

GUIDE FOR PURCHASE OF PROPERTY IN TURKEY BY FOREIGNERS

- In accordance with Article 35 of Turkish Land Law N° 2644, persons with foreign nationality allowed purchase a property in Turkey in the frame of relevant legal limitations.
- Total area of all properties in Turkey under the ownership of a foreigner could not exceed 30 hectares. This point is always being examined by relevant Directorates of Land Registry and Cadaster during each application of a foreigner for obtaining of a property right on a real estate. Moreover, foreigners are required to issue an undertaking deed committing that he/she will obey a legal restriction.
- Only 10% of a total area of a district could be acquired by foreigners.
- According to Law on Military Forbidden and Security Zones N° 2565 foreigners are not allowed to acquire a property situated in these territories. However, since the mentioned zones are not registered in immovable registry, Directorate of Land Registry and Cadaster does not have any information on block and parcel numbers of such territories.
- In this regard during the application of foreigner for acquisition of property relevant Directorate of Land Registry and Cadaster requests information from the relevant Commandership in order to confirm whether the territory within the Military Forbidden and Security Zones. Commandership gives the requested information basing on evaluations of a destination between the property and a military zones/building. Criteria regarding the distance are determined by each Commandership considering features of relevant military zones. Since the evaluation is being made on the basis of parcel, if the confirmation of the Commandership for the parcel was given after 05/05/2011 a new request for confirmation is not requested.
- By decisions of Counsel of Ministers some territories could be accepted as a special security zones because of their strategic importance and acquisition of property in these zones by foreigners is forbidden. As an example of such a zone could be accepted airports, territories around specific public organizations etc. However according to the amendment to the Regulation on Application of Law No 2565, permission on purchase, rent and transfer of property situated within Security Zones by foreign incumbent persons is might be given by the local governorship.
- Military Restricted Zones and Security Zones law
Pursuant to Article 28 - The President may decide that foreigners, who are determined to be close to military forbidden zones or for other reasons, cannot acquire property and rent them without permission.
- Also by decisions of Counsel of Ministers could bring a prohibition on purchasing of property by foreigners in specific provinces, districts and neighborhoods because of public interest and national security.

- In this regard it must be said that the Council of Ministers are authorized to bring/remove restrictions, partially/fully prohibitions regarding a geographical area, term, quantity, proportion, type, qualification, area and amount of property and nationality or person of possible proprietor.
- Purchase of property in archeological areas is Subject to a permission of Provincial Directorate of Ministry of Culture and Tourism or Ministry of Environment and Urbanization, which had characterized the area as archeological.
- Purchase of property in islands is Subject to permission of Ministry of Internal Affairs.
- In case of purchase of unconstructed property (lands without any buildings), construction plan ruled to be presented for approval of General Directorate of Land Registry and Cadaster within 2 years from the date of property's acquisition by a foreigner. The plan is not limited only by construction of premises, it also might be plan on realization of agricultural project, tourism project and another projects related to the commercial activities.
- If the project had not been presented to relevant authority or had not been realized in committed terms, a foreigner should inform the Directorate and liquidate (sell) the property within 1 year, otherwise the property should be liquidated by Ministry of Finance ex officio and the obtained fee should be paid to proprietor.



GUIDE FOR PURCHASE OF PROPERTY IN TURKEY BY COMPANIES

- Companies may be defined as:
 - ✓ DOMESTIC COMPANIES: Established as per Turkish Law and registered to Turkish Trade Registry
 - ✓ FOREIGN COMPANIES: Established in foreign companies and established as per their own legislation.
- Domestic companies may also be divided into two as:
 - ✓ Domestic Companies with Domestic Capital
 - ✓ Domestic Companies with Foreign Capital
- Foreign Direct Investment is also defined as; (i) establishing a new company or branch; (ii) being a shareholder to an existing company via purchase of share outside of securities exchanges or at least 10% share from securities exchanges or right of vote at same percentage.
- If the property acquired by foreign companies are categorized, it may be classified as;
 - ✓ Industrial or commercial enterprises.
 - ✓ Purchasing immovables and real estate.
 - ✓ Acquiring restricted real rights on energy, tourism, mining, port and shipyard sectors.

