Foreign **Ownership Limitations in the** EU: The land registrars control role.



Understanding the Regulatory Landscape

• This presentation outline provides a comprehensive overview of the limitations on foreign ownership of immovable properties in the EU, focusing on the regulatory landscape, country-specific restrictions, implications, and a comparative analysis

Overview of Foreign Ownership Restrictions

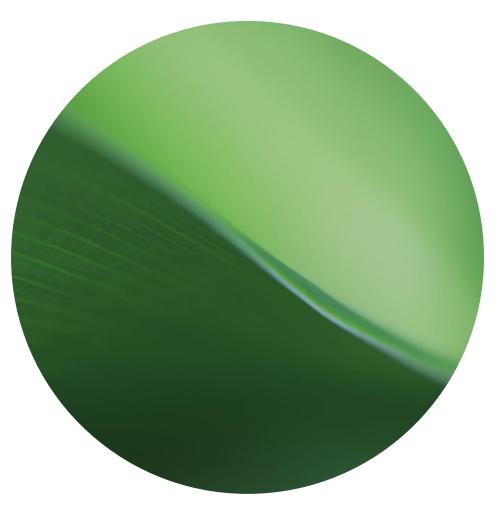
Russian special limitations: Due to the Rusian-Ucraine war some countries have recently undertaken some specific measures. Defensive Purpose: Protecting national security and strategic areas through regulations on foreign ownership of immovable properties



Residential market protection purpose: Restrictions on the acquisition of residential properties for both primary and/or secondary residence purposes /Market Stability: Preventing market distortions and maintaining stability in the real estate sector.



Economic Purpose: Regulating property markets, preventing speculation, and ensuring fair competition.



Types of Immovable Properties Subject to Restrictions

Agricultural Land: Specific limitations on the acquisition of agricultural properties by foreigners.

Residential Properties: Restrictions on the acquisition of residential properties for both primary and secondary residence purposes.

Frontier or Borders land. Specific limitations on the acquisition of pieces of land settled in border regions within one country.

Other purposes: Such as maintaining cultural heritage, preserving natural resources, or ensuring sustainable development.



The limitations on foreign ownership of immovable properties typically apply to various types of land registry units, including:

- •-Land plots
- •-Rural areas
- •-Agricultural land
- •-Forest land

Specific zones or Forest land

Specific zones or designated areas

Dwellings and homes

Other buildings

The specific application may vary depending on the country and the nature of the property being acquired.



To which kind of foreign citizens, the limitations described by countries are set?

- The limitations described by the countries in the document are generally set for foreign citizens who are not nationals of the European Union (EU) or the European Economic Area (EEA) countries. These limitations often apply to citizens from non-EU or non-EEA countries, as well as citizens from countries outside specific international agreements or treaties that the respective countries have ratified. In some cases, limitations are only for Russian citizens.
- For example, in some cases, the restrictions do not apply to EU citizens, EEA members, or citizens of specific countries with which the nation has international agreements. The limitations are often based on reciprocity agreements, national security concerns, economic reasons, or specific legal frameworks that govern the acquisition of immovable properties by foreign individuals or entities.

To which kind of foreign citizens, the limitations described by countries are set?

- Lithuania: citizens of the Russian Federation and legal entities established or controlled by them, cannot acquire ownership of immovable property located in the territory of the Republic of Lithuania.
- **Reciprocity Conditions**: Limitations based on reciprocity agreements for foreign nationals acquiring real estate ownership: Verification of reciprocity conditions for foreign citizens acquiring property.
- Italy and Bulgaria.

Country-Specific Limitations: Most EU countries have limitations on foreign ownership of real estate, especially in agricultural areas.

- -Austria: They might be limitations only for non-Europeans citizens at a regional level.
- -Bulgaria: restrictions only in agricultural areas. If the foreign is outside the EU the restrictions are under the terms of the international agreements. For EU members there is a special law.
- **-Croatia**: Foreign nationals from outside the EU, the Republic of Iceland, the Principality of Liechtenstein, the Kingdom of Norway and the Swiss Confederation can acquire real estate ownership in the territory of the Republic of Croatia, under the assumption of reciprocity, with authorization. Only in some agricultural areas. Also, they might be limitations based on the condition of reciprocity.
- **-Estonia**: limitations for citizens outside of the EEA, and only in some agricultural and forest areas and small islands.
 - **-Finland**: There are limitations for foreign outside the EU and EEA, who need a permit to buy property. The State has a right of pre-emption in some strategic areas. This right applies to every citizen, algo nationals.
- **-Hungary**: there are limitations on lease and alienation of apartments and premises (except for EU, EFTA and Switzerland citizens) and over agricultural and forestry lands (only for non-EU citizens).
 - -Italy: limitations for every foreign. The limitations are based on the condition of reciprocity
- **-Lithuania:** citizens of the Russian Federation and legal entities established or controlled by them, cannot acquire ownership of immovable property located in the territory of the Republic of Lithuania.

