

## Chapter 28

# Property and construction

## 1. General

Over the last 18 years, the legal regime of private property featured a certain degree of versatility, especially in view of the restitutions of the properties nationalized by the State after 1945. A typical example is the reform of the land fund, still in progress after 17 years from its commencement. Upon approaching the European Union, this regime finally starts to engage on a normal path.

This chapter deals with the private property framework and, from this perspective, it does not address public or State property issues. Moreover, the present section refers only to the real estate rights acquisition. Details concerning the creation of security interest over real estate are set out at Chapter 20 “Security interests”

## 2. Main regulations

- The Romanian Constitution;
- The Romanian Civil Code;
- Land Law no.18/1991, as further amended and supplemented (“Law no. 18/1991”);
- Law no. 50/1991 on construction works authorization (“Law no. 50/1991”);
- Law no.10/1995 on quality in constructions, as further amended (“Law no. 10/1995”);
- Law no. 112/1995 on the legal regime of dwellings transferred within the State property, as further amended (“Law no. 112/1995”);
- Law no. 7/1996 on cadastral works and real estate publicity system further amended and supplemented (“Law no. 7/1996”);
- Law no. 1/2000 on the re-instatement of the property right over agricultural and forestry lands, claimed under Law no.18/1991 and Law no. 169/1997, as amended and supplemented to date (“Law no. 1/2000”);
- Law no. 10/2001 on the legal regime of real estate abusively taken over between March 6,1945 and December 22, 1989 as further amended and supplemented (“Law no.10/2001”);
- Law no. 350/2001 on territorial planning and zoning, as further amended and supplemented (“Law no. 350/2001”);
- Law no. 247/2005 regarding reform in the real estate and justice field and other additional measures (“Law no. 247/2005”);

- The fiscal code (“Fiscal Code”);
- Law no. 312/2005 regarding the acquiring of ownership right over real estate by foreign citizens, stateless persons and foreign legal entities (“Law no. 312/2005”).

### **3. Land Property**

#### **3.1. Foreigners right to acquire ownership right in land**

##### **3.1.1. Individuals**

Under the provisions of Article 44 of the Romanian Constitution, foreign citizens and stateless persons are allowed to own land in Romania, subject to conditions resulting from the integration of Romania in the European Union and resulting from other international treaties which Romania is a party to, on a reciprocity basis, under the terms and conditions stipulated by the internal laws.

With respect to EU’ member states citizens and legal entities, Law no. 312/2005 provides that they can acquire land in Romania, under the same terms and conditions as Romanian citizens and legal entities, as soon as Romania adheres to EU. However, the enactment sets forth different stages for the commencement of the capacity to acquire lands, as follows (I) after 5 years as of Romania joining EU, for non-residents acquiring land for residential purposes of for setting up secondary headquarters and (II) after 7 years as of Romania joining EU, for agricultural land, forests and forestry land (except for farmers acting as commercial entities).

The limitation stipulated by the Romanian Constitution also applies to foreign citizens residing in Romania, as the prerequisite to own land in Romania consists in Romanian citizenship. Romanian citizens with double citizenship, as well as those who reacquired the Romanian citizenship do not fall under the scope of such limitation.

It should be mentioned that the limitation only concerns land. Foreign citizens may own buildings whilst they enjoy only a “superficies” right over the land on which the building is located. The “superficies” right is a right of use of the land for the entire building existence. Additionally, foreign citizens may hold usufruct and usage rights over land located in Romania.

Very importantly, the above mentioned limitation does not apply to the possibility of foreign citizens and stateless persons to own land in Romania by means of legal inheritance.

##### **3.1.2. Legal persons**

Law no. 247/2005 stipulates that legal persons without Romanian nationality (i.e. headquartered abroad), may own land only under the conditions approved by special law. For materialization of this right, Law no. 312/2005 regarding the acquiring of ownership right over real estate by foreign citizens, stateless persons and foreign legal entities was adopted. This law came into force when Romania joined the EU, in 2007.

Nevertheless, Romanian companies may own land also in case of 100% foreign shareholding. Associations and foundations established in Romania by foreign nationals may also own land. Similarly to individuals, the restriction does not affect foreign legal person’s capacity to acquire rights over buildings.

## 3.2. Legal instruments

We shall outline below the most frequently used legal means for acquiring property or related rights over lands. The rules presented below shall also apply in case of acquiring rights over existing (completed) constructions, as the case may be. For contracts contemplating construction activities, see point 4 below.

