The Law on Real Estate and Property in Bangladesh

What is Real Estate or Property Laws in Bangladesh

The simple legal definition of real estate is land and anything on it, such as buildings or natural resources. Hence, it is clear that Real Estate is not the personal assets (e.g. furniture, fixtures etc.). Real Estate can be either residential or commercial in nature. In Bangladesh, a more and more property development has been taking place and the country is witnessing a great deal of more investment flow from overseas. It is acting as one of the main drivers of the country’s economic growth and largest employment sector. However, it is said that, where there is interest, there is dispute. The sector is no exception this. With the increase of transactions relating to Real Estate, disputes are also arising out of complex financing deals. This in turn, turn up the necessity of having qualified real estate lawyers for the transactions. A qualified real estate lawyer plays a crucial role for the protection of interest of his client in a Real Estate contract.

There are variety of legal issues with regards to both commercial and residential real estate. The Real Estate Development and Management Act 2010 is the governing law of Real Estate in Bangladesh. It regulates the buying, selling, and transferring of Real Estate in Bangladesh.

**The governing Acts and regulations of real estate in Bangladesh**

1. The Constitution of Bangladesh;
2. The Contract Act, 1872;
3. The Real Estate Development and Management Act, 2010;
4. The Real Estate Development and Management Regulation, 2011;
5. Specific Relief Act, 1877;
6. Arbitration Act, 2001;
7. Transfer of Property Act, 1882;
8. the Registration Act, 1908;

**The Real Estate Development and Management Act 2010**

Section 5 of the Act states about the registration of Real Estate Developers and their responsibilities. Registration of Real Estate Developers requires the following documents:

1. Trade License
2. Tax Identification Number (TIN)
3. VAT Registration Number
4. Expert details in the company
5. Memorandum of Association, Article of Association and Certificate of Incorporation
6. REHAB Membership Registration Copy

It is important to note that, if any development work is carried out without having the registration (as required under section 5), then it shall amount to an offence and the punishment of this offence is imprisonment not exceeding 2 (two) years or fine up to 10 lac taka or both (section 19 of the Act). Notably, the same punishment is set out in the Act (section 20) for any Developer who starts any project of Real Estate without the registration.

Section 8 regulates the registration of buying and selling of Real Estate. It is the rule that, no Real State Developer can change any specific plot or flat in the absence of the permission from the purchaser (Section 8 (2)). Moreover, Developers are prohibited from taking additional money beyond what was agreed (Section 8 (3)).

On the other hand, section 9 deals with the transfer of Real Estate. This section provides that, after the receipt of the purchase amount of the Real State, the owner must, not exceeding three months, shall handover the possession to the purchaser, shall execute the deed and complete the registration. In addition to that, if the Real Estate makes any difference with respect to size or volume during the transfer, then it must be fix with in three months of the transfer.

It is important to note that, all Developers must not enter into any agreement with purchaser for the sale of the Real Estate before getting approval on the project from the relevant government authority. Such a duty is set out in section 6 (3) of the Act.

Moreover, every developer must carry out construction according the approved design. For any violation of this rule, the punishment shall be a maximum of 3 (three) years imprisonment or fine not exceeding 20 lac taka or both.

It is suggested that, it is better to appoint qualified real estate lawyers at the planning stage so that he/they can understand the particular need or aim of the client and provide service accordingly.