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The Conditions for Carrying out Agricultural Activities in the Operation of  
Social Farm – A Comparative Legal Analysis of the Issue of Agricultural Land  
Ownership and Land Use\*\*

*Abstract*

*The author intends to analyze an important issue in connection with the operation of social farms in Hungary, namely the issue of land acquisition and land use by legal persons providing social farm services. As the Hungarian regulations restrict land acquisition by legal persons, they exclude social enterprises providing social farm services from this possibility. This restriction makes the operation of social farms difficult. This article examines the respective regulation of four other countries in comparison with the Hungarian, and then advances de lege ferenda proposals for Hungarian regulation to allow and facilitate social enterprises providing social farm services acquiring land ownership or using the land.*

**Keywords:** social farm, land ownership, land use, acquisition by legal persons, restriction

## 1. Introduction

The concept of social farms is still unknown to many in Hungary, despite the fact that social farms have existed for more than ten years, and in other European countries, the roots of the model lie further back. The social model is seen as an appropriate alternative to innovative, multifunctional agricultural solutions that ‘return’ to the green environment, exploiting and using its benefits to empower people with mental illness, physical disabilities, disadvantages, or other problems who are unable to improve their lot and situation on their own and thus need help. It serves as an optional model in a society in which public health and social services do not exist or are inadequate.<sup>1</sup> In a special way, the farm offers opportunities for healthy people, for whom the farm is the place of learning. They can learn about farming, obtain training through farm work, and help them (re)discover rural life. Therefore, social farms are of social and economic importance. Its social importance is due to the fact that it affects a large proportion of our society, as it improves the mental health and employment opportunities of disadvantaged people. Its economic importance lies in the fact that the members of the

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<sup>1</sup> Lanfranchi 2015, 711.



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target group carry out agricultural activities on the farm, and the farm produces for the market as well, which also provides them with employment.

The cornerstone of the social model is the farm itself, which provides the skills development, rehabilitation, and integration of people using the farm's services in a safe and restorative green environment.<sup>2</sup> However, social farms go beyond traditional farms in several ways. They broaden and deepen their activities and networks of relationships. In addition to agricultural activities, their role extends to a number of other functions, such as social, societal, and ecological. For example, a social farm integrates (socially and in terms of employment) and provides employment for disadvantaged people, preserves traditions, cares for the countryside, and so on.

The social farm model started to operate from the bottom up in Hungary without a legal framework and national recognition. Therefore, the legal framework needed for the complex operation of the model is missing. For continuous effective operation and to become a legally regulated model, legislation is needed to respond to this existing model. In connection with the regulation of the model, there are several issues that shall be covered, such as the determination of the concept of social farm, organisational framework of the farms, and national recognition. One of the pressing problems in the operation of social farms is the issue of land acquisition and use. In the following, my aim is to examine the Hungarian land ownership and land use situation and identify the issues related to the operation of social farms. I use the method of comparative law, as I examine and compare the regulation of Hungary with that of four foreign countries.

## 2. The Hungarian regulation

In Hungary, one of the major problems in the operation of social farms is that the basic condition for carrying out agricultural activity is the ownership of agricultural land<sup>3</sup> or at least its possession and use; therefore, either the acquisition of ownership or tenant

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<sup>2</sup> Rácz, Hayes & Kajner 2015, 22.

