

# NEWSLETTER

## Law on Amendments to the Law on Planning and Construction



Author: Marta Luković, Junior Lawyer

The Serbian Parliament has adopted the Law on Amendments to the Law on Planning and Construction.

The most significant amendment concerns the abolition of the conversion of the right of use into the right of ownership with a fee. With the

entry into force of these amendments, the Law on the Conversion of the Right of Use into the Right of Ownership Subject to Payment of a Fee will cease to be valid. Over the past 12 years, as long as this law was in force, the value of the income generated on the basis of the fee amounted to approximately EUR 30 million. Despite the implementation of this law, more than 98% of the conversions were carried out without a fee. The conversion procedures carried out in accordance with this law took up to 10 years each, and it is estimated that these delayed investments in about 5,000 locations (15,000,000 m<sup>2</sup>) and resulted in the loss of income generated by investments, income from contributions for building land, VAT or real estate tax. With the repeal of this law, it is expected that a significant area of building land will be released for construction and new investments will be possible, largely resolving the decades-old issue of the conversion of land into social property.

The adopted amendments provide that the title to a cadastral land plot is registered in favour of the legal entity that is registered as the owner of the object located on the land plot, i.e. the person who is registered as the holder of the right to use the cadastral land plot for unbuilt construction, regardless of the previous status of a given person (whether it was privatised or not), i.e. the reason for which the person acquired the right to use the land plot. Exceptions to this rule concern entities whose position is determined by the law on sports, as well as associations, agricultural and housing organisations and social enterprises. The registration of property rights is carried

out ex officio by the authority responsible for surveying and the cadastre.

The establishment of the Agency for Regional Planning and Urbanisation of the Republic of Serbia is expected to relieve the state authorities by creating the conditions for effective implementation and improvement of planning and territorial development policy, while the institutes of the Republic and provincial urban planners will contribute to the restoration of order in the field of regional planning and urbanisation.

In addition, the range of authorities that will be able to provide location information has been expanded. The Agency for Regional Planning and Urbanisation, as well as public notaries, legal entities or entrepreneurs registered for the preparation of regional and urban planning documents, will now be able to issue the location information, making the process of obtaining the necessary documents for construction much more efficient.

New rules on energy performance certificates for buildings have been introduced. From now on, these certificates will be valid for 10 years from the date of issue and will be required as an annex to, and an integral part of, the certification of agreements for the sale and purchase of real estate or the conclusion of lease agreements. It will not be possible to attach a certificate older than 10 years when certifying the above-mentioned agreements. If the subject of the sale and purchase agreement is a building or part of a building under construction, the energy performance certificate of the building is not a prerequisite for the verification of the agreement but is submitted after the building or part of the building has been granted an occupancy permit and registered in the Real Estate Cadastre. All new buildings must have an energy performance certificate, while owners of existing buildings are obliged to obtain one within 3 to 10 years, depending on whether they are residential, commercial or public buildings. Failure to comply with these requirements is punishable by fines ranging from RSD 50,000 to RSD 100,000.

The Green Building Certificate is different from the Certificate of Energy Performance of Buildings.

The Certificate of Energy Performance of Buildings is a document that shows the energy performance of a building, has the prescribed content, appearance, conditions and method of issue, and is issued by the Central Register of Energy Performance Certificates (CREP). The Green Building Certificate is a certificate issued by the International Green Building Certification System, which verifies that the building meets the established criteria and serves to assess the quality and degree of compliance with green building criteria. What is new is that investors in buildings with a green building certificate will be entitled to a 10% reduction in the calculated contribution to the development of the land in relation to the total amount of the contribution. Green building certificates are issued by the Agency for Spatial Planning and Urbanisation.

From now on, it is necessary to submit, together with the application for the issuance of the permit of use, a record of the movement of waste, and, together with the notification of the works, the investor must submit an insurance policy against damages to third parties that may arise from the execution of the works, as well as the approval of the environmental impact assessment study, if the object is subject to such an assessment.

Other changes include the requirements and methods for the installation of external cooling and heating units on buildings, temporary construction permits, the inclusion of electronic space in the process of adopting planning documents and the improvement of CEOP.

The Law was passed on 26 July 2023 and will come into force on 5 August 2023.