REGULATION ON CRITERIA AND PROCEDURE FOR DETERMINATION OF FEES ON CONVERSION OF RIGHTS FOR PERSONS WHO HAVE THE RIGHT TO CONVERSION WITH COMPENSATION

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The Government of the Republic of Serbia at the assembly session held on January 21, 2010, adopted the Regulation on Criteria and Procedure for Determination of Fees on Conversion of Rights for Persons who have the right to Conversion with Compensation (hereinafter „Regulation“) which was published in the Official Gazette of the Republic of Serbia No. 4/2010 and which came into force on June 6, 2010.

The legal basis for the adoption of this Regulation is contained in Article 108 of the Law on Planning and Construction ("Off. Gazette of RS", no. 72/2009 and 81/2009 - corr.), which provides that Government shall establish the criteria and procedure for determining the amount of compensation on the basis of the conversion rights of the persons who under this law have the right to conversion with compensation.

Process for the conversion of rights of use of urban development land into the ownership right with compensation is simplified by the Regulation for the documentation to be submitted and in terms of the procedures for decision-making. Also, short deadlines for decisions of the competent authorities lead to efficiency of the whole process and rapid realization of the rights of the person submitting the request.

Right to convert the right of use of urban development land into property rights have companies and other legal entities in which there was a change in ownership of social/state capital or assets, based on special laws. This means that the provisions of the Regulation apply to all legal entities who executed ownership transformation and privatization. The Regulation also applies to companies in which the provisions of the Bankruptcy and Enforcement procedure were applied.

The Regulation stipulates that the right to conversion have not only legal entities that have been privatized or the ones who their right to use urban development land acquired under the bankruptcy or enforcement procedure, but also persons who have acquired the right to use up to May 13, 2003, and that the relevant land did not end its purpose by construction of facilities, as well as the method of determining the amount of compensation for conversion on this basis.
The fee for conversion of usage rights into ownership rights over urban development land shall be determined by the market value of the of urban development land at the time of conversion of rights, reduced by the costs of acquiring the right to use the urban development land. The market value of urban development land shall be determined by the Ministry of Finance - Tax Administration.

Request for determining the market value of urban development land to the Tax Administration is submitted by local self-government unit. The request to local self-government unit, on whose territory the applicant has the right to use urban development land, is submitted by legal entity (the applicant).

The market value of cadastral parcels of urban development land, as established by by Tax Administration is valid for two years from the date of determining, meaning that the applicant needs to implement its right, in this period.

Determining the amount of compensation on the basis of conversion of usage rights to rights of ownership is done in the same procedure in which the request for determination of right to conversion of usage rights to rights of ownership is resolved. In this way the it is easier to achieve efficiency of the procedure and it is possible to decide on requests to tight deadlines.

AMENDMENTS TO THE REGULATION ON CRITERIA AND PROCEDURE FOR DETERMINATION OF FEES ON CONVERSION OF RIGHTS FOR PERSONS WHO HAVE THE RIGHT TO CONVERSION WITH COMPENSATION


Amendments to the Regulation entered into force on April 24, 2010.

The Regulation was amended in the section regulating the procedure and the jurisdiction over the decision on the request for conversion of usage rights to rights of ownership, so that this procedure specifies what data has to be obtained to be able to determine the amount of compensation on the basis of conversion. Amendment of the Regulation refers to amendment of the articles which regulate the manner and conditions of payment for conversion of usage rights to rights of ownership, as well as conditions for registration of ownership rights in public registers on real estate.

Amendments to the Regulation stipulates the obligation of the local authority that before making a decision on conversion of rights will inform the applicant about the determined amount of compensation on this basis, and obtain the applicant's statement of acceptance of defined benefit.
The amendments also prescribe the conditions for registration of property rights in public records on real estate. These conditions have been modified so that the right to register ownership rights in public records on real estate shall be acquired when:

- decision becomes final and non-appealable in which the local authority establishes the right for conversion of usage rights to rights of ownership and determine the amount of compensation on that basis (Article 11, paragraph 5, of the Regulation) and

- evidence on the regulation of relations with the authorities or organizations referred to in Article 12, paragraph 6 of this Regulation regarding the manner and timing of payment for conversion of rights of use to rights of ownership (Agreement on the settlement of relations) is submitted.