

# Investing in the Real Estate Sector Turkey

## Guide on Investing in Real Estate in Turkey

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KILIÇ & Partners provide legal support for local and foreign investors for real estate within Turkey.

Our team of experts are ready to work with you, as your legal business partner for transactions in the real estate sector at every stage, from the acquisition of land and facilities to the construction, operation, sale, etc., which will achieve your goals within this sector.

The basic legal framework in respect of immovable property are:

- Law № 2644 "On Land Registry", as amended by Law number 6302 (which entered into force on 18 May 2012),
- Decree on the acquisition of property and of limited property rights by companies and corporations
- Law №6326 "On Oil"
- Law № 2634 "On Promotion of tourism "
- Law № 4737 "On industrial zones."

### Support of transactions on purchase and sale of real estate by foreign legal entities

Law No 2644 On Land Registry regulates issues on purchase of real estate by foreign legal persons registered in Turkey (Article 35)

- a) Foreign commercial companies can acquire property and limited rem/property rights under special laws: Law №6326 On Oil, Law 2634 On promotion of tourism and Law 4737 On industrial zones.
- b) There is no mortgage restrictions in relation to the these companies;
- c) Other foreign Corporations, such as foundations/funds or associations, cannot buy real estate and limited rem right.

### Legal support of transaction on purchase and sale of property by enterprises with foreign capital

Companies with foreign capital, in which:

- a) Foreign investors possess, individually or collectively, 50% or more shares of the said company,
- b) Foreign investors, although do not own shares in the said company, but have the right to appoint or fire managers of these companies (with the condition that the company has the status of a legal entity in Turkey)

have the right to purchase and dispose property in Turkey in line with Article 36 of Law 2644 and the Decree on the acquisition of property and limited property rights by companies and corporations in context of Article 36 of Law 2644 (16.08. 2012).

## Phased legal support during the procedure of acquisition of real estate

### I. Issuance of the notarized Power of attorney

The buyer of Property has the ability to instruct our legal expert with conducting negotiation, implementation on its behalf of official procedures in the State Registration Chamber, as well as payment of subscriber bills for telephone services, electricity and water supply in relation to the real estate, as a legally authorized representative of the buyer, according to the notarized Power of attorney, prepared in the consular offices of Turkey in the CIS countries. A template of the Power of attorney in Russian and Turkish is attached.

### II. Negotiating with the owner of the property (or his / her authorized representative) in order to agree on time and control of the provisional application filing to the Land Registry of Turkey together with the supply the mandatory documentation and compliance with the necessary requirements:

- a) The title page confirming ownership of the property, or information about the village / area, block, building site.
  - b) Identity document or passport (with a certified translation).
  - c) "The document on the value of the property", which is granted by the relevant municipality.
  - d) Compulsory insurance against earthquakes - for the acquisition of buildings, houses, offices and so on.
  - e) 1 photo of the seller, 2 photos of the buyer.
- In case one of the parties does not speak Turkish, a certified translator and 2 witnesses should be invited.
  - If the Power of attorney is issued abroad, the original or a certified copy of the power of attorney with an official translation and apostil is required.
  - Apostil is not required when you issue a power of attorney as per template attached in the consular offices of Turkey in the CIS countries.

### III. Legal Expertise of Real Estate

Analysis of the real estate object on the issue of absence of any encumbrances when transferring the ownership of the property to the buyer, including:

- a) Pledge
- b) Mortgage,
- c) The property being under arrest,
- d) rights of third parties – prior to the conclusion of the Contract, the property is neither sold to anybody, nor donated, nor rent/leased/, not under any other obligations.

### IV. Cases when the application is declined by the Land Registry

In this case, we support in appealing to the relevant regional Land management office; and in the vent of a dispute, the matter may be referred to the Turkish court.

### V. Signing of the Sale and Purchase Agreement in the presence of a notary

This agreement is between the buyer and the seller of the property.

