

## **Real estate investments in Romania by EU citizens and legal persons**

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The acquisition of land by EU citizens and EU legal persons was regulated anew by Law no. 312/2005 (the “**Law**”) when Romania joined the European Union on 01.01.2007.

The Law regulated certain intermediate time frames of 5 years (for building land) and respectively 7 years (for farmland, forests and forest land), starting with the date Romania joined the European Union; during these periods, the acquisition of land by persons from the EU area was only permitted under certain restrictive conditions.

Although the above-mentioned time frames expired a long time ago, certain particularities still apply when investors from the EU area purchase land in Romania. We shall briefly tackle them in the present article.

### **Acquisition of building land**

According to art. 4 of the Law, citizens of a member state who are not residents of Romania as well as legal persons established according to the legal provisions of a member state that are not residents of Romania are allowed to purchase land for secondary residences respectively secondary offices after the expiry of a 5 year-term following Romania's accession to the European Union.

In practice, this provision is interpreted by most notaries public in the sense that for the time being EU citizens and EU legal persons not residing in Romania may purchase land destined for constructions (Rom. *teren curti constructii*) only for the purpose of establishing a secondary residence or a secondary office in Romania.

In case the acquiring EU citizens, respectively legal persons are residents of Romania, they may freely purchase building land (art. 3 of the Law).

### **Acquisition of forests, farmland and forest land**

According to art. 5 of the Law, citizens of a member state as well as legal persons established according to the legal provisions of a member state are allowed to acquire ownership of forests, farmland and forest land (Ro. *terenuri agricole, paduri si terenuri forestiere*) after the expiry of a 7 year-term following Romania's accession to the European Union.

Thus, EU citizens and legal persons may currently freely purchase forests, farmland and forest land. This applies regardless of whether they are residents of Romania or not and irrespective of the purpose of acquisition. In case of farmland located outside the built-up area, the preemption right of co-owners, neighbors, leaseholders, respectively other categories of persons, provided by special law, must however be observed.

## Tax number for EU citizens required

EU citizens wanting to purchase real estate in Romania must get registered with the Romanian Fiscal Authority and receive a tax number (Rom. *NIF*). The registration may be performed either by the person concerned or by proxy/ tax representative.

The fiscal registration mainly takes place by submitting a formal registration request. The information to be declared will be supported by formal evidence. Besides a copy of the ID card, also the facts/ reasons for such registration as well as supporting evidence shall be provided. The practice of the tax authorities in this field is however not unitary, thus it is recommended to always check with the competent authorities in advance which documents are accepted for the fiscal registration (for ex. affidavits, preliminary purchase agreements, intention declarations of the parties and other similar documents).

## Acquisition of buildings

There are no legal restrictions or particularities for the acquisition of buildings by EU citizens and EU legal persons in Romania. Therefore, these persons can freely purchase buildings in Romania.

The Romanian law distinguishes among the ownership of land and that of buildings. In particular (but not only) upon the purchase of apartments, this right of ownership often belongs to different persons. When acquiring the ownership of a construction, the buyer acquires therefore, at the same time, a superficies right (Rom. *drept de superficie*) on the land located underneath such construction.

## Conclusion

The acquisition of land in Romania by natural and legal persons from the EU area is mainly permitted. However, there are certain particularities concerning the purpose of the purchase, depending on the land destination and residency of the purchaser, that have to be observed. When purchasing buildings there are no restrictions or particularities.

Nonetheless, before any purchase, a thorough verification of the ownership and legal aspects should be performed; as opposed to other countries, it is not always sufficient to rely on the authenticating notary public.

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