

The new government decree No. 251/2014 (X. 2.) on the acquisition by foreign nationals of real estate other than land used for agricultural or forestry purposes ("**Decree**") effective as of October 3, 2014 imposes stricter rules on acquisition of non-agricultural and non-forestry real property ("**Real Property**") by foreigners than those set forth in the previous government decree [No. 7/1996 (I. 18.)] set aside by the Decree.

- The Decree regulates the acquisition of Real Property in Hungary by foreigners, i.e., non-EU and non-EEA natural persons and legal entities. Such acquisition of Real Property is – with only a few exceptions – subject to a permit issued by the competent government office.
- As a general rule, the acquisition permit shall be granted if the acquisition of the Real Property by the foreign natural person or legal entity does not constitute any injury to the public interest or to the interest of the local government.
- Foreign legal entities may only acquire a Real Property if they established a branch office or a commercial representative office in Hungary, which is duly registered by the competent court of registration.
- In addition to the 'no injury to public or local government interest' rule, for their acquisition of a Real Property in Hungary, foreign private entrepreneurs need to meet certain further conditions (such as permanent residency in Hungary and pursuit of economic activities, etc.).
- In case of natural person applicants, it is considered as injury to public interest (a) if the applicant is subject to (i) extradition, (ii) ban on entering and staying in Hungary, (iii) arrest order, or (iv) penalty of imprisonment; or (b) if the injury to public interest can be established for other public security, public order or public health reasons.

- In case of a legal entity, it is considered as injury to public interest particularly if its branch office or commercial representative office is subject to (a) the tax authority's order suspending or deleting its tax number; (b) the criminal law measure of restriction of activities; or (c) liquidation, forced deletion or termination proceedings.
- Injury to local government interest can be established if the acquisition of the Real Property injures the local government interest regarding its statutory or voluntary local public matters.
- The application for the acquisition permit shall be filed with the government office competent in accordance with the location of the Real Property. With respect to any potential injury to public or local government interests, the government office shall obtain the opinion of further competent authorities (police, immigration office, etc.) and the affected local municipality.
- The procedural deadlines set out in the Decree aim to ensure that an acquisition permitting procedure is completed between as soon as within 15 days, but not later than within 48 days from the receipt of the application, depending on the procedure of the authorities involved.

Contacts

Ákos Erős

Partner

T +36 14 287 155

E akos.eros@squirepb.com

Csaba Vári

Attorney at Law

T +36 14 287 159

E csaba.vari@squirepb.com