Our legal experts draft this Agreement in line with the requirements of the legislation on the protection of consumers' rights and in accordance with the European standards. The contract is made in two languages: the native language for the buyer / seller and the Turkish language.

## VI. Registration of the Sale and Purchase Agreement with the Land Registry of Turkey

## VII. Making request to the Turkish military authorities

Requests for permission to acquire all types of real estate in Turkey by foreign nationals in order to ensure that the property is not in the restricted area.

## VIII. Obtaining of individual tax number (VD Numarası) at the local Tax Office

Availability of INN is a prerequisite for registration of the property, opening a bank account, as well as at the conclusion of the contract for provision of telephone services, etc.

## IX. On opening of a foreign currency account in the local Turkish bank

Bank account in the name of the buyer can be opened at any local bank, which simplifies the process of transferring money to pay for the cost of the acquired property. In addition, it is possible to pay bills for electricity, water and phone, by instructing the same bank automatically to make these payments using an open bank account.

## X. Assistance in paying the required fees and expenses on behalf of the Client:

- Payment of tax in the amount of 2 to 3% of the transaction (purchase price / sales). \*
- \* The price cannot be less than that specified in the instrument of the property value, issued by the relevant municipality.
- Services of the officially accredited translator: in connection with the formal procedures in the State Registration Chamber and the notary's office - from \$ 150.
- Notarization of power of attorney: approx. \$ 200
- A residence permit: for 1 year - \$ 1000 (if necessary)

## XI. The transfer of ownership rights

After obtaining the necessary permits from the government agencies, the transfer of ownership of the property from the seller to the buyer is carried out at the Department of State Registration Chamber, in the presence of an officially accredited translator. This procedure can also be carried out by our representative or representatives authorized by the seller or the buyer or both sides, subject to availability and notarized power of attorney.

## XII. The transfer of the property to a new owner

Procedure for transfer of real estate is fixed in the act transfer of real estate, signed by the buyer and the seller.

In case detecting the deficiencies or defects during the transfer of the property, we will officially note this fact in the presence of the owner or without him, and will carry out the follow-up control that the seller corrects the deficiencies and leaves the property in proper condition.

### XIII. ADDITIONAL CHARGES

- **Energy supply**  
For newly constructed property, the subscriber cost is about \$ 150 and the advance payment for the consumption of electricity is approx. \$ 170.
- **Water supply**  
For newly constructed object the advance payment on water consumption is approx. \$ 90.
- **Telephony \***  
The initial payment of EUR 4  
\* Services landline are available only to persons who have a residence permit.
- **Property tax**  
Payment is made in local administration twice a year - in May and November, in equal parts.  
The tax charged constitutes:
  - For ordinary real estate - 0.2% of the sale price specified in the certificate of ownership of the object;
  - For commercial real estate - 0.4% of the sale price specified in the certificate of ownership of the object;
  - For non-planned developments/constructions on land - 0.2% of the sale price specified in the certificate of ownership of the object;
  - For built-up land - 0.6% of the sale price specified in the certificate of ownership of the object.
- **Tax for cleaning the surrounding area:**  
Paid once a year approx. \$ 75 \*  
\* may change in accordance with the Local Government Ordinance
- **Monthly payments (Aidat):**  
For security, cleaning inside the building, taking care of surrounding territories, pool cleaning, service elevator and electric and so on. To be paid once a month in the amount of approx. \$ 100 - \$ 500 \*.  
\* may change depending on the type of building and the amount of use the services listed

### XIV. Sale of real estate and / or inheritance

The acquired property at any desired time can be sold and the funds received from its sale can be easily transferred abroad.

Provided that the property is sold no earlier than 4 years after the date of acquisition, the income tax on the amount received from the sale will not be charged. If the property is sold before that time, the difference between the purchase price specified in the certificate to the property, and the sale price will subject to a tax of 15 - 35%.

Issues of redistribution of property rights arising from the death of the owner of the property shall be solved in accordance with the Will at the State Department of Land Registry of Turkey in the presence of an officially accredited translator.