### 3.2.1. Sale – Purchase

#### *a) Parties*

##### (I) Seller and purchaser

As a matter of principle, the law does not prohibit Romanian individuals and legal persons to acquire or transfer rights over real estate. However, individuals may enter sale-purchase contracts only if they have full legal capacity, whilst individuals lacking legal capacity or having restricted legal capacity may enter such contracts through their legal protector, with the consent of the guardian authority.

The Romanian legal framework requires companies envisaging the acquiring of land to observe its scope of business.

As a rule, the company representatives may conclude, in the name and on behalf of the company, sale-purchase deeds concerning real estate. According to art. 150 of Law no. 31/1990 on commercial companies, if the value of the asset to be acquired or transferred exceeds 10% of the accounting value of all the joint-stock company's assets, directors must obtain the extraordinary general shareholders meeting's approval before concluding such acts or deeds on the company's behalf.

##### (II) Public notaries

Public notaries are entitled to authenticate legal deeds contemplating transfer of the rights in real property. In the absence of proper authentication, certain categories of acts may not be validly concluded (see point b) below). In order to perform the authentication of a deed for constituting, modifying or ceasing a real property right, the public notary shall require an excerpt or a collateral report from the relevant land registry. The public notary who authenticated the deed for the transfer of rights in real property is legally bound to perform the real estate transfer registration with the relevant land register.

##### (III) Cadastral experts

In Romania, the real estate recording is performed based on a general cadastral system, which is a mandatory and unitary system of technical, economical and legal recordings in connection with real estates. When transferring the ownership rights over certain real estate, the existence of the cadastral plan of the real estate, drafted by experts, is required. Based on the general cadastre, the real estate publicity system is completed according to the land registry system.

##### (IV) Other participants

Lawyers, the authorities involved in the real estate publicity system or banks financing real estate transactions are often involved in legal relationships concerning real estate.

#### *b) Contracts execution*

Sale-purchase is the most common method of transferring property rights over real estate. Before executing the sale-purchase contract, the parties may conclude a deed by means of which to mutually undertake to conclude the actual sale-purchase contract in the future, at a

set price. Such deed gives to the purchaser the certainty (which is not absolute, though) that the seller will not change his mind and sell to another person. Similarly, the seller is ensured that in the future, the purchaser will not buy from another person. Failure to observe obligations undertaken by such deed is usually subject to damages. Moreover, in accordance with the Civil Code and Law no. 247/2005, in case one of the parties to a promissory agreement refuses to sign the sale-purchase contract, the other party, which complied with the promissory agreement's provisions is entitled to file a court action in order to obtain a court award replacing the sale-purchase agreement.

For validly transferring the ownership right over land, irrespective of its size and urban or extra-urban location, as well as regardless of its destination, it is mandatory to conclude the sale-purchase contract in an authentic form, which as a rule, implies its authentication by a notary public.

In case of the transfers of the ownership right over buildings, the authentic form is not required. Yet, the parties most often resort to authentication for avoiding additional formalities imposed by the land registry in view of registration of the transfer deed.

c) *Parties obligations*

Besides its obligation of handing over the transferred real estate, the seller must guarantee for eviction and is liable for any hidden flaws of the sold immovable. The guarantee for eviction consists in the seller's responsibility for any possible loss of the ownership right over the asset or the disturbance of the purchaser in exercising the owner prerogatives, when eviction occurs as a consequence of the seller's deed, or as an effect of a third party's deed.

The seller is also liable for hidden flaws, if in account of such flaws, the asset becomes unusable according to its normal destination, or if such flaws substantially reduce the value of the asset. In such cases, the purchaser may claim either cancellation of the sale-purchase contract or the proportional reduction of the price, and if the seller was aware of the asset flaws, the latter may also be compelled to pay damages.

The main obligation of the purchaser consists in paying the price under the terms and conditions set forth in the contract. If the purchaser fails to pay the price, the seller may either choose to initiate the enforcement procedure for the payment of the price or to terminate the contract.