<sup>3</sup> Social farms use agricultural land to carry out agricultural activities (István Olajos summarises the extensive research on agricultural land as a natural resource in Olajos 2018). The protection of agricultural land (about which see Téglási 2012, 449–460.; Téglási 2015, 269–288.; Csák 2018, 5–18.; Orosz 2018, 178–191.) is also a priority in our Fundamental Law provided for in Article P. Article P (1) of the Fundamental Law lists natural resources in an exemplary manner, with special emphasis on the protection of agricultural land, which refers to its prominent significance among natural resources (Bobvos et al. 2016, 32.). This was already expressed in 1941 by Károly Ihrig, who described land as the nation's most valuable treasure, stating that 'land is a national treasure' (Ihrig 1941, 241.). Moreover, Ágnes Czine, judge at Constitutional Court, also refers to agricultural land as a priority constitutional interest, a natural resource under priority protection (Ágnes Czine's own opinion as a judge at Constitutional Court to Constitutional Court Decision No. 27/2017. (X.25.) [106]). In my opinion, this constitutional protection of agricultural land in fact expresses its relevance, the priority of its protection. I also consider this kind of protection necessary. On the one hand, agricultural land protection is essential in a country where agriculture plays an important role in the economy, taking into account its limited quantity, and, on the other hand, in Hungary agricultural and forestry land accounts for a relatively high percentage of the total national wealth (around 26%).

status is needed. This problem arises in the case of the so-called “*target group works on the own farm of the assisting organisation*” solution, when the organisation providing the social farm service provides the farm services itself, including agricultural. The most obvious solution would be for these organisations to be able to host the target group independently on land it owns or uses. However, under the current land regime,<sup>4</sup> only a limited number of people are entitled to own or use agricultural land.

In terms of ownership,<sup>5</sup> under the Land Transaction Act, ownership<sup>6</sup> of land may, as a general rule, be acquired by a resident natural person and a national of a member state who is<sup>7</sup> a farmer<sup>8</sup> by way of the means<sup>9</sup> and subject to the size limitations<sup>10</sup> provided for in this Act.<sup>11</sup> Legal persons – including unincorporated organisations – whether resident in Hungarian, in another member state, or in a third country, however, are not covered in Hungary,<sup>12</sup> with some exceptions.<sup>13</sup> In other words, social enterprises providing social farm services are not entitled to own land. The legislative objective of this restriction – based on professional needs and scientific knowledge and views<sup>14</sup> – is to support the acquisition of land by professional farmers, which helps to meet the recognised and reasonable land needs of farmers and exclude speculative land acquisition<sup>15</sup> and the resulting uncontrollable complex chain of ownership and excessive land possession limit (land concentration).<sup>16</sup> Furthermore, another important aspect of the prohibition-protection provisions is that land is a finite resource owing to its specific natural and material characteristics, as it is a natural object of limited availability, cannot be reproduced, and cannot be replaced by other goods.<sup>17</sup> Finally, efforts are also included

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<sup>4</sup> According to Tamás Prugberger’s classification, the Hungarian land transaction regulation belongs to the “comprehensively regulating bound systems,” characterised by the fact that it contains several restrictive provisions in relation to land traffic. See Prugberger 2015; Szilágyi 2017, 109.

<sup>5</sup> About the personal restriction of the Land Transaction Act see Anka 2021, 48–52.

<sup>6</sup> Csák, Hornyák 2013, 8.

<sup>7</sup> Olajos 2013, 121–135.

<sup>8</sup> Domestic natural persons and EU nationals, other than farmers, may acquire the ownership of land if the size of the land in their possession does not exceed one hectare together with the land proposed to be acquired.

<sup>9</sup> In principle, contracts for the transfer of ownership shall be approved by the agricultural administration body according to § 7 of the Land Transaction Act, unless otherwise provided for in it. See Anka 2021, 103–108.

<sup>10</sup> According to §16 of the Land Transaction Act, the land acquisition limit is 300 hectares, the land possession limit is 1,200 hectares, and the preferential land possession limit is 1,800 hectares.

<sup>11</sup> Csák, Hornyák 2013, 8.; Hornyák 2015, 91–93.

<sup>12</sup> On the regulation of cross-border land acquisition by legal persons see Szilágyi 2015, 91–93.

<sup>13</sup> Exceptions include: the Hungarian state, a listed church or its internal legal entity in certain cases, a mortgage loan company, or the local government of the municipality where the land is located in certain cases.

