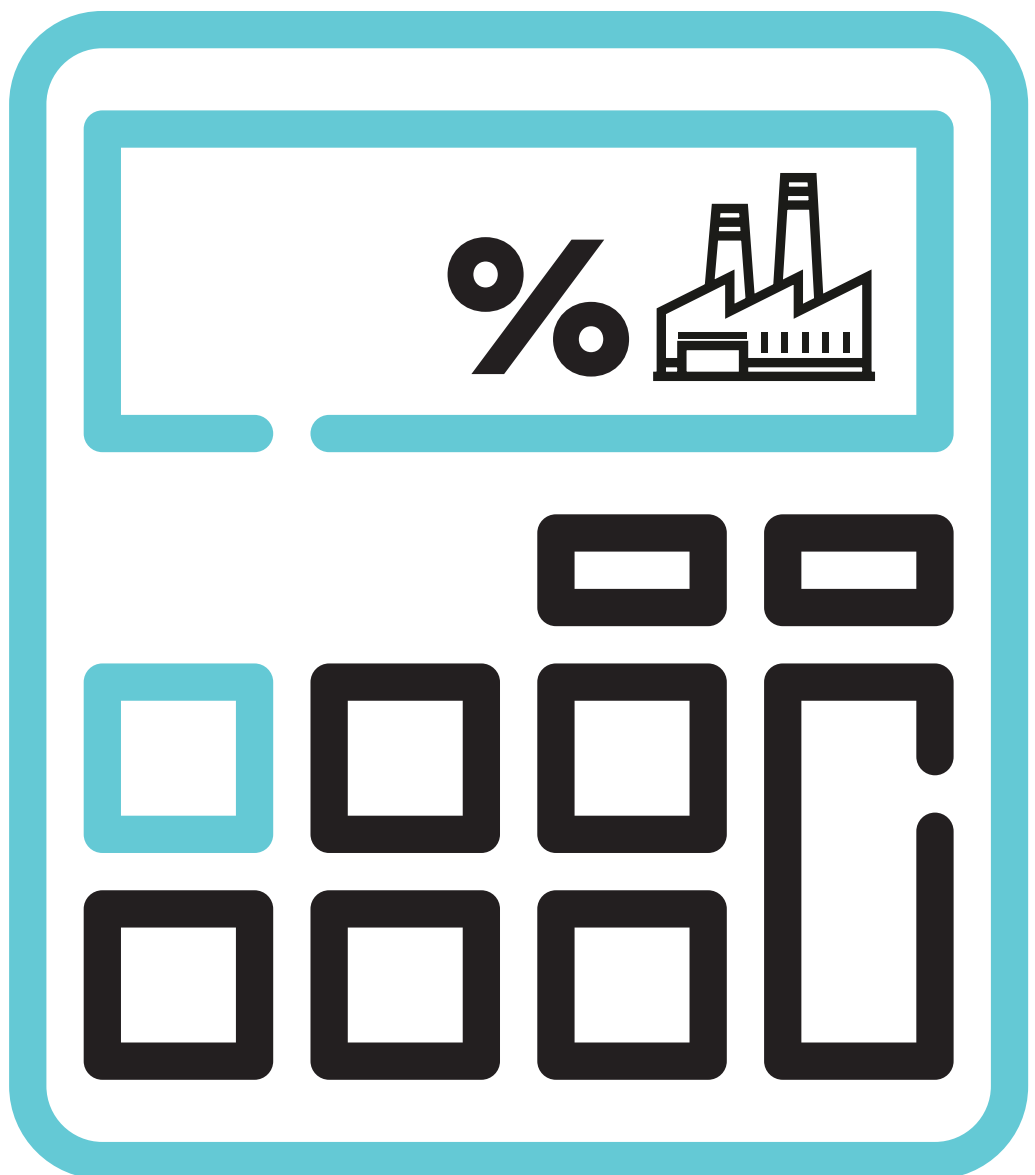
- Insolvency and defaulting disputes
- Construction and land contract disputes
- Landlord and tenant disputes
- Property transaction and acquisition disputes
- Development disputes
- Joint venture disputes
- Asset management disputes
- Residential property disputes

Real estate taxation

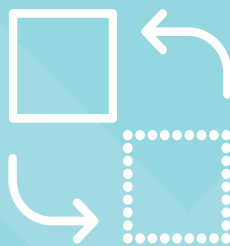
SELA advises on local and cross-border real estate transactions. Our tax experts will advise clients on how to cost effectively structure their real estate investments, joint ventures, acquisitions and sales across the region. We can set up a tax structure for real estate companies and provide tax-sound advice on real estate financing, leasing structures, capital investments and cross-border transactions. Our advice takes into account direct taxation, capital allowances, VAT, land and environmental taxes.