Due to inflation, setting the price in hard currency (USD or most often Euro) is a current practice in Romania. The legislation in force allows the use of foreign currency as a reference term. Regulation no. 4/2005 on currency operations issued by the National Bank of Romania allows payments in foreign currencies as follows: (I) unlimited, for payments between Romanian individuals and (II) in certain cases, for payments between legal entities, provided that these operations do not represent goods and services trade operations.

d) *Real estate publicity*

The authentic form of the sale-purchase contract is not sufficient to render the transfer of the ownership right over real estate acknowledged by third parties. Under these circumstances, for third parties acknowledgement purposes, the registration with the land registry of the ownership transfer under the sale-purchase contract is needed. Such registry is a recording system of all legal acts and deeds regarding real estates. Registration in the land registry is performed by the cadastre and real estate publicity offices subordinated to the National Agency for Cadastre and Real Estate Publicity, for the real estates located within their jurisdiction.

Recordings in the land registry constitute absolute ownership proof. As a result, third parties that acquire rights over real estate through an onerous deed, in good-faith, and registered in the land registry, are protected against any possible causes of eviction from prior acquirers, that were not registered in the land registry. It should be noted that the registration formalities in the land registry do not ensure the validity of the ownership transfer.

Until Law no. 7/1996 came into force, two main real estate publicity systems coexisted in Romania: (i) on one hand, the system of the land registries in Transylvania and (ii) on the other hand, the system of transcriptions in Moldavia and Muntenia (the old Kingdom). In case of the land registries in Transylvania, the records were kept taking into account the real estate as main criterion, whilst in the case of the transcriptions registers, the records were kept taking into consideration the owner as main criterion.

Law no. 7/1996 unified the two systems, introducing the land registry system throughout the entire Romanian territory. Law no. 7/1996 does not compel the owners to register their properties in the land registry unless in case of the transfer of ownership or of creation of charges or liens in connection thereto.

#### *e) Tax issues*

Concluding a sale-purchase contract of a land involves payment of several taxes, such as public notary taxes, land registry registration taxes, local taxes, etc. The public notary stamp tax for the authentication of legal acts for the real estate transfer depends on the value of the real estate declared by the parties. For the avoidance of the situations in which the parties intend to elude the legal provisions in respect thereof and pay lower taxes, by declaring a smaller price than the actual one, simulated price sales are rendered by law as null and void.

The real estate owner is liable for annual payment of the real estate tax towards the local budget.

### **3.2.2. Share capital contribution**

The ownership right over lands may be brought as in-kind contribution to Romanian Companies' share capital. As a rule, experts establish the value of such contribution by means of an evaluation report. The land brought as contribution becomes the respective company's property, the contributing shareholder irrevocably transferring the ownership right in connection thereto. Accordingly, in case of a company's dissolution or liquidation, as the case may be, the shareholder shall not regain ownership over the land, except for cases when otherwise provided by law.

Land use and usufruct rights may be also brought as contribution to a company's share capital, in which case the shareholder remains the owner of the land.

According to Fiscal Code provisions, the assignment of shares in companies where more than half of their assets consist of real estate is subject to profit tax assessed on the capital gain obtained upon real estate transfers.

### **3.2.3. Usufruct and "superficies" rights**

Except for the ownership right, the land may be also subject to related rights, amongst which the most frequently encountered are the usufruct and the "superficies" rights, presented below.

Usufruct is the right by virtue of which the beneficiary has the right to use real estate and collect its proceeds, whilst the owner of the land is left only with the right to dispose of such land. By law, the usufruct is limited to a period of 30 years in case of legal persons, and in case of individuals, it may not be granted for a period longer than the beneficiary's life. Being

a right in real property, the usufruct offers a more stable status to its holder, as compared to the lease (see point 3.2.5 below).

The “superficies” right is a two folded right comprising an **ownership right**, which a person called “superficiary” enjoys over buildings, or other constructions located on a land belonging to another person, and a **usage right** that the “superficiary” enjoys over the land of that other person for the period of the building/construction existence. Foreign citizens and foreign legal persons may own construction and enjoy the “superficies” right over the land underneath the construction.

### 3.2.4. Easements

Easements represent interests in land imposed as a limitation of the ownership right over real estate, the servant tenement (in Romanian – “*fond aservit*”), for the benefit of another real estate dominant tenement (in Romanian – “*fond dominant*”), with the purpose of ensuring utility to the latter. A significant practical example is the right of way (in Romanian, “*servitute de trecere*”), representing the right of a landowner (or the owner of a construction located on the land) lacking access to a public road, to cross the land of another landowner who has exit to the respective public road (most often its neighbor).

### 3.2.5. The lease

The lease contract may be concluded between Romanian or foreign individuals and legal persons in connection with both lands and constructions. The contract may be concluded either as a private or as an authentic deed. The lease contract transfers the right to use the real estate. It is not necessary for the lessor to be the owner of the lease real estate, it is sufficient that such lessor holds the asset under usufruct or lease rights.

