



# Buying GUIDE

# Intro

Purchasing a property in Montenegro is a simple process and we do everything we can to ensure your purchase runs as smoothly as possible. An outline of the process is set out below:

- Once you decide which property you wish to buy, we will help negotiate a price acceptable to you and the vendor.
- Then we recommend you appoint a lawyer (licensed in Montenegro) to act on your behalf. The lawyer will check the deeds of the property and advise if there are any problems. We are happy to provide a list of recommended lawyers.
- Usually at this point a deposit is paid to take the property off the market and a reservation agreement is signed by both parties. The deposit is held by the agent. If either side pull out this is forfeited so the deposit protects both parties.
- The contract terms are negotiated between the buyer and the seller – this is usually done by the lawyers.
- The contract is signed by you, or your lawyer (via Power of Attorney) in the notary's office in Montenegro and the purchase price is transferred from your bank account (in Montenegro or your home country) either directly to the seller or to the notary's escrow account, according to the dynamics stated in the Contract.
- Once the full purchase price is paid to the seller, the notary sends the purchase Contract to the land registry for the change of the title.
- The property purchase (or title transfer) tax is paid at this point. It depends on the value of the property:
  - For the properties up to up to €150.000 it is 3% of the value of the property.
  - For the properties over €150.000 - the tax is €4.500 euros + 5% of the amount that exceeds €150.000.
  - For the properties over €500.000 - the tax is €22.000 + 6% of the amount that exceeds €500.000.
- The property is then registered in your name.

There are no restrictions on foreign buyers buying properties in Montenegro. However, if you are buying agricultural land you would need to set up a company for the purchase.

“

*The most beautiful contact between the earth and sea took place at the Montenegrin Littoral.*

*Lord Byron*



# POA

The Purchase Contract has to be signed in front of a Montenegrin notary. You either have to be present in person or your lawyer can sign on your behalf with Power of Attorney. If possible it is easier to organise this while you are still in Montenegro, if not your lawyer will send the text for the POA which you will need to notarise in your home country, and send to Montenegro via DHL or FedEx.

Please check with your lawyer or agent if you need the document to have the apostil. The cost of notarizing the POA in Montenegro is around 50 EUR plus the interpreter's fee.



# Lawyers

We highly recommend hiring a lawyer to represent you in the purchase, the lawyers are completely independent from the agents.

The lawyers follow the whole process until the buyer is registered as a new owner. Their service includes an independent check of the property deeds, legal advice, drafting the Contract, negotiating the terms, organizing the notarisation of the Contract, registering you as the new owner and organizing the purchase tax to be paid. We have a list of recommended lawyers that we are happy to provide.

# Purchase Costs

Apart from agreed purchase price the main costs of the purchase are purchase tax and the legal fees.

## Here are more details:

Purchase tax or title transfer tax depends on the value of the property which is determined by the tax office. This is usually the same value which is in the Purchase Contract

For the properties up to up to €150.000 it is 3% of the value of the property. For the properties over €150.000 - the tax is €4.500 euros + 5% of the amount that exceeds €150.000.

For the properties over €500.000 - the tax is €22.000 + 6% of the amount that exceeds €500.000.

