



PORTO MONTENEGRO
A life less ordinary

BUYER'S **GUIDE**

“WHETHER FOR
INVESTMENT, RENTAL
OR PERSONAL USE,
VISITORS FROM
AROUND THE WORLD
ARE SNAPPING UP
LUXURY PROPERTY
IN MONTENEGRO”

— DEBONAIR MAGAZINE, 2018



ECONOMIC OVERVIEW

SIGNIFICANT ECONOMIC GROWTH

Montenegro's economic performance improved dramatically through the adoption of the Euro as the legal tender, alongside the restructuring of the banking sector, privatisation of more than 85% of state-owned companies, significant investment in infrastructure and disciplined government spending.

STABLE DEMOCRACY WITH AN OPEN ECONOMY

Montenegro's unspoiled natural beauty and favourable economic and political climate have allowed the country to emerge as one of the most attractive tourist destinations in Europe. Overall economic activity has grown strongly with the tourism industry as the major vehicle, propelling investments in other sectors of the economy and creating €3.2 billion in total planned additional investments along the Montenegrin coast.

INVESTOR AND BUSINESS-FRIENDLY CLIMATE

Montenegro has one of the lowest corporate, personal and capital gains tax rates in Europe (9%), low entry barriers for new businesses and secure property rights. There is also a 0% tax on inheritance or free of charge transfers to immediate family members, with 3% tax on all other transfers.

LEADING THE WORLD IN TOURISM GROWTH

Montenegro is the 2nd fastest-growing travel and tourism economy in the world. The country has enjoyed a 31.8% increase in visitor numbers since 2014, with a compound annual rate of 5.8% between 2007 and 2017 and growth driven primarily by international visitors.

MAJOR SPENDING IN INFRASTRUCTURE

The World Bank and European Investment Bank have partnered with the Government of Montenegro and foreign engineering firms to enhance the country's infrastructure.

EUROPE'S FASTEST GROWING NAUTICAL DESTINATION

Porto Montenegro is the first comprehensive, state-of-the-art, deep-water marina in the Adriatic. By completion, it will offer up to 850 berths of all sizes - with at least 300 reserved for yachts over 250 metres - alongside a full-service village comprised of luxury residences, international boutiques, restaurants and sports and entertainment amenities. A planned repair and refit facility just two nautical miles from Porto Montenegro will ensure all berth owners have year-round maintenance, repair and technical services, as well as access to a range of specialised subcontractors and crew training facilities.

ASSET ACQUISITION

REAL ESTATE

RESERVATIONS & SALE AND PURCHASE AGREEMENTS

Buyers may secure a residence with a non-refundable reservation deposit of €10,000 or €20,000 (dependent on unit price) and by submitting a signed Reservation Agreement. Upon receipt of the reservation deposit, the residence is reserved in the buyer's name and the buyer will be sent a Sale and Purchase Agreement detailing the purchase conditions which will also have attached: Plan of the property, condominium and village rules, building permit, payment schedule and technical specification.

The buyer must sign and return the original Sale and Purchase Agreement within 30 days of reservation, at which point the reservation deposit is credited to the first instalment. At handover, the Montenegrin translation of the Sale and Purchase Agreement is produced at a local notary's office, either in person or via Power of Attorney.



FACILITIES MANAGEMENT

Adriatic Marinas manages the marina village, providing first-class services to yachts, residents, retail tenants and guests. A service charge based on areas occupied in proportion to the total area is levied on residents (commercial and residential). Outside of the service provision, a sinking fund has also been established for any future repairs. The service charge is between €45-85 per m2, per year for property owners and is subject to adjustments based on the actual cost.

RENTAL MANAGEMENT

Owners have the option of renting out their units on a short or long-term basis. Adriatic Marinas will manage the rental process and assist with payment of property taxes and insurance, as well as the management of unoccupied units (fees applicable). Leasing back an apartment (not occupied by the owner) allows the reclamation of the 21% VAT (included in the published price), if it is purchased through a local based company.

INSTALMENT STAGES

- 1 Reservation Deposit of €10,000 or €20,000 on signature of Reservation Agreement
- 2 25% instalment on signature of Sale and Purchase Agreement. Reservation Deposit is deducted from this amount
- 3 25% instalment on completion of core and shell
- 4 25% instalment on completion of watertight building
- 5 25% instalment on building completion

Note: Instalments include VAT.



ASSET ACQUISITION

MARINA

LEASE BENEFITS

A lease provides a great opportunity for those looking for the security of a year-round berth, but still want the flexibility to cruise. Porto Montenegro offers a selection of berth leases between 15 - 30 years and can cater to yachts of up to 250 metres. Berth holders looking to upgrade their berth size can benefit from a 3 year price freeze from the time of purchase.

