WHO MAY ACQUIRE ARABLE LANDS IN HUNGARY?

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Land purchase in Hungary by the nationals of EU Member States, EEA countries and Switzerland

Pursuant to Act CXXII of 2013 on the transfer of agricultural lands and lands of forestry (Land Transfer Act), EU nationals – and the nationals of Switzerland and the EEA countries – may also acquire land, like Hungarian nationals.

Non-EU nationals may not acquire Hungarian lands. (However, the citizens of non-EU countries may purchase residential real estate in Hungary subject to authorisation.) Since 01.05.2014, persons other than farmers may also purchase no more than one hectare land in Hungary, but lands over 1 hectare (10,000 m^2) may only be acquired by farmers.

Farmer shall mean a person registered as a farmer in Hungary. It is important to emphasize that the possibility to acquire 1 hectare of land shall apply to persons not qualifying as farmers.

The threshold of 1 hectare may only be exceeded, if the acquiring party acquires land from his or her close relative, i.e. persons other than farmers may also acquire more hectares of land, if such land is actually owned by his or her close relative.

The acquisition limit of 1 hectare applies per person and the lands of persons other than farmers and their close relatives shall not be counted together for the purposes of application of such limit.

The amount of all areas in possession of - i.e. not only owned but also used by - the acquirer of the land shall not exceed 10,000 square meters. In case of undivided common property, the limit of 1 hectare shall apply proportionately, i.e. an ownership share corresponding to no more than 1 hectare area may be acquired by person. If, for example, a family would like to purchase a land, the members of the family together may also purchase 40,000.00 m^2 of land in Hungary, holding an undivided ownership share of ¼ each.

In general, persons other than farmers purchase the so-called hobby sites, cellars and garden plots, which are located outside the boundaries of the urban area of the relevant settlement.

How land sale and purchase agreements are authorised?

Publication of the Sale and Purchase Agreement

Within 8 days from the execution of the sale and purchase agreement drafted by the Hungarian lawyer, such agreement shall be sent in 4 originals – of which one in the form of security document -, as well as the fully completed form, containing the seller's details and signature, to the notary having jurisdiction according to the location of the land. The sale and purchase agreement shall be published by the notary on the bulletin board of the Mayor's Office.

If the agreement does not contain all necessary statements required under the Land Transfer Act, the missing statements may also be submitted afterwards. In the absence of such statements, the authorisation procedure shall be terminated by the rejection without substantive examination.

The agreement shall also be sent to the holder of the pre-emption right directly and such fact shall be evidenced by an acknowledgement of receipt or return receipt during the real estate registration procedure.

The holders of pre-emption right may exercise such right within a 60-day peremptory term from the day following the publication of the agreement.

Within 8 days from the lapse of the 60-day publication period, the notary shall send the agreements to the competent County Land Office as licensing authority and the seller shall also be informed thereof.

Authorisation Procedure

Within 15 days from receipt, the competent County Land Office shall examine the agreement from legal aspect and if it is acceptable, it shall send such agreement to the local land committee within 15 days. The land committees have not yet been established, therefore their tasks shall be carried out by the chambers of agriculture until their set-up. The land committee/chamber of agriculture shall send its position to the notary within 15 days and the notary shall publish such position within 3 days from receipt for a period of 5 days. During such period objections may be submitted.

Objections may only be submitted in exceptional cases, if the opinion says that the sale and purchase should not be authorised. Such recommendation may be made if, for example, the purchase price written in the sale and purchase agreement differs significantly from the market price of the relevant real property.

