



NEW RULES APPROVED FOR DETERMINING THE PRICE OF A LAND PLOT SOLD OUT OF FEDERAL OWNERSHIP WITHOUT AN AUCTION

FAO: CEOs of companies that are owners of buildings, facilities and structures located on land plots that are federally owned

Pepeliaev Group advises that on 26 March 2015, the Government's Resolution No. 279 was adopted "On Approving the Rules for Determining the Price of a Land Plot in Federal Ownership when a Contract to Sell and Purchase the Land Plot is Made without an Auction being Held" (the "Rules").

The Rules came into effect on 7 April 2015.

Main changes

Under the Russian Land Code, the Russian Government is to determine the price of a land plot in governmental or municipal ownership when the land plot is sold without an auction being held.

On 26 March, the Government approved the Rules, under which the *cadastral value* is to be set as the price of a land plot in federal ownership, when such land plot is sold without an auction being held.

The Rules contain *two cases when land plots are sold at a reduced price*:

1. at **60% of the cadastral value** of the land plot when it is sold to the owner (*a legal entity*) of the building or facilities located on it, if the building or facilities are of federal or regional importance and were earlier granted to the owner;
2. at **2.5% of the cadastral value** of the land plot when land plots are sold to *a legal entity*, if the land plots were formed from a land plot being divided and granted for cottage construction and classed as common property.

What to think about and what to do

In accordance with the Federal Law "On Evaluation Activity in the Russian Federation", owners of land plots may contest the cadastral value of real estate. In this connection we would recommend that the established cadastral value of similar land plots be evaluated in terms of whether or not it is substantiated and whether the established cadastral value corresponds to the market value.

Help from your adviser

Pepeliaev Group's lawyers have considerable experience of advising and representing clients with regard to land law, and challenging the cadastral value of land plots in both administrative and legal proceedings. They are ready to provide comprehensive assistance and legal support in respect of the above issues.

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