-Malta: Every citizen including Maltese who have not resided continuously in Malta for a minimum of five years requires a permit to acquire immovable property for secondary residence purposes. Non-European citizens need always a permit. Only in some areas.

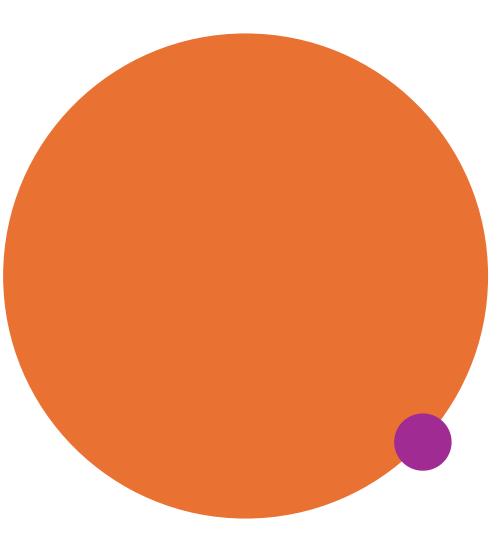
-Poland: foreigner from outside the EEA and Switzerland need a permit to buy real estate, except for an independent dwelling that provides with adequate housing conditions, except in some agricultural and border areas, where a permission is always needed.

- -Romania: limitations for foreign from outside the EU and EEA. The limitations only in some land plots.
- **-Slovak Republic:** limitations for foreign from outside the EU, the EEA and Switzerland, only in some agricultural areas.
- -Spain: limitations for non-EU or EEA citizens. In some areas, the total extension of real estate belonging to ownership or encumbered with real rights in favor of foreign natural or legal persons will be set for each area, and an authorization is needed.
- **-Sweden:** limitations regarding acquisition of certain agricultural properties. Applies to every citizen, national and non-national.

Countries with no limitations:

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-The Netherlands, Ireland, Portugal,



Which countries apply limitations for defensive purpose?

- Countries that apply limitations on foreign ownership of immovable properties for defensive purposes include:
- Spain
- Croatia
- Lithuania
- Slovakia
- Sweden
- These countries have restrictions in place to protect national security interests, strategic areas, or to ensure control over certain types of properties for defensive purposes.

Which countries apply limitations for economic purpose?

- Italy: Limitations based on the condition of reciprocity, meaning that the rights of foreign citizens to acquire immovable properties are contingent upon similar rights being granted to Italian citizens in the foreign citizen's home country. The economic purpose behind these limitations is to ensure a balanced and reciprocal approach to property ownership between Italian citizens and foreigners
- Malta: Limitations for non-EU citizens need a permit to acquire immovable property, especially for secondary residence purposes. The economic purpose is to regulate property ownership and ensure that non-EU citizens comply with specific regulations when acquiring real estate in Malta.
- Poland: Limitations for foreigners from outside the EEA and Switzerland need a permit to buy real estate, except for independent dwellings that provide adequate housing conditions. The economic purpose is to control and monitor foreign ownership of real estate, especially in strategic areas, to prevent speculation and maintain stability in the property market.
- Romania: Limitations: Restrictions for foreigners from outside the EU and EEA, particularly in certain land plots. The economic purpose is to regulate and control foreign ownership of land to protect national interests, prevent speculation, and ensure fair competition in the real estate sector.



Which limitations exist and which countries stablishes them for residential property? Specific restrictions on the acquisition of residential properties by non-EU citizens.

- Malta: Malta imposes limitations on foreign citizens regarding the acquisition of immovable properties for residential purposes. Citizens of all European Union member states, including Maltese citizens, have specific requirements based on their length of residency in Malta. Non-European citizens need permits to acquire immovable property for secondary residence purposes.
- Croatia: Croatia has restrictions on foreign nationals from outside the EU, Iceland, Liechtenstein, Norway, and Switzerland acquiring real estate ownership. Authorization and reciprocity conditions apply, and limitations are in place for ownership in specific areas, including residential properties.
- Italy: Italy has limitations for every foreign citizen based on reciprocity conditions. The restrictions apply to the acquisition of residential properties and are aimed at ensuring equal treatment and verification of reciprocity for foreign nationals.
- Lithuania: Lithuania imposes limitations for Russian citizens regarding the acquisition of any immovable property, including residential property.