<sup>14</sup> On the evaluation of the provisions of the Land Transaction Act see Prugberger-Téglási 2018, 74–77.

<sup>15</sup> The justification of § 10 of Land Transaction Act.

<sup>16</sup> Olajos, Andréka 2017, 422.

<sup>17</sup> Constitutional Court Decision No. 35/1994. (VI.24.) [III.2.]

in the restrictions of maintaining the rural population,<sup>18</sup> improving the conditions for farming and agricultural services, supporting small- and medium-sized farms, encouraging viable and competitive agricultural production, and promoting sustainable land use.<sup>19</sup> Despite these objectives, the categorical *ius strictum* prohibitions are considered by the European Commission a restriction on the free movement of capital,<sup>20</sup> and therefore contrary to EU law.<sup>21;22</sup> The principle of the free movement of capital, as in the case of fundamental freedoms in general, may be restricted in accordance with the principles of necessity, proportionality, and non-discrimination,<sup>23</sup> among which the European Commission has specifically expressed concern that the prohibition on land acquisition by legal persons is not proportionate.<sup>24</sup> The Commission also considers that there are less restrictive provisions.<sup>25</sup> Furthermore, other restrictive provisions make it difficult for organisations to provide social farm services to acquire land.

In addition to restrictions on the acquisition of land, the acquisition of the right to land use<sup>26</sup> is restricted<sup>27</sup> under the Land Transaction Act. In principle, it can be acquired by farmers and agricultural producer organizations.<sup>28</sup> Although an agricultural producer organisation<sup>29</sup> may be a legal person or an unincorporated organisation, it is not excluded from the use of land. However, this kind of organisation must also meet certain

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<sup>18</sup> On the changing importance of the concept of rural population see Szilágyi 2018a, 485–502.

<sup>19</sup> See in the introductory objectives of Land Transaction Act.

<sup>20</sup> According to Ágoston Korom, the provisions of European Union law can be divided into negative and positive integration rules, depending on how they shape the scope of land use regulation for Member States. He classifies provisions restricting the free movement of capital as negative integration rules (alongside restrictions on the free movement of persons). See Korom 2013, 14.

<sup>21</sup> Under Article 38 (1) of the Treaty on the Functioning of the European Union (TFEU), EU law covers agriculture and trade in agricultural products, including trade in agricultural land, including within it the internal market.

<sup>22</sup> It is worth noting that, in addition to the relevant case law of the Court of Justice of the European Union (CJEU), several other EU institutions have published documents that can be interpreted as soft law documents in relation to national land acquisition rules. For more details on the case law of the CJEU and soft law documents see Csák, Kocsis & Raisz 2015, 38–40; Szilágyi 2018b, 69–90.

<sup>23</sup> Commission Interpretative Communication on the Acquisition of Farmland and European Union Law (2017/C 350/05) point 2 b).

<sup>24</sup> Land acquisition restriction can be considered proportionate if it serves the protection of a legitimate public interest, including the prevention of excessive land speculation, the preservation of farming communities or the maintenance and development of a viable agricultural economy. See the Commission Communication 2017/C 350/05, introductory part.

<sup>25</sup> Olajos, Andréka 2017, 423.

<sup>26</sup> About the provision of land use see Csák, Hornyák 2014a, 8–12.; Csák, Hornyák 2014b, 3–10.

<sup>27</sup> § 40–59 of Land Transaction Act.

<sup>28</sup> § 40 (1) of Land Transaction Act.