In case the lessor is not the owner, but only holder of a lease right over the real estate, he/she will be able to conclude with the lessee either a sublease contract, or a contract for lease transfer. Sublease is generally permitted if, it is not prohibited by the main lease, and if it is not agreed under terms and conditions that run counter to the clauses of the main contract. The lease transfer is performed under terms and conditions similar to the sublease, with the only difference that, in this case, an actual sale of the usage right upon the real estate takes place.

The Romanian law does not impose limits regarding the duration of the lease. However, if the lease is concluded for a period longer than 3 (three) years, the law provides for the obligation to register the lease with the relevant land registry, for third parties acknowledgement purposes.

#### a) *Parties obligation*

##### (I) Lessor's obligations

The main obligation of the lessor is to provide to the lessee the use of the real estate for the entire duration of the lease. To this end, the lessor must hand over the asset in a state fit to its normal usage destination. In case of building or construction lease, the lessor should perform the necessary repairs during the lease, as well as the capital repairs and the repairs entailed by the normal use of the real estate.

The lessor is liable for any hidden flaws of the real estate and bound to guarantee the lessee against any disturbances that could impair its use, under terms and conditions similar to those applicable to the sale-purchase contract (see point 3.2.1., c) above).

##### (II) Lessee's obligations

Basically, the lessee has the obligation to use the asset as a diligent owner and according to the destination of the asset, established in the contract or derived from the customary use. Any breach of such obligations, via unauthorized alterations or inappropriate use (especially in the case of constructions), entitles the lessor to request termination of the lease with damages for the restoration of the asset to its initial state.

The obligation to use the real estate as a diligent owner implies the maintenance of the asset in the initial handing-over usage status. Therefore, the lessee has the obligation to make small repairs, for the mere maintenance of the real estate, unlike the capital repairs, which need to be made by the lessor, as previously mentioned.

The lessee must pay the rent under the terms and conditions and within the deadlines stipulated in the lease contract. As a rule, the rent has to be paid periodically, at regular time intervals (most often monthly), but exceptions are allowed upon mutual agreement of the parties. Should the lessor sell the leased real estate, the purchaser is bound to observe the lease concluded before the sale, if the lease was concluded in an authentic form or under private written deed with certified date, prior to the date of the sale-purchase contract.

### **3.3. Real estate restitution**

Between 1945 -1989, the Romanian State abusively nationalized a great number of real estate (lands and buildings) serving civil or economic purposes. Subsequently, real estate for dwelling purposes was leased by the State, whilst real estate serving economic purposes was transferred to various State owned companies.

After December 1989, the issue of real estate restitution arose. In a first stage (the 90's) especially the agricultural, non-agricultural (with destinations other than agricultural) and forestry lands were restituted to their previous owners. The restitution process continues.

#### **3.3.1. Agricultural, non-agricultural and forestry land**

The issue of restituting the ownership right over agricultural, non-agricultural and forestry lands was initially regulated by Law no. 18/1991. Adopted at the beginning of the 90's, this law comprised several restrictions, which finally led to partial restitution of properties. After almost 10 years, Law no. 1/2000 allowed restitution of agricultural lands to their former owners, within the limit of 50 ha, and of forestry lands. However, the enforcement of the legal framework regarding restitution of the agricultural, non-agricultural and forestry lands encountered a lot of difficulties, in many cases ending in litigation. Generally, the most frequent shortcomings in the enforcement of the restitution legal provisions consist in the difficulty of proving the ownership right, the non-observance by the specialized commissions of the previous location of the land and the failure to file restitution applications within the deadlines stipulated by law.

The procedure for obtaining the ownership right over the relevant land and the compliance with the terms and conditions set forth by the law (preemption right, sale interdiction, in some cases up to 10 years, etc.) should be dealt with whenever agricultural land is purchased.

#### **3.3.2. Dwellings, constructions serving economic purposes and related land**

Between '90-'95, the former owners started restitution trials before the common courts of law in connection with restitution of this category of nationalized assets. As a result of the inconsistent claiming of the law by the courts, the Supreme Court of Justice decided in 1995 that the restitution of the real estate, nationalized during the communism regime ('45-'89), may only be regulated by law and not dealt with by the courts. As a result, the former owners

challenged, before the European Court for Human Rights in Strasbourg many decisions of the Supreme Court of Justice.