Types of Transfers: <u>To which kind of transfer the limitations</u> <u>apply?</u>





THE LIMITATIONS ON THE ACQUISITION OF IMMOVABLE PROPERTIES BY FOREIGN CITIZENS **TYPICALLY APPLY TO** VARIOUS TYPES OF TRANSFERS, INCLUDING **BOTH PAID AND FREE** TRANSFERS. THE **RESTRICTIONS ARE GENERALLY NOT LIMITED TO ONLY PAID TRANSACTIONS BUT CAN ENCOMPASS ALL TYPES OF TRANSFERS** INVOLVING THE ACQUISITION OF PROPERTY. FOR EXAMPLE:

PURCHASES, GIFTS, INHERITANCE AND MORTGAGES. REGULARLY ARE ALL SUBJECT TO PRIOR AUTHORIZATION WHEN LIMITATIONS EXISTS, EXCEPT IN CASE OF INHERITANCE WHERE THE AUTHORISATIONS CAN BE GIVEN AFTERWARDS ACQUISITION IN DONE, AND IS IN SOME CASES SUBJECT TO A PRE-EMPTION RIGHT IN FAVOUR OF THE STATE.

Which countries include pre-emption rights?



Finland: Finland has legislation on the pre-emption of immovable property, specifically the Act on the State's right of pre-emption in certain areas. The State has the pre-emptive right in real estate transactions in strategic sites. The pre-emption right is valid in limited areas and affects a small proportion of real estate transactions in Finland.

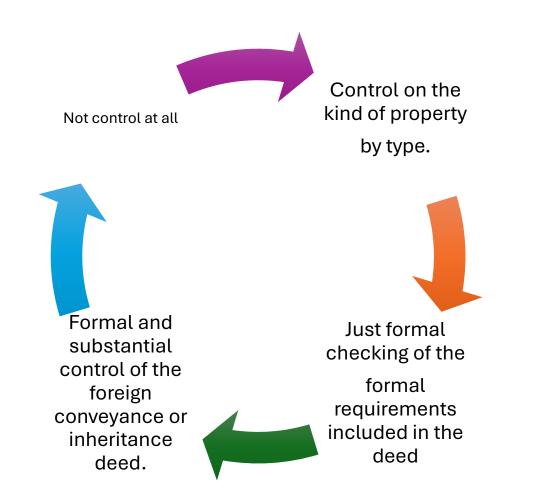


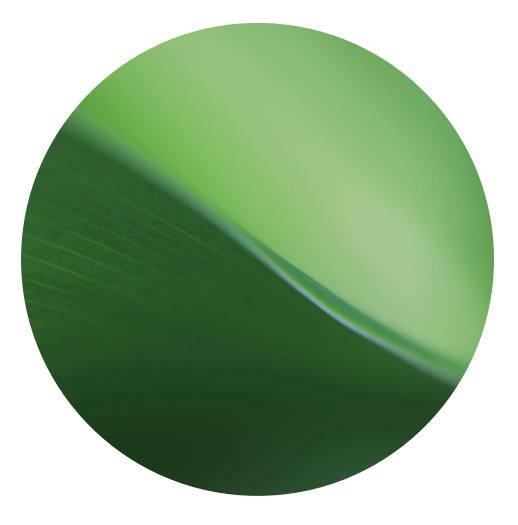
Spain: Spain also has provisions for pre-emption rights in certain areas. The State has the right to buy real estate located in designated areas for national defence or security reasons. The limitations on acquisition by foreign nationals include the requirement to obtain military authorization for specific transactions.



Portugal:

Overview of Land registry control on aquisitions made by foreigners on real state.





Types of Transfers: <u>To which kind of transfer the limitations</u> <u>apply?</u>



COUNTRIES WHERE THE LAND REGISTRARS CHECK IF THE TRANSFER ADMINISTRATIVE AUTHORIZATION IS MET :CROATIA, FINLAND, HUNGARY, LATVIA, LITHUANIA, MALTA, POLAND, SPAIN COUNTRIES WITH NO LIMITATIONS ON PROPERTY FOREIGN ACQUISITIONS IRELAND, PORTUGAL, SWEDEN, THE NETHERLANDS COUNTRIES WHERE THERE LAND REGISTRARS DO NOT CHECK IF THE TRANSFER ADMINISTRATIVE AUTHORIZATION IS MET, ESTONIA, ITALY, LITHUANIA, REPUBLIC OF BULGARIA, ROMANIA.