<sup>29</sup> The concept of agricultural producer organisation is determined by §5 point 19. of Land Transaction Act.

conditions.<sup>30</sup> In the case of the right to use farmsteads, the law is more permissive, as it can also be acquired by non-farmers and legal persons not qualified as agricultural producer organisations,<sup>31</sup> but in this case additional conditions shall be applied. Furthermore, other organisations may acquire land-use rights under special conditions. Another exception has existed since January 1, 2021, as primary agricultural producers can use the land without right of use under the Act of Family Farms.<sup>32</sup> A complicating factor for both the acquisition of ownership and the use of land is that the registration of farmers is conditional on proof of appropriate professional qualification or experience and a certain turnover, while in the case of land use by agricultural producer organisations, the registration also depends on a certain turnover.<sup>33</sup> However, these provisions of the Land Transaction Act are justified by transparency and controllability.<sup>34</sup>

### 3. The regulation of foreign countries

Comparing the Hungarian regulation with that of other EU Member States – namely, the regulation of the UK, the Netherlands, Austria, and Italy – we do not find restrictive provisions similar to those in Hungary. Legal persons may acquire land ownership and the right to use it *de iure*. These countries also have a restrictive mechanism<sup>35</sup> that, if not directly but indirectly, limits the acquisition and use of land by legal persons. In the following, I will compare the English, Dutch, Austrian, and Italian regulations with the Hungarian with a primary focus on land acquisition, since the main difficulty in Hungarian regulations is the prohibition prevailing in this area. On this basis, I will make *de lege ferenda* proposals for the reform of Hungarian regulations.

The United Kingdom has very permissive legislation, and there is no specific legislation for the acquisition of agricultural land<sup>36,37</sup> The real estate market (including the agricultural land market) operates according to the free market principle with no state

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<sup>30</sup> The conditions can be found in part in the definition of agricultural producer organisation (§ 5, point 19 of Land Transaction Act) and in §§ 41–43 of Land Transaction Act.

<sup>31</sup> § 40 (5) of Land Transaction Act

<sup>32</sup> Act CXXIII of 2020 on family farms (Act on family farms)

<sup>33</sup> § 5, 6 of Government Decree No. 38/2014 (II.24.) on the detailed rules for registration of farmers, agricultural producer organisations and agricultural holdings.

<sup>34</sup> Justification of § 41 of Land Transaction Act

<sup>35</sup> The European Commission has launched a comprehensive investigation into the land transaction regulations of the countries that joined the EU in 2004, including Hungary, and has also launched infringement proceedings against Hungary – the Commission accepted the justification for some restrictive provisions, but for example is still discussing the ban on land acquisition by legal persons. However, the Commission's investigation and proceedings have been challenged by a number of interested parties on the grounds that the Commission distinguishes between the legislation of the previous Member States and of the Member States that joined in 2004, where similar grounds are used to justify restrictions on land acquisition. See also Szilágyi 2015, 92–93; Korom, Bokor 2017.

<sup>36</sup> There is only one act on compulsory land acquisition: Acquisition of Land Act 1981

<sup>37</sup> The general, the Agricultural Act of 1947 provides for regulatory subject matters in the field of agriculture but does not include land acquisition or land use. See Agriculture Act 1947.

control or interference in the sale of land, including acquisition by legal persons.<sup>38</sup> The only limitation is that a person acquiring land above a certain value must pay tax.<sup>39;40</sup> This permissive land acquisition regime has led to land grabbing, which has not yet been legally regulated but could cause significant problems for the UK land market in the future.<sup>41</sup> Agricultural leasehold, however, is already regulated in the Act of 1986 on agricultural holding<sup>42</sup> (applies to leases concluded before September 1, 1995) and in the Act of 1995 on agricultural leasehold<sup>43</sup> (applies to leases concluded after September 1, 1995); however, these acts also do not contain strict provisions. These acts limit leases by neither legal persons nor foreigners (natural or personal). Neither act determines the maximum duration of leasehold.<sup>44</sup> Generally, leases concluded for more than 30 years are rare; typically, they have been concluded for less than 10 years.<sup>45</sup> Overall, in relation to legal persons, land acquisition and leaseholds are not limited.