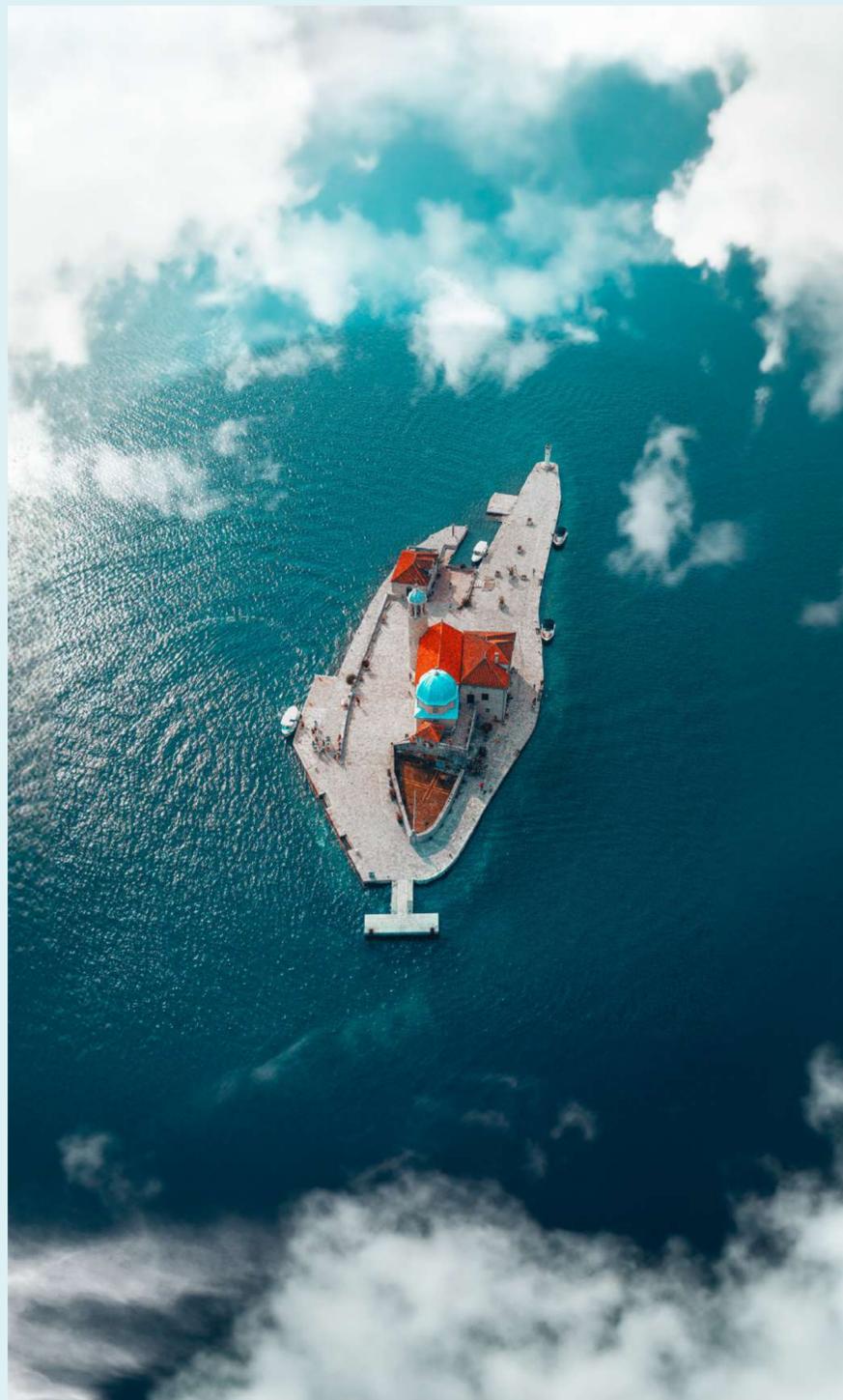
For example the purchase tax of the €250.000 property will be €4.500 + €5.000 (5% of the 250.000 - 150.000) = €9.500.

Notary fees will depend on the amount of the Contract, for example: If the agreed price is 100.000 Eur, the notary's fee will be 350 Eur + VAT (21%) = 423,50 Eur. Please contact us for more information about Notary fees.

Legal assistance – lawyer's fee. For the full service starting with the title deeds survey to your registration as the new owner, the lawyer's fees start at 1.200 EUR but can vary depending on the complexity of the purchase and property value.

Interpreter's fees, for translating the Contract the fee is 20 EUR per page, which is usually around 120 EUR, and for oral translation the fee is 50 EUR per hour. It is obligatory for the licensed interpreter to be present at signing of Purchase Contract in front of Notary if one of the parties is non-resident .

Various small fees up to 100 Eur. We do not charge any fee to the buyer.





# Property Taxes

- The most important is purchase tax, which starts at 3% of the value of your property – valued by the tax office regardless of the purchase price from the contract. Purchase tax is payable as soon as the main contract is signed. It is recommended that you pay the tax within two weeks after the receipt of the invoice, as interest rates will be charged for every day of delay. In some cases purchase tax is not payable for off plan developments as the VAT of 21% is already included in the price (paid by the developer) but make sure that you check with the lawyer if this law applies to the property you are buying.
- Once you are the registered owner of the property you will need to pay an annual property tax. The amount depends on the size and location of the property. In addition to the annual property tax, property owners are also obliged to pay Tourist Tax (or holiday home tax) as well. You will receive the bill in your mail usually in the Spring. It can be paid in the Tax Office (Poreska Uprava) or in any bank.
- Capital Gains Tax on profits from a sale is 15%.

# Notarising the contract

The purchase Contract has to be notarised in front of a notary, if you are present at the signing of the Contract by law the court licensed interpreter has to be present and to read the Contract to you in the language you understand.

Their fee is usually 50 EUR per hour. If you are not present, your lawyer will send the translated Contract (again translated by court licensed interpreter) to you for approval before signing it on your behalf.



# Registering new ownership

The land registry is obliged to change the title of the owner within 60 days of the day the application is made. But usually this takes longer especially in the summer and during the holiday season. The lawyers handle this process.

At the end you will receive the *List nepokretnosti* (land registry deeds) of the property with your name.

# Bank charges

Bank charges are high in Montenegro, when sending the purchase price to the sellers or to the notary's account the full amount should be received so please take this into consideration.



[info@montenegroprospects.com](mailto:info@montenegroprospects.com)



[montenegroprospects.com](http://montenegroprospects.com)