By the end of 1995, Law no. 112/1995 was adopted with a view to reconstitute in kind dwellings to their former owners, individuals, provided that at the date of the dwelling restitution, such owners live in the respective dwellings. On the other hand, based on the same law, the State sold many nationalized apartments to tenants who inhabited them, irrespective if they were or not “former-owners.” Sales were made against symbolic prices. Under these circumstances, former owners which were not able to recover the real estate in kind were provided with compensations. Most of them refused such compensations, due to their symbolic nature.

Law no. 112/1995 referred only to real estate for dwelling purposes, transferred to the State after March 6, 1945 and still State owned as at December 22, 1989. This law triggered numerous litigation files between the State and the former owners as well as tenants.

Later, Law no. 10/2001 introduced a unitary restitution procedure for all nationalized real estate, lands or constructions, except for those whose situation was already regulated by Law no. 18/1991.

Under this law, nationalized real estate were to be returned in kind, and only if this was no longer possible, the option for compensation was granted. Recently, the Romanian Parliament passed into law an amendment to Law no. 10/2001 whereby the real estate which were subject to sale-purchase contracts under Law no. 112/1995 will no longer be restituted in kind to their former owners, but such persons will only be entitled to the receiving of adequate indemnification.

In all cases, when purchasing dwellings or other constructions, built before 1950, a thorough analysis and investigation of the previous ownership regime of such real estate must be made, in order to avoid the risk of litigation with former owners.

## **4. Legal regime of constructions**

### **4.1. Acquisition of the ownership right over constructions by foreigners**

Foreign citizens and legal persons may own constructions (apartments, houses, etc.) located in Romania), by enjoying at the same time a usage right over the related land, for the entire duration of the construction existence. As of the date of Romania integration in European Union and subject to conditions resulting from treaties Romania is a party to, on a reciprocity basis, the foreign citizens and legal entities shall also enjoy an ownership right over land related thereto.

### **4.2. Construction legal framework**

#### **4.2.1. Overview**

Currently, constructions may be validly transferred based on contracts, which require no special formal conditions. However, as mentioned above, for the transfer of lands, the conclusion of an authentic contract is mandatory. Nonetheless, in practice, taking into account that the transfer of a construction under private deed provides the purchaser with an ownership right over the construction and only with a “superficies” right over the land, authentic deeds are often concluded for the transfer of constructions as well.

Real estate registration taxes are set out by taking into consideration the estimation contained in the legal document based on which the construction was transferred. The construction owner is also subject to an annual building tax to be paid to the local budget.

#### 4.2.2. Construction contracts

##### a) *Participants*

The beneficiary of a construction contract may be both an individual and a legal person holding an ownership right over a real estate (land or construction) and which is entitled to erect, demolish or alter the construction.

The construction works are most often performed by legal entities, but individuals may also act as contractors. In all such cases, only persons authorized according to the law may undertake construction works.

The main contractor may sub-contract, unless otherwise agreed with the beneficiary, the performance of certain parts of the main construction contract or of various other contracts (employment contracts, service provision contracts, etc.) with architects, constructors, etc. in order to carry out its obligations under the main contract.

##### b) *Risks*

All risks of loss of materials needed for the contract performance shall be borne by the beneficiary in case he is the owner thereof. Conversely, such risks lie on the contractor if the latter is the one procuring such materials. If the work handover becomes impossible due to a force majeure event (e.g. earthquake, floods, landslide etc), the contractor will bear the contractual risks, meaning that it is the constructor who should complete the construction and hand it over to the beneficiary.

##### c) *Parties obligations*

The contractor should complete the works with strict observance of the technical project and the execution details set forth by the construction permit, as well as the other terms and conditions established in the construction contract. Upon the deadline stipulated in the contract, the contractor shall deliver the work, which the beneficiary is bound to check and, if the work is accepted it must pay the price set in the contract.

Under Law no. 10/1995, the contractor is liable towards the beneficiary for any hidden flaws of the building that may appear within 10 years as of delivery of the work. The contractor is also liable for the whole period of the construction existence, for the flaws affecting its structure, resulted from breaches in the design and execution norms in force on the date of its performance.

Besides the contractual liability of the contractor, the tortious liability of the latter may be engaged, within an unlimited time period, for damages caused to third parties as a result of construction flaws.