Which countries check what?



Countries where the Land Registrars check if the transfer administrative authorization is met: Croatia, Finland, Hungary, Latvia, Lithuania, Malta, Poland, Spain nd:



Countries where there Land Registrars do not check if the transfer administrative authorization is met, but do some checkings regarding buyer nationality or reciprocity principle: Italy < Libro fondiario>, Estonia and Cyprus :

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Countries cheking the kind of land or the plot meeting requisites for registration: Estonia and Latvia.

Which countries check what?



Countries with reciprocity principle, but registry do not checks international treaty: italy <agenzia delle entrate> , Slovak Republic and bulgaria



Countries with no limitations on property foreign acquisitions Ireland, Portugal, Sweden , Romania The Netherlands



Countries cheking the kind of land or the plot meeting requisites for registration: Estonia and Latvia.

Which countries apply limitations in case of inheritance in favour of a foreigner?

- Few countries impose restrictions on property acquisitions by foreigners.
- Most countries only apply limitations in the case of purchase, not inheritance. Control over acquisitions in case of inheritance is rarely controlled as authoritations take place within a period of time after the inheritance is performed.
- Bulgaria requires foreigners who have acquired the right to property through inheritance to transfer the property within three years, unless an international treaty states otherwise.
- In Spain, the foreign acquisioner may obtain an authoritation form the defense minister. If rejected (not usual) or not requested, state has prehemtion right or expropriation right. Registrations will always be rejected in case authorization is not given or noticed subject to this condition.
- Rumania stablishes in certain agricultural plots in case of testamentary inheritance
- Poland stablishes permissions for foreign heirs in case they are not legal heirs according to the polish law and further authoritation is need.

Which countries have prehemption rights in case of <u>foreign</u> acquisitions and how the land registras control it?

- Most countries do not have this right.
- In those that do, such as Spain and Finland, land registrars also check the notifications that must be made to the state so it can exercise its preemption right if desired.

the following countries establish prohibitions or limitations for foreign acquisitions of property in their constitutional provisions:

- Bulgaria: The Constitution of the Republic of Bulgaria includes provisions related to the acquisition of real estate by foreigners.
- Lithuania: The Constitution of the Republic of Lithuania, specifically Article 47(3), addresses the acquisition of real property by foreign entities.
- Romania: The Constitution of Romania, Article 44, paragraph (2), addresses the acquisition of private ownership of land by foreign citizens and stateless persons.

the Countries that establish these prohibitions or limitations in ordinary laws include:

- Croatia: The Law on Property and Other Real Rights is a statutory law that regulates the acquisition of real estate ownership rights by foreign citizens.
- Cyprus: The Immovable Property Acquisition (Aliens) Law, Cap. 109, is a legislative act that governs the acquisition of immovable property by foreigners.
- Estonia: The Restrictions on Acquisition of Immovables Act is a law that sets out the rules for foreigners acquiring property.
- Finland: The Act on the State's right of pre-emption in certain areas and the Act on Transfers of Real Estate Requiring Special Permission are statutory laws that regulate foreign acquisitions.
- Hungary: Act LXXVIII of 1993 on the lease and alienation of apartments and premises and Act CXXII of 2013 on Transactions in Agricultural and Forestry Land are laws that pertain to the acquisition of property by foreigners.
- Italy: The reciprocity condition is based on Article 16 of the Provisions on the General Law prefaced to the Civil Code and Article 20 of Law No. 218 of 31 May 1995, which are statutory laws.
- Latvia: The Land Register Law and other mentioned laws are statutory laws that regulate land ownership and transfers.
- Malta: Chapter 246 of the Laws of Malta is a statutory law that applies to property acquisitions by foreigners.
- Poland: The Law of March 24, 1920 on the Acquisition of Real Estate by Foreigners is a statutory law that governs foreign acquisitions of property.
- Slovak Republic: Act No. 140/2014 Coll. is a statutory law that addresses the acquisition of ownership of agricultural land by foreigners.
- Spain: Law 8/1975 and Royal Decree 689/1978 are statutory laws that regulate areas and facilities of interest to National Defense, which can affect foreign property acquisitions..

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