



R&D REAL ESTATE

INVESTING IN BUDAPEST FAQs

Q: CAN FOREIGNERS BUY PROPERTY IN BUDAPEST?

A: YES.

A FOREIGN INVESTOR CAN CHOOSE ONE OF THE FOLLOWING:

- PURCHASING AS A PRIVATE INDIVIDUAL. LIMITED TO THE PURCHASE OF A SINGLE PROPERTY IN ANY GIVEN DISTRICT, TO AVOID SPECULATION, AND LIMITED TO TWO PROPERTIES IN HUNGARY.
- ESTABLISH A LIMITED LIABILITY COMPANY IN HUNGARY. ABLE TO PURCHASE MULTIPLE PROPERTIES. APPROXIMATE COSTS: € 900 TO ESTABLISH, € 400 TO MAINTAIN PER ANNUM.

THE ADVANTAGES OF BUYING PROPERTY THROUGH A HUNGARIAN REGISTERED COMPANY:

- FASTEST WAY TO BUY A PROPERTY, THE REGISTRATION PROCESS IS SHORT AND ONCE THE COMPANY IS FULLY REGISTERED THERE ARE NO LIMITATIONS ON BUYING PROPERTIES IN HUNGARY.
- ALL OUTLAYS RELATING TO THE FLAT CAN BE RECOGNISED AS AN EXPENSE. FLIGHTS, ACCOMMODATIONS, LEGAL FEES, PURCHASE DUTY, RENOVATION COSTS, FURNITURE, UTILITIES, AND ALL ASSOCIATED SERVICES.
- WHEN SELLING THE PROPERTY THERE IS AN OPTION OF SELLING THE COMPANY ALONG WITH IT, THIS MAKES IT MORE ATTRACTIVE FOR THE POTENTIAL BUYER, AS NO PURCHASE DUTY HAS TO BE PAID.
- THERE IS NO IMMEDIATE VAT ON RENTING A RESIDENTIAL PROPERTY, HOWEVER CORPORATE TAXES OF 16% ON PROFIT DO APPLY AT POINT OF SALE.

Q: DO I HAVE TO PAY INCOME TAX WHEN SELLING PROPERTY?

A: YES.

- WHEN AN INDIVIDUAL SELLS, THEY MUST PAY A 20% CAPITAL GAINS TAX ON THE PROFIT.
- WHEN THE COMPANY SELLS, IT MUST PAY A 16% CORPORATE TAX ON PROFITS (IE. RENTAL INCOME) AND A 20% TAX ON CAPITAL GAINS. POSSIBLE DEDUCTIONS, AS LISTED ABOVE.

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Q: WHAT ARE THE LEGAL, OR BARRISTER, FEES?

A: LEGAL FEES ARE TYPICALLY 1%+VAT,

- FOR A BASIC, DUAL-LANGUAGE, CONTRACT PREPARATION AND SIGNING.

Q: DO I HAVE TO PAY ANNUAL REAL ESTATE TAXES?

A: NO

- THERE ARE NO ANNUAL REAL ESTATE TAXES IN HUNGARY, ONLY A STAMP DUTY.
- PLEASE SEE 'STAMP DUTY' .PDF FOR EXPLANATIONS. INCLUDES EXAMPLES.

Q: WHAT IS THE TAX ON RENT?

A: 25% FOR PRIVATE INDIVIDUALS. 16% FOR REGISTERED COMPANIES, AT POINT OF SALE, AS CORPORATE TAX ON PROFITS.

Q: WHAT CAPITAL GAINS CAN I EXPECT IN A YEAR?

A: 6% - 8% PER ANNUM, IN THE INNER-CITY DISTRICTS.

Q: WHAT IS THE ANTICIPATED RENTAL INCOME?

A: TYPICALLY BETWEEN 5% - 7% GROSS, PER ANNUM. (DEPENDING ON THE LOCATION AND CONDITION OF THE FLAT).

Q: WHICH FLATS ARE THE EASIEST TO RENT OUT?

A: HIGHLY RENOVATED, FULLY FURNISHED FLATS IN CENTRAL AREAS.

- THE HIGHER THE STANDARD OF RENOVATION, THE MORE WILL APPEAL TO FOREIGN NATIONALS.
- BUDAPEST HAS APPROXIMATELY 60,000 FOREIGN NATIONALS LIVING/WORKING WITHIN THE CITY.
- THE IDEAL TENANT IS A BUSINESSMAN, DIPLOMAT OR FOREIGN STUDENT.

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