LEASE RENTAL

Long-term lease owners have access to the marina's hassle-free rental pool system, where 85% of the pooled revenue is split amongst its members. Pooling the revenue for sub-leasing in this way ensures there is a guaranteed financial return for the owner regardless of individual berth usage. Lease owners that do not wish to join the rental pool system can opt for an Individual Berth Management Agreement with Adriatic Marinas, who will manage sub-leasing the berth for a fixed fee.

LEASE PURCHASING STAGES

- 1 Buyers may secure a berth lease by signing a Berth Reservation Agreement
- 2 Once the deposit is paid a Berth Lease Agreement is drafted for the client to sign
- 3 Upon signing the Berth Lease Agreement, the lease must be paid in full or in accordance to the agreed Payment Schedule

Note: Instalments include VAT.



TRAVEL AND RESIDENCY

VISA-FREE TRAVEL

Holders of passports from the EU, Schengen Zone, Australia, Canada and United States for up to 90 days.

BUYERS

There are no restrictions on foreign ownership of real estate in Montenegro. Individuals may purchase property in their own name, in the name of a foreign or domestic company, or in a trust. A 21% VAT is applicable to the purchase of new real estate and 7% on new berths (included in published prices). If the property is purchased by a company registered in Montenegro for use in an active business (i.e. rental of the property), buyers can file for a VAT refund. Other fees include a notary charge for the Sale and Purchase Agreement, 0.44% annual property tax and 3% resale tax. Purchasers are recommended to contract contents and third-party liability insurance from a local insurance provider as recommended by Adriatic Marinas.

LEGAL AID

While Adriatic Marinas' internal legal counsel will facilitate the acquisition process, the company can recommend several locally based providers for third-party legal advice.

PERMANENT RESIDENCY PERMITS

After five years as a temporary resident, some foreign nationals can apply for permanent residency in Montenegro. This grants a five-year residency permit which can be renewed for subsequent five-year terms, all rights of a citizen of Montenegro except the right to obtain a passport and to vote and freedom to leave Montenegro for more than one month in a year. In most cases, permanent residency can be granted to Executive Directors who own at least 51% of a company's shares as well as those who are married to a citizen of Montenegro.

TEMPORARY RESIDENCE PERMITS

Temporary residence may be granted to foreign nationals intending to stay in Montenegro for a period of up to 365 days. Generally, these permits last for one year or as long as the underlying conditions for temporary residence are met - employment, study, family reunification or owning developed real estate - and can be renewed for subsequent one-year periods.

Note: In order to qualify for temporary residency under the real estate provision, you must own a house, condo, hotel, or other real estate. Undeveloped land does not qualify.



TAXATION BENEFITS

CORPORATE TAXATION

A company registered in Montenegro or with its management and control there is deemed resident for tax purposes.

Resident companies are taxed on worldwide income; non-residents are taxed only on Montenegro-sourced income.

Included in taxable income and are subject to the normal corporate tax rate of 9%. Capital gains are calculated in accordance with the tax rules and may be offset only against capital losses.

NAUTICAL TAXES

Montenegro's simplified Law on Yachts is the most yacht-friendly legislation within the Mediterranean. It allows charter yachts to take advantage of a user-friendly vignette system enabling multiple entries and frequent changes to the passenger and crew manifest, as well as various nautical tax benefits.

Tax on marine-related and tourist services is capped at 7%, with tax and duty-free fuel, making fuel up to 45% cheaper than retail prices.

WITHHOLDING TAX

A 9% withholding tax is levied on dividends paid to non-residents (unless the rate is reduced under a tax treaty) and on dividends paid to residents.

A 5% withholding tax is levied on interest paid to non-residents, unless the rate is reduced under a tax treaty.

OTHER TAXES ON CORPORATIONS

Real Property Tax is levied on the ownership of property at rates ranging from 0.1% to 1% - 0.46% in Tivat.

Transfer tax of 3% is levied on the transfer of immovable property - but 21% VAT on newly built property.

PERSONAL TAXATION

A 0% tax is levied on the inheritance of real estate among close family members.

VALUE ADDED TAX

The standard rate is 21%. A reduced rate of 7% is levied on the supply of certain goods and services - berth leases and hotel F&B.

AVOIDING DOUBLE TAXATION

Montenegro has signed a treaty with over 40 countries for entities and individuals to avoid double taxation on personal, corporate and property income.

Note: Banks in Montenegro do not conform with Automatic Exchange of Information (AEOI) and Common Reporting Standards (CRS), offering added security and privacy protection for foreign nationals opening a Montenegrin bank account.

For a comprehensive Montenegro Relocation Guide, please contact:

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