

Review of legislation in real estate: June 2015

Procedure approved for establishing size of payment under servitude agreements for land in Moscow

Ruling No.328-PP of the Moscow Government (hereinafter the “**Ruling**”) which entered into force on June 09, 2015 approved the procedure for establishing payment under a servitude agreement for land parcels owned by the city of Moscow and the state land parcels the ownership title to which has not been delineated (hereinafter the “**land parcels**”).

The annual payment for establishing a servitude on land parcels under a servitude agreement is determined as follows:

- ✓ In relation to *leased* land parcels:
 - In the amount equal to the annual rent for such land parcel, if the amount of such rent constitutes from 0.1% to 3% of the land parcel’s cadastral value;
 - In the amount established after appraising the amount of payment for the servitude calculated based on reduction of the market price of the land parcel due to its encumbrance, if the amount of annual rent for such land parcel exceeds 3% of the cadastral value of the land parcel;
 - In the amount of 0.1% of the cadastral value of the land parcel, if the amount of annual rent for such land parcel does not exceed 0.1% of the cadastral value of the land parcel.
- ✓ In relation to land parcels *provided for permanent (unlimited) use or lifetime possession with hereditary succession*:
 - In the amount equal to the amount of land tax for such land parcel, if the land tax for the relevant tax period constitutes from 0.1% to 3% of the cadastral value of the land parcel;
 - In the amount established after appraising the amount of payment for the servitude calculated based on reduction of the market price of the land parcel



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Procedure for establishing the amount of payment under a servitude agreement in Moscow applies to relations that occur starting from March 01, 2015.

due to its encumbrance, if the land tax exceeds 3% of the cadastral value of the land parcel;

- In the amount of 0.1% of the cadastral value of the land parcel, if the land tax does not exceed 0.1% of the cadastral value of the land parcel.
- ✓ In relation to land parcels *provided for free-of-charge use* – in the amount of 0.1% of the cadastral value of the land parcel.

In order to maintain a balance between the parties' interests and regularity of legal relations, the Ruling establishes that if the titleholder of the land parcel changes, the amount of payment under a servitude agreement shall not be subject to change. In the meantime, if the cadastral value of the land parcel changes, the amount of payment for the servitude shall be calculated based on the amended cadastral value, with the respective amendments being made to the agreement.

In the event a servitude is established only on a part of a land parcel, the amount of payment under the servitude agreement shall be established in proportion to the area of such part of the land parcel.

Please note that the Ruling applies to relations that occur starting from March 01, 2015.

Additional notes

Should any questions arise in connection with the above or if you need any additional materials, please contact Elena Stepanova or Ksenya Sonko, Moscow Office of Capital Legal Services.

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