Our Services

- General tax advisory
- Rental income taxation
- Capital allowances and capital gains taxation
- Property taxation and disposals
- Regional tax structuring



Taxation



Property transfer tax

	APPLIES TO	TAX BASE	TAX RATE
ALB	Any kind of transfer of immovable property ¹²	<ol style="list-style-type: none"> For buildings the transferred area For other properties the value of the transaction 	<ol style="list-style-type: none"> For buildings, between 200 Lekë/m² up to 2000 Lekë/m², depending on the type of building and location For other properties 2% of the transaction value
BiH	Sale and purchase, exchange or otherwise of real estate acquired for a fee between legal and natural persons in the cantons ¹³ of the Federation of Bosnia and Herzegovina.	Market value of the real estate at the taxable event occurs	5%
BG	Any kind of acquisition of ownership right over real estate (sale, exchange etc.), including in case of prescription	Purchase price (if lower than tax value ¹⁴ , then tax value applies)	Varies depending on the location of the property. Transfer of property for consideration – 0.1% to 3% Donation: <ol style="list-style-type: none"> between lineal relatives and between spouses – exempt between brothers and sisters and their children – 0.4% to 0.8% between other persons - 3.3% to 6.6%
CRO	Sale and purchase of real estate (does not apply when VAT applies)	Real estate market value	4%
MKD	Transfer of real estate, with or without compensation for ownership rights (also applies to other ways of acquiring immovables)	Real estate market value at the time the taxable event occurs	Proportional rate varies from 2% to 4%
MNE	Sale and purchase of real estate (first transfer is exempt when VAT applies)	Purchase price (if lower than market value, then market value applies)	3 %
SER	Sale and purchase of real estate (first transfer is exempt when VAT applies)	Purchase price (if lower than market value, then market value applies)	2.5%
SLO	Sale and purchase of real estate ¹⁵	Purchase price ¹⁶ ; Some relief options are available to reduce the tax base	2 %

¹² **Tax Agent** - Regional Real Estate Registration Office;
Exemptions – (i) individuals taxed pursuant to capital gain tax (personal income tax) (ii) Social Housing Entity and (iii) donations with beneficiaries public institutions/religious entities or NGOs, provided that the donation is functional to the activities of said institutions (provided that the fee of the tax agent is paid)

¹³ The ten cantons of the Federation of Bosnia and Herzegovina are federal units of the Federation of Bosnia and Herzegovina. The cantons consist of municipalities. A canton has its own government headed by a prime minister. The prime minister has

his own cabinet, and is assisted in his duties by various cantonal ministries, agencies, and cantonal or county services.

¹⁴ Evaluation done by the respective municipality where the property is located in accordance with specific criteria stated in the law. Usually it is below the market value.

¹⁵ Transfer is exempt when VAT applies.

¹⁶ In cases where the tax authority expresses doubt regarding the adequacy of the price, it has the right to obtain independent appraisal and assess the tax accordingly.



Corporate income tax

APPLIES TO		TAX BASE	TAX RATE
ALB	Any kind of transfer of immovable property by individuals ¹⁷	Difference between the purchase price and the sale price (if the sale price is lower than the reference price for the area, the reference price is taken into account as sale price for the calculation of the capital gain tax).	15%
BiH	Taxable income ¹⁸	<u>RS</u> Difference between taxed income and expenses <u>FBiH</u> Profit reported in the financial statement increased by tax on unrecognized expenses and other tax-deductible items and deductions for non-taxable items	10% (RS, BD, FBiH)
BG	Taxable income (including gains)	Tax profit – positive tax financial result ¹⁹	10%
CRO	Taxable income (including gains)	Difference between income and expenses before the calculation of corporate income	1. 12% revenue below 3 million HRK ²⁰ 2. 18% - revenue above or equal to 3 million HRK
MKD	Taxable income (including gains)	Profit determined in the tax balance	10%
MNE	Taxable income (including gains)	Difference between sale price and acquisition value	9%
SER	Taxable income (including gains)	Difference between sale price and acquisition value	15%
SLO	Taxable income	Difference between sale price and acquisition value; Some relief options are available to reduce the tax base.	19%

17 Tax Agent - Regional Real Estate Registration Office;
Exemptions – (i) transfers of land between registered farmers, provided that the transferred land is destined for farming activity (ii) exchange between land and construction area, in cases of property development transactions (in these cases, the person transferring the land is taxed upon the sale of the construction area obtains in exchange of the land on which the building was erected) (iii) business registered for VAT and subject to business profit tax (in these cases the gains form the transfer of the immovable property are included in the annual profit and loss statement of the business).

