**LAW ON CONVERSION OF THE RIGHT OF USE INTO THE RIGHT TO PROPERTY ON CONSTRUCTION LAND WITH A FEE**

1. **The Object of the Law**

**Article 1**

This Law shall define the right and the conditions for the conversion of the right of use into the right to property on construction land for persons holders of the right of use on the developed and undeveloped construction land, on which the holder of the right to property is The Republic of Serbia, an autonomous province or a local self-government unit. The Law shall also define the possibility to enter into lease of the construction land and other matters that regulate relations that arise from the conversion of the right of use into the right to property on the construction land.

Persons, holders of the right of use on the construction land from paragraph 1 of this Article shall be:

1. persons who were or are companies and other legal entities subject to the regulations of the law that regulates privatization, bankruptcy proceedings, execution procedure, as well as their legal successors;

2. persons - holders of the right of use on undeveloped construction land in state property acquired in order to build in accordance with the previous laws in effect that regulated construction land until 13 May 2003 or based on the decision passed by a competent body;

3. persons and associations whose status is regulated by the law that regulates sports;

4. persons subject to regulations of the Republic of Serbia and bilateral international agreements that regulate the execution of Annex G of the Agreement on the Issues of succession (*Official Gazette of FRY - International contracts, number 6/02*) .

The provisions of this Law shall not be related to : the property purchased via public advertising according to market conditions, that entails property rights of the facility with the corresponding right of use on the developed construction land in accordance with a separate law and before signing of the contract on the purchase of property, i.e. a part of the property of a company or another legal entity in accordance with the regulations of the law that regulates privatization, until the day of the entry into force of the Law on Planning and Construction (*Official Gazette of RS number 72/09*); the property that entails the right to property on the facilities and the right of use on the construction land, acquired from the buyer of the subject of the privatization in an encumbered legal transaction upon the finalization of the privatization, until the date of entry into force of the Law on Planning and Construction (*Official Gazette of RS number 72/09*).

The matters of the proceeding not regulated by this law shall be regulated by the provisions of the law that regulates general administrative procedure.

The matters of personal data protection not regulated by this law shall be regulated by the provisions of the law that regulates personal data protection.

**2. The right to convert the right of use into the right to property on construction land**

Article 2

Person stipulated by Article 1, paragraph 2 of this Law shall have the right to convert the right of use into the right to property (hereinafter referred to as: *conversion*)

The right from paragraph 1 of this Article shall be gained at a fee, under conditions prescribed by this Law.

The conversion fee shall be calculated as the market price of the land at the moment of submitting the conversion application in accordance with this Law.

**3. Defining the fee**

Article 3

The conversion fee shall be established by a body of a local self-government unit in charge of property-legal relations upon the previously acquired report of the competent tax administration unit from the territory of the construction land for which the application for the conversion of the right of use into the right to property was submitted and the process of establishment of the market price of the real estate in question pursuant to this law.

The fee from paragraph 1 of this Article may be reduced in accordance with the regulations prescribed by this Law.

**4. Conversion requirements**

Article 4

Persons stipulated by Article 1 paragraph 2 of this Law that have been entered into the public real estate registry and corresponding rights shall have the right to conversion as holders of the right of use on the construction land.

A statement from the real estate folio in the land register not older than six months, which shall determine that the applicant may start and execute the procedure, as well as the basis for obtaining the right of use on the construction land for which the request is submitted, shall be delivered as an evidence on possessing locus standi in the procedure of obtaining the right to conversion.

Should the subject of the request for conversion be a cadastral plot of a developed construction land, in addition to the evidence stipulated by paragraph 2 of this Article, information on the location, issued in accordance with the provisions of the Law on Planning and Construction, shall be delivered as well.

**5. Subject of conversion**

Article 5

The subject of conversion is the cadastral plot of a developed or undeveloped construction land.

The request for conversion may be submitted for one or more cadastral plots which are on the territory of a single unit of local self-government.

Should the unit of the local self-government constitute of city municipalities, the application for conversion shall be submitted to the body designated as the competent body for property-legal relations in accordance with the Statute.

**6. Special cases in which the right to conversion cannot be exercised**

Article 6

The subject of conversion cannot be the construction land which has been under a separate law designated as the land which cannot be expropriated from the public ownership or land on which, in accordance with the plan documentation, the construction of public facilities or public surfaces, stipulated by Article 2, point 6 of the Law on Planning and Construction, has been provisioned, as well as the construction of public facilities for community use in accordance with separate laws (line infrastructural facilities, facilities for state authorities, authorities of autonomous territories and local self-government units, etc.)

