
INVESTMENT
IN REAL ESTATE
BY FOREIGNERS

IN HUNGARY

ABOUT US

The law firm was founded in 2005 by Balázs Téglásy Dr., who is still the leading lawyer of the firm. The firm's activities cover various areas of civil law, criminal law, commercial law and corporate law. The scope of the law firm's activities includes, inter alia, the establishment, operation and dissolution of companies, as well as legal assistance in relation to real estate and civil litigation and non-litigation.

Our office also acts for business companies, both in connection with day-to-day business and in the drafting of medium and long-term contracts and in assisting our clients in the implementation of individual projects.

PERMITS AND APPLICANTS

A foreign legal or natural person may acquire ownership of real estate that is not classified as agricultural or forestry land under the Act on the Turnover of Agricultural and Forestry Land.

The application must be submitted to the Metropolitan and County Government Office competent according to the location of the property. The administrative deadline is 45 days.

The applicant may be a foreign natural person; a branch or commercial representation of a foreign legal person in Hungary; a diplomatic mission, consular post or an international organisation under the same authority.

From the 90th day after the date of acquisition of ownership, the owner is obliged to reside in Hungary and carry out economic activities falling within the scope of the business or sole proprietorship.

TAXES AND DUTIES

In the case of the purchase of an existing commercial property, the VAT Act generally **exempts from VAT** the sale of the "old" (i.e. more than two years old) built-up property and the land part of which it is part, as well as the sale of unbuilt property that is not a building plot.

Both domestic and foreign companies are liable to pay the **property transfer duty** on the acquisition of real estate. It is important to take into account the number of parcels in which the property to be acquired is registered, as the duty is levied per parcel (4% up to 1 billion HUF , 2% for the part of the market value exceeding 1 billion HUF , but maximum 200 million HUF).

It varies from municipality to municipality, but the foreign buyer may also be subject to **local business tax** on *buildings and land*, or local business tax on *the use of the property* (e.g. renting). With regard to business tax, it may be difficult to determine the exact starting date of the economic activity (e.g. letting), which, however, determines the date from which the tax is to be charged.

PROCEDURE

1. The Government Office decides whether to allow the acquisition of real estate.

2. The acquisition of real estate must be authorised if:

- it does not harm the public interest or the interests of the municipality,
- the applicant is a sole proprietor or a member of a sole proprietorship under the Act on Sole Proprietors and Sole Proprietorships, and
 - intends to carry out economic activities in Hungary, and the property to be acquired is necessary for the pursuit of such economic activities,
 - intends to reside in Hungary for a living,
 - and the acquisition of the property does not harm public interests.

3. The administrative time limit for the licensing procedure is **15 days**, not including the time required for official requests (mayor) and legal assistance (BÁH, ORFK, KEKKH, KÜM, NAV) and the time required for the supplementing of documents.

4. There is no right of appeal against the decision of the Government Office on the merits, but a judicial review of the decision may be initiated on the grounds of an infringement of the law.

EXPENSES

COSTS

Fees and service charges in accordance with the applicable legislation depending on the procedure chosen

OUR FEES

Our lawyer's fee is proportional to the value of the property, at % of the property's market value

FURTHER SERVICES

We charge hourly for further services provided by our staff. Our Law Firm uses an electronic system which precisely records the time spent on case or particular project. The system also records expenses.

CONTACT US

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