### 4.3. The construction authorization procedure

#### 4.3.1. Public authorities involved

##### a) *Mayors*

The authorities entitled to issue construction or demolition permits are the mayors of the communes, cities and districts of Bucharest municipality. In some specific cases (e.g. the respective land is located in an extra-urban area of a commune), the president of the county council is entitled to issue such permits, as well.

*b) Commission of Sole Approval*

At the local public authorities' level operate the commission of Sole Approval, which issues the sole approval, consisting in permits and agreements with respect to public utilities, fire prevention and extinction, civil defense, environment protection, and other approvals issued by local authorities.

#### **4.3.2. Lands destined for construction purposes**

*a) Urban Lands*

The urban lands for constructions purposes can be:

- (i) occupied by underground or on-the-ground constructions;
- (ii) free, meaning with no construction placed on them; or
- (iii) apparently free, that is lands with no buildings placed on them, but used for public interest purposes (green areas, playgrounds, paths for the underground technical-urban networks).

*b) Extra-urban Lands*

On the extra-urban land of the cities, telecommunication networks, infrastructure works, communication lines, arrangements for land improvements, as well as various constructions and special arrangements can be erected.

*c) Lands subject to public or private property of the State or public authorities*

Lands for construction purposes, belonging to the public or private property of the State or public authorities may be granted under concession in accordance with the law, leased or managed only for public interest purposes. On such lands, individuals or legal persons may erect for private purposes only temporary constructions.

#### **4.3.3. Urbanism certificate**

The legal regime of constructions involves compliance with certain administrative procedure for the execution, transformation and demolition of constructions. Within the framework of this procedure, the first step consists of obtaining the certificate of urbanism. This is an information document through which the local authorities make available to the applicant the elements regarding the legal, economic and technical regime of the lands and constructions, in force as of the date of the application. The urbanism certificate also sets-forth zoning requirements that need to be met, as well as the list of approvals and permits necessary in view of authorization.

The urbanism certificate is issued in accordance with the zoning development plans and with the urbanism documentation, drawn up at national, regional and detailed level. Obtaining the urbanism certificate is mandatory for the issuance of the construction or demolition permit. Mention should be made that the urbanism certificate does not confer to its holder the right to develop constructions on the real estate it refers to.

The urbanism certificate is issued within maximum 30 days as of the date the application is filed, and its validity term is between 6 and 24 months as of its issuance date.

#### **4.3.4. Construction/demolition permit**

The construction/demolition permit issued by the local public authorities ensures the compliance with the law of the activities concerning the location, designing, execution,

functioning and demolition of constructions. The construction permit is mandatory for the performance of any kind of constructions, either civil, industrial, agricultural or of other type. Also, constructions and related installations demolition may only be performed based on a specific permit. Construction works, which do not affect the structure of the buildings, their initial characteristics or their architectural features may be performed without obtaining the construction or demolition permit.

The construction/demolition permit is issued based on the urban and territorial planning documentation, as well as on the technical project, drafted by personnel specialized in construction and architectural fields.

The construction/demolition permit shall be issued only to legal persons or individuals that hold a property right over real estate, based on a sale-purchase, exchange, donation contract, etc. or related rights arising from a concessions agreement, an assignment contract or a commodatum agreement. Legal persons or individuals holding a mere usage right over real estate arising out of a lease contract, may obtain such permit only for temporary constructions, with the express consent of the owner of the respective land.

The construction permit is issued within 30 days as of filing the application and is valid for a 12 months period. The applicant is compelled to start the works within this 12 months period.

#### 4.3.5. Reception minutes

Upon completion of the works, the construction reception will take place, by the execution of reception minutes, certifying that the contractor completed its obligations in accordance with the applicable technical regulations. Based on the reception minutes the construction operation authorization will be issued.

#### 4.3.6. Taxes

For the issuance of the urbanism certificate, the local councils, the Bucharest General Council and the district councils, as the case may be, establish the tax levels that are to be paid in advance depending on the surface of the land for which the urbanism certificate is required. For rural land, the tax is 50% of the tax set for the urban land.

The taxes for construction permit depend on the authorized value (the value declared in the application for obtaining the building permit) of the construction works. In case of the building permit issued on the name of an individual, the actual value of the construction works can not be smaller than the taxable value of the real estate where performed.

In performing the construction works, other taxes are also payable, amongst which:

- (i) taxes for performance of works for temporary constructions on the building site, if not authorized together with the main works,
- (ii) taxes for the demolition permit, amounting to 0.1% of the total taxable value of the construction,
- (iii) taxes for the issuance of the approvals and permits necessary for the urbanism certificate.