**7. Exercising the Law on State Aid Control**

Article 7

Provisions of the Law on State Aid Control (*Official Gazette of RS,* No 51/2009) related to the schemes of state aid shall be applied to the provisions of this Law, with the aim of enhancing economic development of the areas in the Republic of Serbia with extremely low standard of living or high unemployment rate, whenever the right for reduction of the market price of construction land is determined in accordance with the conditions prescribed by this Law.

**8. Right to reduction of the market value of construction land**

Article 8

The right to reduction of the market value of construction land shall be given to persons stipulated by Article 1, paragraph 2 of this Law, should the construction land be located on the territory of a single local self-government unit for which it has been determined to be a local self-government unit with extremely low standard of living or high unemployment rate, based on the level of development of local self-government units for the previous year.

The reduction stipulated by paragraph 1 of this Article shall not relate to the market value of construction land for which a request for restitution has been submitted, in accordance with the regulations which regulate the restitution of property.

The percentage of reduction of the market value stipulated by paragraph 1 of this Article, on the basis of the level of development, shall be determined by the Government.

Article 9

The right to reduction of the market value of construction land shall be given to the persons stipulated by Article 1, paragraph 2 of this Law, regardless of where the property is located, provided that the request for conversion of the developed construction land is submitted in accordance with the requirements prescribed by this Law.

In case stipulated by paragraph 1 of this Article, the amount of the fee shall be determined by reducing the market value of the construction land by the amount of the fee for the regular use of facilities on the construction land.

In the process of conversion of developed construction land, the area of land for regular usage of a facility shall be determined by dividing the total area of the plot belonging to the facilities, determined by real estate folio transcript, by the maximum allowed plot occupancy percentage, determined by a valid plan document, based on the issued location information.

Article 10

When the subject of the conversion is a cadastral plot belonging to a building complex (industrial, residential), the fee shall be determined by reducing the market value of the construction land by the amount of land fee, the land being determined under a valid plan document to be the land for construction of facilities for community use or public surfaces stipulated by Article 6 of this Law.

 Determining the building complex and construction land which has been determined as the land for the construction of public facilities or public surfaces stipulated by Article 6 of this Law under a valid plan document, shall be performed by a body of the local self-government unit in charge of spatial planning and urban planning, per request of a party in the procedure.

 Determining the complex stipulated by paragraph 2 of this Article shall be the prior matter in the procedure for conversion of the right of use into right of property, in accordance with this Law.

**9. Procedure for conversion of the right of use into the right of property**

Article 11

Procedure for conversion shall be initiated per request of the person stipulated by Article 1, paragraph 2 of this Law.

Evidence stipulated by Article 4 of this Law shall be submitted in addition to the application stipulated by paragraph 1 of this Article.

The body in charge of property- legal relations on whose territory the construction land which is the subject of the application for conversion (hereinafter: *competent body*) shall act upon the application for conversion.

Article 12

Upon receiving the application for conversion, the competent body shall validate whether all stipulated evidence have been submitted with the application.

Should the subject of the request for conversion be the cadastral plot stipulated by Article 9 of this Law, the competent body shall determine the land for regular facility usage, in accordance with this Law.

 Should the subject of the application for conversion be the cadastral plot stipulated by Article 10 of this Law, prior to submitting the application for conversion, the construction land which has been determined to be the land for the construction of public facilities or public surfaces stipulated by Article 6 of this Law, under a valid plan document, shall be determined.

 Should the competent body determine that the stipulated evidence has not been delivered alongside the application, they shall order for the annex of the application to be made within five working days from the day of application submittal.

 The deadline for submitting the evidence stipulated by paragraph 2 of this Article shall be 10 days, from the day of the complete delivery to the applicant.

 Should the applicant fail to submit all the requested evidence in the designated period, the competent body shall refute the application with a conclusion.

 A special appeal may be filed against the conclusion from paragraph 4 of this Article, within 8 days from the day of delivery.

The ministry in charge of construction shall act per appeal on the conclusion stipulated by paragraph 5 of this Article.

Article 13

 The competent body, as per determined factual condition, may resolve the administrative matter per shorten administrative procedure.

Article 14

 Should the competent body determine that the stipulated evidence has been submitted with the application, it shall be determined whether there are conditions for the reduction of the market value prescribed by this Law and the body shall without postponing, and no later than 3 days, collect the report on the market value of the construction land in question from the competent unit of the tax office, ex officio.

 Upon receiving the report stipulated by paragraph 1 of this Article, the competent body shall notify the applicant on the amount of the fee and shall order the applicant to decide on the manner of payment.

 In addition to the notification stipulated by paragraph 2 of this Article, the report from the competent unit of the tax office shall be submitted as well.

