

Acquisition of real estate by foreigners

**Government Decree No. 7/1996 (I.18.)
on the Acquisition of Real Estate by Foreigners**

On the basis of the authorization granted by Paragraph *b*) of Subsection (1) of Section 90 of Act LV of 1994 on Arable Land, as amended, (hereinafter referred to as "ALA"), the Government hereby issues the following Decree:

Section 1.

(1) If no interests of the local government or other public interests are infringed upon, the director of the responsible public administration office of Budapest or the county (hereinafter referred to as "office director") may grant the license prescribed by Section 88 of ALA which is required for acquisition other than by way of inheritance by foreign legal or natural persons of proprietary rights in real estate which is not classified as arable land or protected natural area (hereinafter referred to as "real estate") [Subsection (4) of Section 88 of ALA].

(2) The license shall be granted in the event that no local government or other public interests are infringed upon, and

a) the foreign person has been granted an immigration permit, or

b) the foreign person acquired the ownership right in the real estate on the basis of Law-Decree 24 of 1976 on Expropriation, as amended, or

c) the foreigner is exchanging domestic real estate which he owns for other domestic real estate, or

d) the goal of acquisition of ownership is to cease common ownership, or

e) the foreigner is given domestic real estate as a gift pursuant to Subsection (7), or

f) the foreigner has verifiably been residing and living in Hungary for a period of no less than five years for the purpose of employment.

(3) In respect of the question as to whether the acquisition of the real estate infringes upon the interests of the local government, the office director shall request a statement by the mayor of the local government of the settlement (or of the district of Budapest) (hereinafter referred to as "mayor") with jurisdiction according to the location of the real estate, and may refuse the license after due consideration of such statement.

(4) Issuance of the license may be refused if, the state of which the foreigner is a national does not, on the basis of international treaty or reciprocity, ensure that Hungarian citizens or Hungarian legal persons are treated equally as domestic

persons. The statement of the Foreign Ministry shall be decisive in determining whether an international treaty or state of reciprocity exists.

(5)

(6) In respect of proceedings for the acquisition of proprietary rights in real estate classified as a historic monument or monument-type object, in real estate of archeological and historical significance, and in buildings located in protected natural areas, the responsible authority shall participate as a specialized authority.

(7) Residents, as per Paragraph *a*) of Point 1 of Section 3 of Act XCV of 1995 on Foreign Exchange, may only give proprietary rights in domestic real estate as a gift to foreigners who are their close relatives [Paragraph *b*), Section 685, Civil Code].

Section 1/A.

(1) Contrary to the provisions of Subsections (1)-(4) of Section 1, the acquisition of real estate by a foreign natural person settling in Hungary as an independent entrepreneur must be authorized pursuant to a separate act, if such property is essential for pursuing the business activities for which the foreign natural person settled.

(2) No property intended to be acquired for the purpose of a real estate transaction (sale, exchange, lease) shall be construed as essential for business activities.

(3) A foreign natural person who has settled in Hungary as an independent entrepreneur shall be obligated to alienate his real property or file a petition with the director of the office in order to retain ownership rights (in accordance with the conditions set forth in Section 1) within one year, if his business license or entrepreneurial credentials (regulated in other legal regulations) are revoked, if, in respect of private companies, the company is removed from the register of companies, or if his chamber of commerce membership is terminated.

Section 2.

(1) Applications for the license shall be submitted to the office director with jurisdiction according to the location of the real estate.

(2) The following shall be attached to the application:

a) document(s) establishing the nationality of the foreigner;

b) one copy of the contract on the acquisition of the real estate;

c) one copy of the land register title, no more than 3 months old;

d) tax and valuation assessment certificate, no more than 3 months old;

e)

f)

g) in the event of a gift pursuant to Subsection (7) of Section 1, verification of the degree of relationship between the parties to the contract.

(3) In the event of installment payments, or a contract of annuity or support, payment of the first installment or the first annuity payment due shall be verified. The office director may at any time call upon the foreigner to verify payment of his debts.

(4) In the event that the foreigner commutatively alienates his domestic real estate, payment of such consideration may be effected in convertible foreign exchange or currency.

Section 3.

The regulations set forth in this Decree shall, with due consideration to the provisions of Subsection (3) of Section 88 of ALA, be applied to the acquisition of real estate by diplomatic and consular representations, as well as by international organizations.

Section 4.

(1) This Decree shall enter into force on the 8th day following its promulgation; its provisions shall also be applied to licensing cases which are currently in progress.

(2) For the purposes of this Decree, the provisions of Paragraphs *c)-d)* of Section 3 of ALA shall be authoritative in the determination of foreign natural and legal persons, whereby the payment regulations set forth in Section 45 of Act XCV of 1995 shall apply to Hungarian citizens classified as foreigners pursuant to the foreign exchange law.

(3) Simultaneously upon this Decree entering into force Government Decree 171/1991 (XII. 27.) Korm. on the Acquisition of Real Estate by Foreigners shall be repealed.