

Real Estate Acquisitions by Foreigners in Slovakia

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Foreign investors entering the Slovak market are often unsure of the possibilities to acquire real estate in Slovakia and suppose more that Slovak legislation might impose strict restrictions. In fact, more or less severe limits were in force until May 1, 2004, the date of Slovakia's entry into the EU, when acquisitions of real estate by foreigners were, in general, linked to the succession to real estate, to the acquisition of real estate within matrimonial shared property or by reason of a first purchase option resulting from divided co-ownership, to the exchange of different real estates and to other facts governed by law.

Nonetheless, this situation completely changed at the moment of Slovakia's entry into the European Union.

In point of fact, to transpose its international obligations resulting especially from its accession to the European Union and OECD into domestic legislation, Slovakia adopted, in 2002, an amendment to the Foreign Exchange Act whereby the acquisition of real estate by foreigners in Slovakia was, subject to the few reservations below, completely liberalised by May 1, 2004.

From that moment, all foreigners, no matter their legal status (individuals or corporations) or origin (members of the EU, OECD or coming from any third country), are allowed to acquire real estate in Slovakia, subject to only the following conditions:

First, agricultural and forest land situated outside urban areas, may only be acquired by foreigners (i.e. by individuals who do not have

their permanent residences in Slovakia and are not Slovak citizens or by entities which have their registered offices outside Slovakia):

- by virtue of succession; or
- concerning agricultural land, only if the foreigners are EU citizens registered in Slovakia for temporary residence and farm the land, as "independent farmers" registered at a competent



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commune, for at least three years subsequently to Slovakia's entry into the EU.

According to the transitory period negotiated by Slovakia during its accession to the EU, these conditions will only be valid for 7 years at most from Slovakia's entry into the EU. After the expiration of this period, agricultural and forest land should be released for acquisition by EU citizens without any legal restrictions.

By implementing this

transitory period Slovakia intended to avoid an eventual mass agricultural and forest land rush for prices considerably lower than those applied in economically more developed countries and consequent spurring the rise of land prices.

The above conditions may, in principle, only be waived by establishing a Slovak company and acquiring real estate through it.



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Hence, companies or branches established by foreigners in Slovakia have the same rights concerning the acquisition of real estate as do Slovak entities.

Moreover, if a foreign investor wishes to acquire a land qualified actually as agricultural or forest land situated outside an urban area to implement a development project, he or she might consider asking in advance the competent authorities, especially through the actual owner, to categorise the land as a building plot. Once

qualified as a building plot, the land may be acquired by a foreigner under the same conditions as those applied to Slovak entities.

Secondly, the acquisition of some nationally strategic real estate, such as natural resources, caves or motorways, is restricted by several separate acts. In fact, this real estate may by law only be possessed by the State or in some cases by regional municipalities or communes. Thus, this restriction applies likewise to Slovak entities.

As to the procedural aspects of acquisitions, the foreigners shall follow the same steps and fulfil the same conditions as do Slovak entities. The acquisition of real estate becomes effective as of the day of its registration in the competent real estate registry. With a view to realising the construction of a project on agricultural or forest land, it is necessary to ask the land office to categorise the land as a building plot.

Finally, we may conclude that the Slovak real estate market was almost completely opened for foreigners regardless of their residence, citizenship, registered office or legal status, with only a few restrictions regarding forest and agricultural land, which in any event are to be withdrawn, for EU citizens and entities at least, by April 30, 2011 at the latest.

Nevertheless, as in other countries, certain limits concerning strategic real estate will presumably not be revoked in the future.

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