

Chapter 29

Property and Construction

1. General

Over the last 20 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 19 years from its commencement. Upon accession to the European Union, this regime finally starts to engage on a normal path.

This chapter deals with the private property legal framework and, from this perspective, it does not address issues regarding State's public or private property. Moreover, the present section refers only to the acquisition of real estate rights, whilst details concerning the creation of security interests over real estate are addressed in a different chapter herein.

2. Main regulations

- The Romanian Constitution, as further amended, supplemented and republished;
- The Romanian Civil Code, as further amended;
- Land Law No. 18/1991, as further amended, supplemented and republished (“Law No. 18/1991”);
- Law No. 50/1991 on construction works authorization, as further amended, supplemented and republished (“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, as further amended (“Law No. 112/1995”);
- Law No. 7/1996 on cadastral works and real estate publicity system further amended and supplemented, as further amended, supplemented and republished (“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 further amended and supplemented (“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, supplemented and republished (“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, as further amended and supplemented (“Law No. 247/2005”);
- The Fiscal Code, as further amended and supplemented (“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

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

With respect to citizens and legal entities from EU’ member states, Law no. 312/2005 provides that they can acquire land in Romania, under the same terms and conditions as Romanian citizens and legal entities, upon Romania’s accession 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 or 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 one of the prerequisite to own land in Romania is to have 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 above limitation only concerns land. Foreign citizens may own buildings and they shall enjoy only a “superficies” right over the land on which the building is located. The “superficies” right is a right of using a land plot for the entire existence of the building located thereon. Additionally, foreign citizens may hold usufruct and use rights over land located in Romania.

It would be important to note that 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 per cent 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) Involved persons

(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 and with the consent of the guardian authority.

The Romanian legal framework requires companies acquiring of land to observe their 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, director(s) of joint-stock companies are entitled to acquire from or transfer to the respective company assets with a value exceeding 10 per cent of the joint-stock company's accounting value only upon extraordinary general shareholders meeting's approval.

(ii) Public notaries

Public notaries are entitled to authenticate legal deeds whereby rights over real property are transferred. 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 from the relevant land book. The public notary authenticating a real estate ownership transfer deed is also compelled to perform the relevant registration with the real estate land book.

(iii) Cadastral experts

In Romania, the real estate recording is based on a general cadastral system, which is a mandatory and unitary system of technical, economical and legal recordings in connection with real estates. Cadastral documentation is mandatorily required upon registering real estate with the relevant land book.

(iv) Other participants

Lawyers, real estate register' representatives or financing banks are often involved in real estate transactions.

b) Contracts execution

Sale-purchase is the most common method of transferring property rights over real estate. In certain cases, prior to the execution of the sale-purchase agreement, the parties may conclude a binding promissory deed whereby mutually undertake to further conclude the sale-purchase agreement. Such deed gives the parties the certainty (which is not absolute, though) that the sale-purchase agreement will be concluded. 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 the promissory agreement refuses to sign the sale-purchase agreement, the other party is entitled to file a court action to obtain an 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 have the sale-purchase agreement authenticated by a notary public.

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

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 asset. 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, whenever eviction is effected by the seller's or a third party's acts.

As stated above, the seller is also liable for hidden flaws. Thus, if due to such flaws the asset becomes unusable according to its normal destination or its value is reduced, the purchaser may either claim rescission of the sale-purchase contract or proportional reduction of the price. Additionally, if the seller was aware of the asset' flaws, the purchase may be also entitled to damages.

The main obligation of the purchaser is that of paying the price under the terms and conditions set forth in the contract. If the purchaser fails to fulfill such obligation, 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 only allows the use of foreign currency as a reference term. Accordingly, Regulation No. 4/2005 on currency operations issued by the National Bank of Romania allows payments in foreign currencies only in the following situations: (I) 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 ensure the acknowledgement by third parties of the transfer of the ownership right over real estate. Thus, registration with the relevant land book of the ownership transfer is necessary. For the sake of clarity, such land book is a recording system of all legal acts and deeds regarding real estates. Registrations with the real estate registry are performed by the relevant cadastre and real estate publicity offices subordinated to the National Agency for Cadastre and Real Estate Publicity.