Similar to English regulations, the Dutch land acquisition regime is also permissive. The general rules on the sale of immovable property are found in Book 7, Part 7.1, of the Dutch Civil Code.<sup>46</sup> The acquisition of land by foreigners or legal persons is not excluded, and is not subject to approval by the competent authority.<sup>47</sup> Agricultural leases are also governed by the Civil Code (Book 7, 7.5) of the Netherlands, which already provides for certain restrictions. Thus, a leasehold contract may only be concluded for a limited period of time, which is 12 years for an agricultural building on a farm and 6 years for unbuilt agricultural land.<sup>48</sup> Furthermore, the conclusion of a leasehold contract is subject to the approval of the authority (agricultural leasing authority), specifying the conditions that should be met before the contract is approved.<sup>49</sup>

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<sup>38</sup> CEDR Country Report: United Kingdom 2019, pp. 11.

<sup>39</sup> In England and Northern Ireland, for amounts over £150,000, the so-called “Stamp Duty Land Tax” (SDLT) shall be paid. In Scotland land and buildings tax shall be paid over £145,000, and in Wales land tax over £180,000.

<sup>40</sup> CEDR Country Report: United Kingdom 2019, pp. 11.

<sup>41</sup> CEDR Country Report: United Kingdom 2019, p. 12.

<sup>42</sup> Agricultural Holdings Act 1986. <https://www.legislation.gov.uk/ukpga/1986/5/contents> [24.11.2021.] An agricultural holding is defined by the act as all land (whether or not agricultural land) covered by a leasehold.

<sup>43</sup> Agricultural Tenancies Act 1995. <https://www.legislation.gov.uk/ukpga/1995/8/contents> [24.11.2021.]

<sup>44</sup> Article 5 of Agricultural Tenancies Act 1995 provides only that a leasehold agreement of more than two years duration continues as a tenancy until one party informs the other party in writing of its intention to terminate the tenancy.

<sup>45</sup> Edmunds et al. 2020.

<sup>46</sup> Dutch Civil Code, Book 7 = Burgerlijk Wetboek Boek 7. <https://wetten.overheid.nl/BWBR0005290/2021-07-01> [25.11.2021.]

<sup>47</sup> Holthuis, Burg 2020; In brief: agricultural land acquisition and use in Netherlands <https://www.lexology.com/library/detail.aspx?g=27e50c09-2043-4b90-87bd-bd17fc666836> [27.11.2021.]

<sup>48</sup> Dutch Civil Code 7:325 (1)

<sup>49</sup> Dutch Civil Code 7:318–319

The tenant is entitled to the pre-emption right.<sup>50</sup> However, these restrictions are not considered real restrictions against foreigners and legal persons, as there is no restriction on the identity of the tenant.

The situation is different in Austria, where regulations and restrictions on land acquisition are specific. Natural and legal persons within and without the EU (foreigners) may acquire land. However, it should be noted that the general aim of restricting the acquisition of land by foreigners is reflected in the objectives of land policy, as any specific threat of acquisition by foreigners should be taken into account to prevent the alienation of rural settlements, excessive increases in land prices due to capital-rich foreign demand, and the depletion of land reserves.<sup>51</sup> Austria regulates land acquisition by foreigners at the regional (so-called Bundesland) level,<sup>52</sup> distinguishing between the possibility of legal persons of Member States and non-EU legal persons to acquire land. While legal persons resident in the EU are typically treated in the same way as Austrian citizens or are subject to specific provisions by regional regulation, land acquisition by non-EU resident legal persons is always subject to specific rules. In general, the acquisition of land, including that of legal persons, is subject to the approval of the real estate authority, similar to the administrative procedures for the acquisition of land by natural persons in Hungarian legislation. Each regional land transaction act specifies the conditions under which the approval may be granted (general conditions that the agricultural labor force shall be preserved, the continued agricultural or forestry use of the land shall be maintained, and the economically efficient agricultural and forestry land ownership shall be preserved) but also allows exceptions (e.g., acquisition by a close relative, a certain size of land) to the mandatory approval, similar to the Hungarian provisions. There are no other restrictions on land acquisition in Austria: there is only a specific case of preemption rights in the case of land acquisition by non-self-employed farmers in the Oberösterreich region and by a non-farmer in Steiermark, Tirol, and Vorarlberg. Although Austrian regulation does not violate EU provisions, in my opinion, it does not fully correspond to proper, transparent land acquisition within limits. While land acquisition is regulated at the regional level, agricultural leasehold is regulated by federal legislation according to the Land Tenancy Act.<sup>53</sup> This act does not specifically provide for leasehold to legal persons, but it limits the duration of the lease to a fixed period of 15 years in the case of agricultural holding where the main activity is gardening, fruit growing, or viticulture; 10 years in the case of agricultural holding engaged in other