18 Applies to entities with a seat in Republic of Srpska, or foreign legal entities with income in the Republic of Srpska; Entities with a seat in the Federation of Bosnia and Herzegovina, or foreign legal entities including entities from the Republic of Srpska and the District of Brčko with income in the Federation of Bosnia and Herzegovina.

19 The tax financial result is a figure that results from the transformation (adjustment) of the accounting financial result of the company in accordance with the rules of the law.

20 The Croatian Kuna is the currency of Croatia. It is subdivided into 100 lipa and internationally abbreviated HRK.



VAT

	APPLIES TO	TAX BASE	TAX RATE
ALB	Transactions for the transfer of immovable properties are VAT exempt in Albania.	-	-
BiH	First transfer of newly built facilities.	Purchase price of newly built facilities.	17%
BG	<ol style="list-style-type: none"> Transfer²¹ of ownership rights on new buildings or adjacent land to new buildings²² as well as establishment of other rights in rem on these lands; Transfer of ownership rights on construction lands (excluding the land adjacent to buildings which are not new); Transfer of ownership rights or other rights in rem, as well as renting of plant, machinery, equipment and structures immovably fixed to or built under the ground; Transfer of ownership rights or other rights in rem, as well as the renting of camping sites, caravan parks, holiday camps, sites for parking vehicles, etc.; 	<p>Everything which constitutes part of the consideration, including: (a) all other taxes and fees, where such are payable on the supply; (b) all subsidies and investment grants directly linked to the supply, etc.</p> <p>The tax base does not include any rebates and discounts.</p>	20%
CRO	<ul style="list-style-type: none"> Supply of construction land and buildings, or parts of buildings Exceptions under the VAT Act 	Purchase price of newly built facilities, reimbursement received for provided services.	<ul style="list-style-type: none"> General tax rate 18% Preferential tax rate 5%
MKD	The supply of goods and services in the country for consideration, or carried out by the taxpayer within the scope of business and /or the importation of goods.	The total amount of consideration received or to be received; deliveries where value added tax has not been included.	Proportional rate varies from 2% to 4%.
MNE	First transfer of newly built facilities, performance of construction works, lease of real estate and other property related services.	Purchase price of newly built facilities, reimbursement received for provided services.	21%
SER	First transfer of newly built facilities, performance of construction works, lease of real estate and other services related to the property.	Purchase price of newly built facilities, reimbursement received for provided services.	20% ²³
SLO	First transfer of newly built facilities, transfer of vacant construction land, performance of construction works, lease of real estate and other services related to the property.	Purchase price of newly built facilities, purchase price of vacant construction land, reimbursement received for provided services.	22% ²⁴

21 Under the Bulgarian VAT Act the transfer of ownership rights on land, the establishment or transfer of limited rights in rem to land, as well as the letting or leasing of land, (2) the establishment or transfer of a building right until the time a construction permit is issued for the building for which the building right is established or transferred, (3) the supply of buildings or parts thereof, which are not new, the supply of land adjacent to a building that is not new, as well as the establishment and transfer of other rights in rem thereto, (4) the letting of a building or part thereof for residential use to a natural person who is not a merchant (excluding the provision of accommodation in hotels, motels, cottage villages and holiday

villages, rented rooms in family houses, villas, houses, cabanas, camping sites, hikers' chalets, guest houses, inns, boarding houses, caravan parks, holiday camps, holiday accommodations owned by businesses for their employees, spa centers and sanatorium complexes) are considered an exempt supply and not subject to VAT. In the above cases (excluding under item 2) the supplier is allowed to opt for taxation.

22 A "new building" is a building for which a use permit has been issued in less than 5 years as of the date of the delivery.

23 Reduced to 10% for the first transfer of residential buildings.

24 Reduced to 9.5% for the first transfer of residential buildings, which are considered a part of social politics (effective surface less than 120 m² for apartments and 250 m² for houses).