Recordings in the land book may stand for ownership proof. As a result, third parties acquiring rights over a registered real estate under an onerous deed and in good-faith are protected against possible causes of eviction from prior acquirers, not registered in the land book. However, it should be noted that the registration formalities in the land registry do not ensure the validity of the ownership transfer.

Before the entering into force of Law No. 7/1996, 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 by taking into account the real estate as main criterion, whilst in the transcriptions registers system, 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 real estate registry save for the case of ownership transfer 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 book recording taxes, local taxes, etc. The public notary fee for the authentication of legal acts for the real estate transfer depends on the declared value of the real estate. In order to mitigate public budgets' losses caused by the parties declaring a smaller price than the actual one, specific legislation was adopted establishing minimum value of real estate (depending on their location, category etc.). In addition, it should be outlined that a simulated price would render the sale purchase agreement null and void. .

The real estate owner is compelled to annually pay a real estate tax towards the local budget.

As a separate matter, it should be noted that according to Fiscal Code' provisions, the gain resulting from assignment of shares by foreign shareholders in companies where more than half of their assets consist of real estate located in Romania is subject to taxation in Romania, unless otherwise provided in the applicable double tax treaty.

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, appraisers 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 his ownership right. 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 when otherwise provided by law.

Land use and usufruct rights may be also contributed to a company's share capital, in such case, the shareholder remaining owner of the land.

3.2.3. The lease

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

In case the lessor is not the owner, but only holder of a lease right over the real estate, he will be entitled to conclude with the tenant either a sublease contract or a contract for lease assignment. Sublease is generally permitted unless otherwise provided in the main lease. The lease assignment is performed under terms and conditions similar to the sublease, however, in such case, an actual transfer of the initial use right over the real estate takes place.

The Romanian law does not impose limits regarding the duration of the lease, which may not be however concluded forever. Nevertheless, for third parties acknowledgement purposes, leases must be registered with the relevant land book.

3.2.3.1 Parties obligation

(i) Lessor's obligations

The main obligation of the lessor is to provide the tenant with the use of the real estate for the entire duration of the lease. To this end, the lessor must hand over and maintain the leased asset in a state proper for its normal use destination. In addition, the lessor is bound to perform the necessary repairs during the entire

existence of the lease (capital repairs or repairs entailed by the normal use of the real estate or arising from construction flaws).

The lessor is liable for any hidden flaws of the real estate and is bound to guarantee the tenant 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) Tenants' obligations

Basically, the tenant has the obligation to use the leased asset as a diligent owner and according to its destination (as established in the contract or presumed based on the actual circumstances). Any breach of such obligations, such as unauthorized alterations or inappropriate use (especially in the case of constructions), entitles the lessor to request termination of the lease and damages to restore the asset to its initial state.

The obligation to use the real estate as a diligent owner implies the obligation to maintain the asset in the initial handing-over usage status (except for normal wear and tear). Therefore, the tenant is bound to perform small repairs, for the mere maintenance of the real estate (unlike the capital repairs, which should be made by the lessor, as previously mentioned).

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

3.2.4. Easements

Easements represent interests in land imposed as a limitation of the ownership right over a real estate, called the servant tenement (in Romanian – "*fond aservit*"), for the benefit of another real estate, called the 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 direct access to the respective public road (most often his neighbor).

3.2.5. Usufruct and "superficies" rights

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

The usufruct is a right entitling his beneficiary to use a real estate and collect its proceeds, whilst only the right to dispose of such land stays with his owner. By law, the usufruct has a limited existence: (I) 30 years in

case of legal entities and (II) the life duration of the beneficiary, in case of individuals. Being a right in real property, the usufruct offers a more stable status to its holder, as compared to the lease.