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<sup>50</sup> Dutch Civil Code 7:378–384

<sup>51</sup> Holzer 2012, 674–675.

<sup>52</sup> In Austria, there is no federal land transaction law; the regions (Bundesland) are responsible for the regulation, as stated by the Federal Constitutional Court (Österreichische Verfassungsgerichtshof) in its decision VfSlg 2658/1954. See Lienbacher 2018. With the exception of Vienna, all Bundesländer have issued their own land transaction acts.

The regulation of the movement of foreigners was transferred to the Bundesland in 1969; see Semper 2010, 608.

<sup>53</sup> Bundesgesetz vom 26. November 1969, mit dem Bestimmungen über landwirtschaftliche Pachtverträge getroffen werden (Landpachtgesetz) BGBl. Nr. 451/1969.

types of agricultural activity or land used mainly for gardening, fruit growing, or viticulture; and 5 years in all other cases.<sup>54</sup>

Legal persons may also acquire ownership of land in Italy, where, similar to the English model, legislation is considered to be more permissive. Specifically, there are legal person agricultural enterprises<sup>55</sup> according to the Civil Code of Italy, according to which the name of these enterprises shall include the term ‘agricolo’ (agricultural), and these enterprises may only carry out agricultural activities. The status of ‘professional farmer’ can even be granted for an agricultural enterprise if it has at least one professional farmer among its chief executive officers. To qualify for this status, at least 50% of the working time shall be devoted to agricultural activity and at least 50% of the income shall come from agriculture.<sup>56</sup> In principle, anyone may acquire land without restrictions and without the approval of the authority, with the exception of land of military importance.<sup>57</sup> In this case, the approval of the local authority is needed for acquisition by foreigners, with the exception of legal entities resident within the EU.<sup>58</sup> Agricultural enterprises are entitled to benefits, such as tax relief and exemption from general bankruptcy rules.<sup>59</sup> Preemption right prevails as a restriction and is granted to the person renting and farming the land for at least two years<sup>60</sup> and to a neighbor directly farming the land<sup>61</sup> (the holder of preemption right has 30 days to exercise this right). In addition, since 2004, agricultural holdings whose members are direct farmers have been entitled to the preemption right.<sup>62</sup> If the seller of the land fails to notify the person entitled to exercise the preemption right, he or she may apply to the court for the transfer of ownership to him or her within one year from the signing of the contract.<sup>63;64</sup> Regarding the Italian regulation, the provisions on preemption right clearly favor acquisition by domestic people, thus protecting agricultural land from foreign investors; however, land acquisition by legal persons is guaranteed, which may cause risk. Furthermore, under the Italian leasehold<sup>65</sup> regulation, no provisions restrict leasehold by legal persons or foreigners.

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<sup>54</sup> § 5 of Land Tenancy Act

<sup>55</sup> The concept of agricultural entrepreneur is defined in Article 2135 of the Italian Civil Code: Codice Civile Regio Decreto 16 marzo 1942, n. 262, Art. 2135.

<sup>56</sup> Albinini & Saija 2020.

