

KRS: How the Rules On Acquisition of Land become stringent From Next May

As of 1 May, 2014, the rules on acquisition of land shall become stringent, the expert of Kovács Réti Szegheő Attorneys at Law calls the attention of origo. The new act on the transfer of agricultural and forest lands promulgated July this year and to gradually take effect from 15 December, 2013 enables member state citizens under certain conditions to acquire title to Hungarian land property, Dr. Enikő Vida points out.

Pursuant to Act CXXIII of 2013 to take effect from 1 May, 2014, such domestic private person and member state citizen who is not deemed a farmer under the act may merely purchase at most one ha of land.

According to the new law such person shall be deemed a farmer who has adequate specialised qualifications in agriculture or forestry or in absence of such has been continuously and verifiably pursuing agricultural or forestry activity under his name and at his risk in Hungary at least for 3 years and has generated verifiable realised sales revenue thereof.

Alternatively, such a person is deemed a farmer who qualifies as such member of an agricultural association registered in Hungary, which is at least 25 per cent owned by him, who pursues agricultural and/or forestry and secondary activities through his personal cooperation, reveals the expert of Kovács Réti Szegheő Attorneys at Law.

No arable land may be acquired by non-member state citizen or legal person in the future either. Exceptions are, under certain conditions the churches, mortgage institutions and local municipalities.

Farmers shall also make a declaration

In addition to be deemed a farmer, in order to purchase land he shall declare in a agreement on transfer of title or in a private document having full power of evidence or a public document that he shall not convey the use of land to anybody, he shall use it himself and during his such pursuit, he shall comply with the land use obligations furthermore, he shall undertake not to use the land for another purpose for five years from the date of acquisition of title thereto.

If the land constituting the subject matter of the agreement on transfer of title is used by a third party, the contractual party shall further undertake not to extend the term of the ongoing land use, dr. Enikő Vida warns.

Possession of Land, Maximum Values, Local Land Commissions

Concurrently with the current regulation, as of 1 May next year, title to land may be acquired only to such an extent that the person acquiring the title may hold not more than 300 ha of land. The new act introduces the maximum size of land consequently at least 1200 ha of land may be held by the person entitled to use the land. The manager of a farmstead and the producer of field and horticultural plant species on arable land the maximum size of land, according to those laid down in the Land Act shall be 1800 ha.



Pursuant to the new act, from next spring the acquisition of both title to and use of land shall be subject to licensing. No license from authorities shall be required for the transfer of title to land through donation and transfer of title among close relatives.

The agricultural administrative body to be designated by the government – after the position-taking of the local land commission of three elected by the members of the local agricultural community has been obtained – shall decide on approving the agreement. As legal remedy against the licensing authority's decision, judicial review of the aggrieved decision may be initiated.

Persons Entitled To Pre-emption Rights

The expert of Kovács Réti Szegheő Attorneys at Law warns that in case of selling the land, the act stipulates a mandatory order including the state and similarly to the current provisions, pre-emption rights are granted to local residents and the local neighbours.

In the order of those entitled to pre-emption rights, under certain conditions the manager of a farmstead and the farmer purchasing land for the purpose of ecological farming are also granted priority.

Those entitled to pre-emption rights may issue a declaration of acceptance within 60 days of preclusive deadline after they have been given notice of the purchase price by the owner. The new act stipulates that agreements in breach of the restrictions or bans on acquisition shall be null and void.

Further stipulations

The rules on land use and acquisition on land will take effect from 1 January, 2014 already. Worthy of mentioning is that under the new law, no easement may be created by agreement except when the agreement creates an easement for a close relative the duration of which may not be more than 20 years.

Compliance with the conditions of acquisition, restrictions and prohibitions thereupon will be controlled by an agricultural administrative body. Those failing to comply with the authoritative obligations may expect a fine in the value of twenty-thousand times the Gold Crowns value of the land's value at purchase which may be imposed several times.

The authority may take measures for obligatory use of the land if the obligated party should fail to restore the lawful status quo within six months from the decision ordering the obligatory use taking effect.

The detailed rules on the execution of the land act especially those providing for the operation of the local land commissions and the registration of members thereof or the exercising of the pre-emptive right have not been revealed yet, dr. Enikő Vida indicated.