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Allocation of building land in public ownership at a price lower than the market price

The Government of the Republic of Serbia has introduced incentive amendments to the Decree providing for free-of-charge disposal or lease of the building land in public ownership to investors (Decree on conditions, manner and procedures under which the building land in public ownership may be disposed of or leased either at a price/rent below the market price/rent or free of charge, as well as the conditions, manner and procedures for the exchange of real estate, published in the RS Official Gazette No88/2015, which entered into force on 24 October 2015, "Decree").

The amendments to the Decree have changed the restrictive rule whereby the building land could have been disposed of free of charge (or at a price lower than the market price) only providing that the acquirer accepted the obligation to build on such a building land a facility whose area corresponded to the maximum gross building area of the facility envisaged under the planning document.

This rule in practice precluded the free-of-charge disposal of building land in public ownership in cases of intended development of industrial or production facilities, as industrial and production facilities by their nature could not meet the above requirement.

The new amendments to the Decree modify this requirement by providing that the said limitation (the obligation related to the maximum gross building area under the planning document) does not apply to the construction of production facilities.

This amendment will allow for a revival of the tradition of attracting direct investments and the incentives through allocation of land free of charge to the investors for production activities.

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