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 **use right** that the “superficiary” enjoys over the land of that other person for the period of the building/construction’ existence. Despite the interdiction to acquire lands, foreign nationals, either individuals or legal persons, may own construction in Romanian and enjoy the “superficies” right over the land underneath the construction.

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 having economic purposes was transferred to various State owned companies.

After December 1989, the issue of real estate restitution naturally 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 even nowadays.

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 (within the limit of 50 ha) and of forestry lands to their former owners. However, the enforcement of the legal framework regarding restitution of agricultural, non-agricultural and forestry lands encountered a lot of difficulties, in many cases finally ending in front of the courts. Generally, the most frequent shortcomings in the enforcement of the restitution legal provisions consist in the difficulty of producing evidence of 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, former owners initiated trials before the common courts of law to obtain restitution of dwellings and constructions serving economic purposes and related land. As a result of the inconsistent solutions given by the courts, the Supreme Court of Justice decided in 1995 that 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 regarding the subject matter.

By the end of 1995, Law No. 112/1995 was adopted with a view to ensure in kind restitution to the former individual owners of dwellings, provided that such owners lived in the respective dwellings at the date of restitution. 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 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 or 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 was supposed to be returned in kind, and only if this was no longer possible, the option for compensation became applicable. Recently, the Romanian Parliament passed into law an amendment to Law No. 10/2001 whereby the real estate which were subject to sale-purchase agreements under Law No. 112/1995 should have no longer been restituted in kind to their former owners, such persons being entitled only to receiving 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 use right over the related land, for the entire duration of the construction existence. As of the date of Romania’s accession to the 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 land transfer, the conclusion of an authentic agreement is mandatory. Nonetheless, in practice, taking into account that the transfer of a construction under private

deed implies the obtaining by 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. Similar to land owners, 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 either an individual or a legal entity 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 those persons duly authorized 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 the materials. If the work handover becomes impossible due to a force majeure event (e.g. earthquake, floods, landslide etc), the contractor must bear the contractual risks by completing the construction and handing 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 building permit, as well as the other terms and conditions established in the construction agreement. Upon the deadline stipulated in the agreement, the contractor shall deliver the work to the beneficiary and is paid the price set in the contract after the work is verified and accepted by the latter.

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 design and execution norms in force on the date of its performance.

Besides the contractual liability of the contractor, the tortious liability of any landlord may be also engaged, for damages caused by a building to third parties as a result of construction flaws thereto.

4.3. The construction authorization procedure

4.3.1. Public authorities involved

a) Mayors

The authorities entitled to issue building 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) Approvals and endorsements required by the urbanism certificate

In order to issue the building permits, public authorities may require under the urbanism certificate certain approvals and endorsements from various other public authorities (such as the environmental protection authority, emergency state inspectorate etc.) or utilities providers (e.g. water supply authority, energy provider etc.).

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 of construction (meaning no construction is erected thereon); or
- (iii) apparently free of construction (i.e. lands with no buildings placed on them, but used for public interest purposes, such as 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 property of the State or public authorities may be granted under concession, in accordance with the law, only for public interest purposes. On such lands, individuals or legal entities 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 erection, transformation and demolition of constructions. Within the framework of this procedure, the first step consists in 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 its holder the right to develop constructions on the real estate.

Under the law, the urbanism certificate must be 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. Building/demolition permit

The building/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 building 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 building or demolition permit.

The building/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 building/demolition permit shall be issued only to legal entities or individuals holding an ownership 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 entities 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 building permit should be 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 authorization for construction's operation will be issued.

4.3.6. Taxes

For the issuance of the urbanism certificate, the local councils, the Bucharest General Council and the county councils, as the case may be, establish the tax levels that should 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 per cent 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 per cent of the total taxable value of the construction, (iii) taxes for the issuance of the approvals and permits necessary for the urbanism certificate.