

Can I simply ask a Romanian friend to own the land on my behalf?

This is potentially dangerous since Romanian law does not recognise the principle of trustee, nominee or beneficial ownership. This means that if the Romanian friend own the land, then he or she actually does own it – there is no argument that the foreign friend who provided the money to purchase the land is really the owner. This means that so long as the relationship between the foreigner and the Romanian owner of the land is good, there may not be a problem. The issue of how the land was paid for and where the money goes when the land is sold may however create tax complications. Friends can however fall out (we have come across examples of this) and if the Romanian owner were to die, the land would form part of his or her estate to which the heirs would be entitled. We therefore believe that having a Romanian friend own the land is a dangerous way for non-Romanians to invest in Romanian real estate. Further, the money paid by the foreign friend will constitute only a debt of the Romanian owner – it will not form a charge on the property purchased with the money.