Annual property taxes

APPLIES TO		TAX BASE	TAX RATE
ALB	Any type of immovable property	<u>Tax on buildings</u> Market value of the building (calculated pursuant to the criteria and methodology approved by the Government)	<u>Tax on buildings</u> ²⁵ 1. 0,05% for residential building units; 2. 0,2% for building units used for business; 3. Developers with unfinished constructions within the term of the construction permit, pay 30% of the relevant tax rate for the relevant type of property.
		<u>Tax on agricultural land</u> Area of the land	<u>Tax on agricultural land</u> ²⁶ Lekë/ha between 700 Lekë/ha and 5600 Lekë/ha, depending on the category and location of the land;
		<u>Tax on construction land</u> Area of the land	<u>Tax on construction land</u> Lekë/ m ² , between 0.14 Lekë/m ² and 20 Lekë/m ² , depending on the type of usage (business/personal) location of the land.
BiH	Ownership of real estate in the Republic of Srpska and ownership of holiday real estate or rent on real estates	The market value of real estate in the Republic of Srpska; Real estate surface	0.2% in Republic of Srpska, Amount in BAM ²⁷ which varies from canton to canton.
BG	Ownership of real estate ²⁸	Tax value of the real estate ²⁹	Varies depending on the location of the property From 0.01% to 0.45%.
CRO	Ownership of the homes for leisure ("second home")	Property surface area	5-15 HRK per m ² , depending on local regulation ³⁰
MKD	Immovables ³¹	Market value of real estate-immovables	Proportional rate varies from 0.10% to 0.20% ³²
MNE	Ownership of real estate	Value of real estate	1% maximum ³³
SER	Ownership of real estate	Value of real estate	0.4% maximum
SLO	Currently the annual fee only applies for owners of construction land and it consists of two levies ³⁴	<u>Tax on property</u> Value of real property; Some relief options are available to reduce the tax base <u>Compensation for use of construction land</u> ³⁵	<u>Tax on property</u> Progressive tax rate ³⁶

25 Exemptions - (i) properties owned by the state or local government units, which are not used for profitmaking purposes (ii) state owned properties transferred in administration to state owned companies (iii) residential units leased under non-liberalized rent scheme (iv) social houses owned by the municipalities (v) privately owned units that based on agreements with municipalities, are used as social houses (vi) buildings used by religious communities, in for the performance of their religious activity (vii) 4/5 star hotel accommodation units, certified as such, and benefiting on special status investments pursuant to the tourism law (viii) residential units of persons benefiting from retirement or social pension, provided that only retired persons live in the unit (ix) residential units of persons benefiting from social care economic support (x) buildings protected under the legislation on cultural and heritage monuments.

26 Exemptions – land cultivated with fruit trees or vines, for a period of 5 years form the first cultivation.

27 The Bosnia and Herzegovina convertible mark is the currency of Bosnia and Herzegovina. It is divided into 100 pfenigs or fenings and locally abbreviated KM.

28 Under the Bulgarian Local Taxes and Fees Act, no tax may be levied on any sites occupied by streets, roads of the national and municipal road networks, and the railway network, up to the limiting construction lines, on the agricultural land and forests, with the exception of land with buildings and only for the built area and the land adjoining it and on real estate properties with tax value of 1,680 BGN or less (approximately EUR 860). The lev is the currency of Bulgaria. It is divided in 100 stotinki and internationally abbreviated BGN.

29 The tax value of real property belonging to enterprises is the higher between their book value and the tax value determined under the LTFA, and the tax value of any residential property is the value determined under the LTFA. The tax value of real estate where a right to use has been established in favor of an enterprise is the book value of estate in the balance sheet of the owner or the tax value determined under the LTFA; and for residential property, the tax value determined under the LTFA

30 From 1 January 2018, each local authority will introduce and charge an annual property tax. The tax base shall be the total surface area of the property (m²) multiplied by several coefficients that shall differ depending on the zone in which the property is located.

31 Property tax shall be paid for immovables, except for property which is exempted from paying taxes according to the Law on property taxes

32 Property tax rates are established according to the type of property.

33 For facilities for tourism and unconstructed construction land can be above 1%.

34 An Act regulating tax on ownership of real property is envisaged to be adopted in 2018.

35 Regulated by municipalities, which differs based on the type of use, communal infrastructure etc.

36 For buildings min. 0.10% then the tax rate progressively rises with the property value; business premises min. 0.15% then the tax rate progressively rises with the property value. The base can be reduced for the property owner's place of permanent residence. Tax exemptions: commercial farm buildings, business premises of the property owner.

03

Our Regional Real Estate Team

Key Contacts

To ensure top quality service and a unified approach we have established practice area specific teams spanning across the region. This allows us to deliver commercial and cost-effective advice and to provide a unique service that other legal networks don't offer.



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