

How soon should I arrange a Romanian company to purchase the land that I want to buy?

In an active market, delays to the completion of transactions can be dangerous and cause deals to be lost. We would therefore advise that prospective purchasers intending to use a Romanian company as a property-holding vehicle should deal with the incorporation of the company as soon as possible – they should not wait until they have found the property that they wish to purchase. This is particularly important because there will also be a certain amount of corporate procedures to be dealt with for the company to be able to go ahead with a transaction. Possibly due to the bureaucracy involved, clean shelf companies are not as widely available as is the case in the UK. We have seen what are advertised to be clean and unused companies advertised for sale from time to time, but advise clients to consider the reliability of the source of such companies very carefully indeed. In practice, we consider that it is less risky and more economic to incorporate a new company than to investigate what is claimed to be a clean ready-made company for use in the purchase of real estate. The incorporation of a limited liability company with the Registry of Commerce has been made simpler and faster than before.

If the Commercial Registry raise no questions on an application file for the incorporation of a company, it may be possible to have the company incorporated in as little as five working days after the file is lodged. It is likely that more time will be taken on the preparation of the incorporation application file itself. This documents that this must contain include the constitutive document of the new company, various declarations given by the intended shareholders and directors, evidence of the registered office (a lease or free lease or ownership of property) and a letter from a Romanian Bank certifying the deposit of the share capital of the company. Assembling these documents can take some time, particularly where the shareholders have few contacts in Romania and / or where the constitutive document of the company needs to be drafted to include joint venture provisions between different shareholders.