**10. Manner of payment for conversion of the right of use into the right to property**

Article 15

The amount of the fee shall be determined by the competent body based on the determined market value in accordance with this Law.

Should the conditions for the reduction of the market value have been fulfilled, the amount of the fee shall be determined by reducing the determined market value by the amount of the reduction.

The fee may be paid in a single amount or in 60 equal monthly instalments.

 Should the fee be paid in a single amount, the applicant shall be entitled to the reduction in the amount of 30% of the determined amount of the fee.

 Should the fee be paid in equal monthly instalments, the appropriate manner of guarantee shall be delivered as well.

**11. Content of the decision on conversion**

Article 16

 Upon receiving the decision on the manner of payment stipulated by Article 14, paragraph 2 of this Law, the competent body shall upon the undertaken procedure reach the decision which determines the right to conversion of the right of use into the right to property for the cadastral plot in question.

 The decision stipulated by paragraph 1 shall contain the data on the applicant and cadastral plot, or cadastral plots on which the conversion is permitted, as well as the amount of the fee, the manner of payment and manner of guarantee, should the payment be made in equal monthly instalments.

Should the market value be reduced in accordance with this Law, the constituent part of the wording of the decision shall be the basis for the reduction of the market value, as well as the manner of payment.

 The decision stipulated by paragraph 1 shall contain the conclusion that upon its validity, the said decision is the basis for the registration of the property in the public real estate registry and rights on real estate.

**12. The right to appeal against the decision on the conversion of the right of use into the right to property**

Article 17

An appeal may be lodged against the decision from Article 16 of this Law within 15 days of the delivery of the decision.

The outcome of the appeal against the decision from Article 16 shall be determined by the ministry in charge of finances.

**13. Beneficiaries**

Article 18

The amount of the fee established by Article 16 of this Law shall be settled as follows: 50 percent of the fee shall be paid to the Budgetary Fund for Restitution (hereinafter referred to as *Fund*) and 50percent shall be paid to the Republic of Serbia, autonomous province or the unit of the local self-government depending on the holder of the right to property on the building land.

Further conditions, the manner and the payment security shall be regulated by the manager of the Fund and the Republic of Serbia - the ministry in charge of finances, competent body of the autonomous province, i.e. the competent body of the local self-government unit.

**14. Entry of the right to property into the public real estate registry and the right to property**

Article 19

 Upon the validity of the decision from Article 16 of this Law the conditions for the registration of the right to property on the cadastral plot of the construction land shall be acquired.

 Evidence that the fee has been covered shall be submitted together with the application for the registration or if the payment is made through instalments, the certificate of the competent body that the first instalment has been paid for shall be submitted.

 If the payment has been fully settled the competent body in charge of state survey and cadastre shall register the right within 8 days of the submittal of the application for the registration of the right to property.

 If the payment is made through monthly instalments the body in charge of state survey and cadastre shall register the right within 8 days of the submittal of the application for the registration of the right to property with the notice on the existence of the debt that shall be valid until the final instalment has been repaid.

**15. The right to lease on the building land**

Article 20

 Persons stipulated by Article 1 paragraph 2. of this Law may sign a land lease agreement on lease of the construction land - individual cadastral plots
with the owner of the construction land until the acquisition and the registration of the right to property on the construction land has been established in accordance with this Law.

 When the registered owner of the construction land is The Republic of Serbia, the agreement from paragraph 1 of this Article is on behalf of the Republic of Serbia signed by the Republic Directorate for Property of the Republic of Serbia, i.e. the competent body of the autonomous province, or a local self-government unit, when either of the previously mentioned is registered as the owner of the land.

The contract stipulated by paragraph 1 of this Article is signed as a 99-year contract with a fee.

The lease fee shall be determined by dividing the market value of the property by 99 years and the determined number shall represent the annual lease fee.

 The application for the conclusion of the lease agreement shall be submitted to the body stipulated by paragraph 2 of this Article and the body shall conclude the lease agreement within 15 days provided that all the conditions stipulated by this Law are in place.

 The lease agreement concluded in accordance with the provisions of this Law shall represent the corresponding right to the construction land in terms of the provision of Article 135 of the Law on Planning and Construction.

 The lease from paragraph 1 of this Article shall comply with the provisions of the Law on Planning and Construction that regulates the lease of the construction land unless prescribed differently by this Law.

 **16. Transitional and final provisions**

Article 21

Handling of conversion applications submitted before the entry into force of this Law shall be discontinued and the applicants shall be directed to file an application in accordance with the provisions of this Law.

Article 22

This Law shall enter into force on the eight day of its publishing in the *Official Gazette of The Republic of Serbia.*