<sup>57</sup> Decree-Law No 66 of 2010 on the Military Code Article 335: Decreto Legislativo 15 marzo 2010, n. 66 Codice dell’ordinamento militare.

<sup>58</sup> Albinini & Saija 2020.

<sup>59</sup> Albinini & Saija 2020.

<sup>60</sup> Preemption right (prelazione agraria) of the tenant is guaranteed by Article 8 of Law No 590 of 1965: Legge 590/65.

<sup>61</sup> Preemption right of the neighbor is guaranteed by Article 7 of Law No 817 of 1971: LEGGE 14 agosto 1971, n. 817.

<sup>62</sup> Preemption right of enterprises was established by Article 2 point 3 of Chapter 1 of Decree-Law No 99 of 2004: D.lgs. 29 marzo 2004, n. 99.

<sup>63</sup> Article 8 of the No 590 of 1965

<sup>64</sup> Albinini & Saija 2020; Raffelli & Lucchetti 2021.

<sup>65</sup> Among the provisions on lease, the Italian Civil Code makes specific provision for the leaseholding of agricultural land (Articles 1628–1646) and for leasing to direct producers (Articles



#### 4. Proposal for the possible Hungarian land acquisition regulation

According to the regulations of the four countries examined above, we see that some restrictions have been built into the provisions on land acquisition and use, but none of them can be considered a solution to address the anomalies related to land acquisition by legal persons. Therefore, although I agree with the Hungarian legislator's objective that gives and should give preference to specific values and interests – mentioned in the beginning –, I find it necessary to lift and limit the strict prohibition on land acquisition by legal persons and instead apply a proportionate restriction in line with the case law of the Court of Justice of the European Union (CJEU) – that it may not be replaced by measures that are less restrictive of the free movement of capital – by reforming the existing provisions.<sup>66</sup> As stated by the CJEU, such legitimate agricultural policy objectives should be formulated such that the protection mechanisms used to achieve them can be considered proportionate<sup>67</sup>, as they do not exceed the necessary degree of restriction on the free movement of capital and are not discriminatory.<sup>68</sup> Therefore, this solution would not exclude land acquisition by legal entities established primarily for farming purposes, such as social enterprises operating as social farms, which use the land for agricultural purposes, do not acquire land in order to accumulate as much land as possible, and perform farm activities mainly for self-sustainment. I consider that legal entities – primarily social enterprises providing social farm services – with a transparent ownership structure should be eligible to acquire land ownership or the right of land use, which may use the land exclusively for agricultural and/or secondary activities,<sup>69</sup> and in which at least one farmer is a natural person. The acquisition and use of land by these legal entities shall also be approved by the authority with the involvement of the local land commission after a thorough examination. Preemption right should also be applied in the case of land acquisition and land use by legal persons. Any change in the ownership structure shall be notified immediately by the legal person to the authority. I also consider it appropriate to impose a separate tax on the acquisition and use of land by legal personnel. In the case of land acquisition by foreign legal persons, it is also necessary to require that they have at least one Hungarian member and express specific interest in acquiring Hungarian land ownership or land use. For both domestic and foreign legal persons' land acquisition and land use, a uniform land acquisition limit and land possession limit should be allowed up to a maximum of 300 ha, justifying the discriminatory nature of this restriction by the need to avoid the concentration of possession by legal persons.

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1647–1654). Law No. 203/1982 on agricultural lease also contains concerning provisions: Legge 3 maggio 1982, n. 203 Norme sui contratti agrari.

<sup>66</sup> On the proposal for a regulation of cross-border acquisition by legal persons see Szilágyi 2015, 94–95; Csák & Szilágyi 2013, 220–222.

<sup>67</sup> The Commission summarises which instruments are considered proportionate and acceptable by the European Union in its Communication 2017/C 350/05 point 4.

<sup>68</sup> Commission Communication 2017/C 350/05 point 5.

<sup>69</sup> This is the view of Prugberger & Téglási 2018, 75.

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