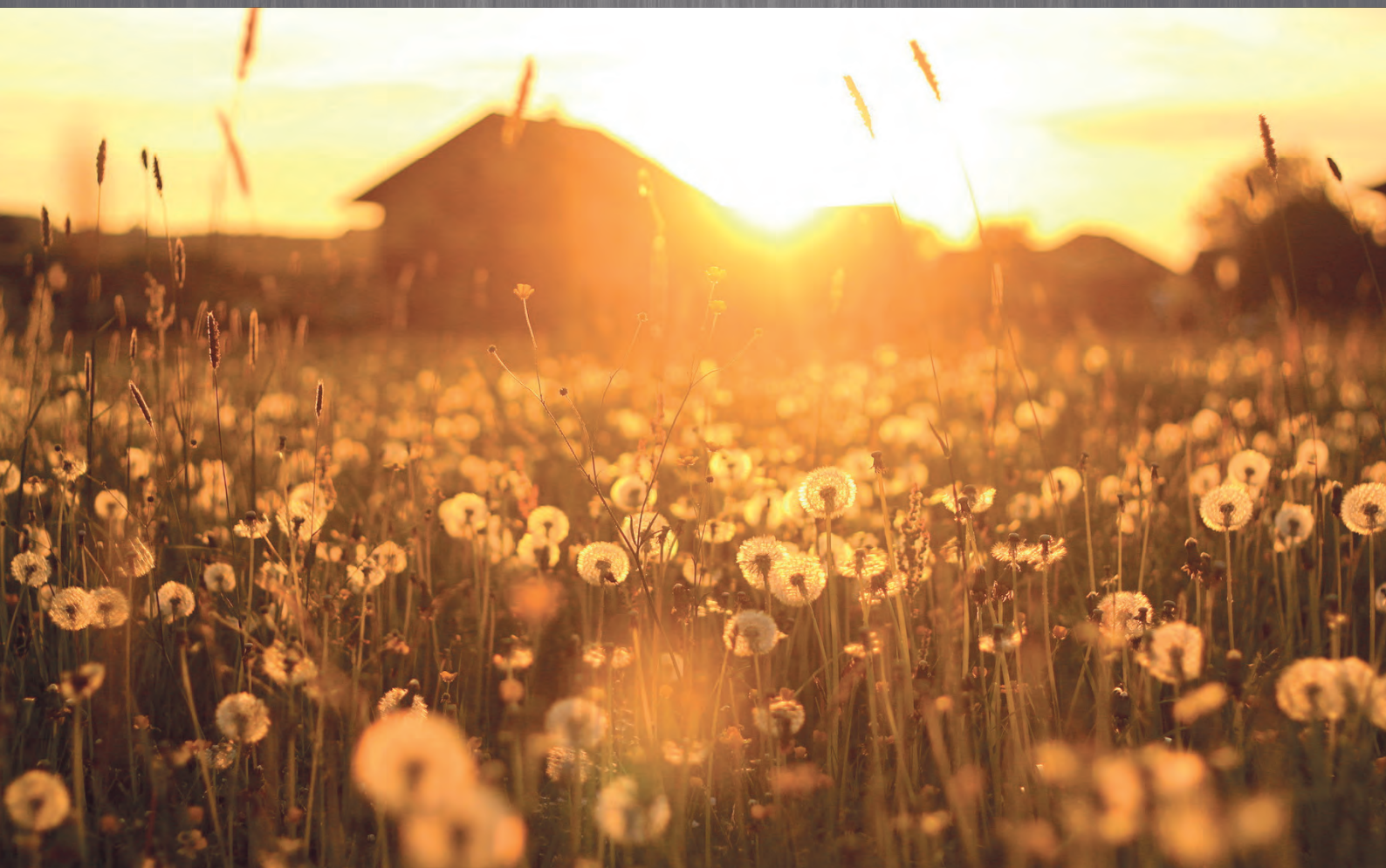
Should an objection be received, the notary shall report such objection to the competent County Land Office without delay and such County Land Office shall suspend the proceedings pending the outcome of such objection.

The objection shall be decided by the representative body of the local government within 15 days from receipt.

In the period already lapsed since the entry into force of the Land Transfer Act, a practice was established according to which the local land committee/chamber of agriculture would generally issue a position/make a recommendation - within 15 days from receipt - regarding the approval/authorisation of the acquisition of land by a foreign buyer by the County Land Office.

The competent County Land Office shall make its decision by taking into account the position of the local land committee/chamber of agriculture; the procedural administration deadline shall be 60 days. The authorisation procedure will require app. 6 months. The buyer is recommended to keep the purchase price in escrow with the lawyer. The buyer may only receive the possession of the real property following the granting of the authorisation.

Real Estate Registration Procedure, the buyer's property right registration

The commencement of the real estate registration procedure shall be subject to legal representation and a duly completed application form. Two (2) originals /of which one copy of the sale and purchase agreement shall be drafted in the form of security document and endorsed/, a copy of the agreement and the NATCA (National Tax and Customs Administration) datasheet shall be attached to such form. It is important to know that the registration of the change of ownership may only be initiated subject to the simultaneous submission of the other necessary certificates and statements /payment of land office fees in the amount of HUF 6,600.00; confirmation of the notification of holders of pre-emption rights, etc…/. The procedural administration deadline shall be 30 days following receipt of the land office application.

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