



ISSUES IN OWNERSHIP OF REAL ESTATE

TURKEY Pekin & Pekin

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1. Is perpetual fee simple ownership of real property permitted? If not, what are the principal forms of ownership, or other principal form of ownership, of real property?

Yes. Perpetual fee simple ownership of real property is permitted. Furthermore ownership of usufruct right is also permitted.

2. What instruments are used to convey fee simple ownership, or other principal form of ownership, of real estate?

Under Turkish Law ownership of real property may only be transferred with a sale and purchase agreement to be executed at the Relevant Title Deed Registry Directorate. All other transfer instruments in relation to a real property ownership are null and void including the transfer of the respective title deed certificate.

3. How in this jurisdiction is the ownership of real property recorded or searched? Who generally performs the search?

Ownership of real property is recorded at the relevant title deed registries. Title deed registry records are open to public and may be reviewed by all related parties. Generally an attorney or real estate experts conduct such search, as encumbrances and other liabilities attached on the property may also be reviewed from such records.

4. What assurances of ownership are available to purchasers of real property (e.g., title insurance or title opinions)? What is the cost of obtaining such assurances?

As title deed registry records are final and all bona fide purchasers relying on such records are protected by Turkish Laws, purchasing real property in Turkey is a pretty safe transaction. Title insurance is not being offered by Turkish insurance companies yet however we have heard or respective feasibility works are carried out.

5. What are the most common forms of investment vehicles? What are the most common entities employed to own investment real estate in a tax efficient manner?

Generally a Limited Company (*limited şirket*) or Joint Stock Company (*anonim şirket*) are used as an investment vehicle as both are limited liability companies.

6. Has this jurisdiction adopted, or is it considering, legislation permitting the creation of real estate investment trusts or similar entities?

Trust concept is not recognized by Turkish Law; however Real Estate Investment Companies are regulated and active in Turkey.

7. What state or local transfer, stamp or similar taxes are levied generally on sellers or buyers upon the direct transfer of real estate?

3% title deed duty to be calculated over the sale price (1,5% to be collected from the Seller and 1,5% to be collected from the purchaser) and a fixed circulating capital duty (around USD 200) are levied on direct transfer of real property. If the seller is a legal entity, then 18% of VAT may be levied subject to certain circumstances.

8. What state or local transfer, stamp or similar taxes are levied generally on sellers or buyers upon the transfer of interests in entities which own real estate?

Taxes in relation to transfer of interest in entities may vary regarding the citizenship of the owner, what interests are transferred and when etc., however there are no special regulation for the entities which own real property..

9. How significant is local regulation and taxation of real estate? How significant is the variation of real estate law among political subdivisions of this jurisdiction?

Real estate tax rate varies for residence, work place and land, however the average annual rate is around 1 to 6 per mill of the property value.

10. Must ultimate beneficial owners of entities which own real estate be disclosed as a matter of public record?

There is no such procedure. Only the owner of the real estate is disclosed in the Land Registry Records. However the names of the shareholders of the owner legal entity may be investigated from the respective Trade Registry records.