DOMESTIC COMPANIES WITH FOREIGN CAPITAL

- These are the companies that established by foreign investors in Republic of Turkey or foreign investors act as shareholders of a Turkish legal entity.
- Foreign investor may be defined as;
 - ✓ Real persons having foreign nationality
 - ✓ Turkish citizens residing abroad/ foreign legal entities established as per their own legislation/international organizations
- Domestic companies with foreign investments are allowed to purchase property in Turkey with the same principles applied to Turkish citizens as per Article 3/d of Foreign Direct Investment Law No 4875 and dated 05/06/2003.

“Foreign investors have a legal entity in which they are established or participated in Turkey, which is open to the acquisition of property real property or real rights of Turkish citizens are free to obtain. It should be added instead.”
- As per Article 36 of Land Law No 2644, domestic companies with

foreign investment (*more than 50% share within the domestic company or having competence of appointing board of directors of the domestic company is sought*) may purchase property or may acquire restricted real rights in Turkey with the condition that such activities are made to sustain aim and scope of the domestic company.

The companies that are not within the scope of the Law No. 2644 are specifically labeled as “*As per Article 36 of the Law No. 2644, this domestic company with foreign investment is not within the scope of the referred Law*”.

- However, if the property is within prohibited military territory, security zone or strategic zone, permission of the Presidency of General Staff or the commands authorized by the Presidency of General Staff; If the property is in private security zone, permission of the governorship is required.



THE POINTS THAT MUST BE OBSERVED BY CITIZENS AND COMPANIES WHILE PURCHASING PROPERTY IN TURKEY

- The legal restraints for a foreigner to purchase the property should be asked via assistance of an attorney. Due to numerous amendments in law and application under Turkish legislation, there might be new restraints that cannot be foreseen.
- The value the property must be compared with the value of other properties having same specialties. □
- Before signing any contract, it must be certainly double-checked from the land registry, if there are any special clauses on the registry of the property such as a pledge or any other restraint.
- The update information, e.g. occupational zone/industrial zone, on the immovable must be learned from the land registry.
- Criminal record of the seller should be checked to prevent any fraud case.
- The purchaser is better to know that, in case of a dispute, Turkish Courts and Execution Offices have the jurisdiction to solve the problem since the property is in borders of the Republic of Turkey. It should be learned from Municipality that whether the property has occupancy permit or not.
- If there is currently a lessee using the property, the current status of the leasing contract must be examined.
- Following purchase of the property, in order not to be liable from the previous debts such as water, electricity, a written document must be taken from the seller which shows there is no outstanding debt.
- It should be noted that persons with foreign nationality can buy maximum 30 hectares of property in Turkey in total and can acquire restricted real rights.
- Seller and buyer have to pay the title deed fee, calculated according to the selling price which cannot be less than the “*Property Statement Value*” to be issued by the relevant municipality.
- The information contained herein is for informational purposes only and does not constitute any legal or financial advice. While every effort is made to provide accurate and up-to-date information, changes in legislation, practice and / or jurisprudence, difference of interpretation, etc. For these reasons, it is not guaranteed that the information contained herein is binding and accurate. Therefore, you should get professional support before using the information on this site.
- For your benefit, I submit the 35th and 36th articles of the Land Registry Law numbered 2644 for your information.
- According to Article 35 of the land registry law numbered 2466:

“Article 35 - (Reorganization: 29/12 / 2005-5444 / 1 art.; Amendment: 3/5 / 2012-6302 / 1 md.)

Those who are citizens of the countries designated by the President of the Republic in terms of international bilateral relations and when required by the interests of the country, provided that the legal restrictions are observed.

Foreign real persons can acquire real estate and limited real rights in Turkey.

Foreign Independent and permanent limited in-kind real estate properties acquired by natural persons.

The total area of the rights, ten percent of the area of privately owned district and per capita country, it cannot exceed thirty hectares in general. The amount that can be acquired nationwide per capita of the President it is authorized to increase it up to twice.

Business with legal personality established in foreign countries according to the laws of their own countries companies can only acquire real estate and limited real rights in accordance with the provisions of special law. It Those other than commercial companies cannot acquire real estate and limited real rights cannot be established in favor of them. It in this article, in the establishment of immovable property in favor of commercial companies and foreign real persons, field restrictions do not apply. When the interests of the country are required, the President of the Republic can contact foreign real persons. The acquisition of

immovable and limited real rights of commercial companies with legal personality established in foreign countries according to the laws of their own countries; country, person, geographic region, duration, number, ratio, type, quality, determine by area and quantity, limit, stop partially or completely or may prohibit.

Foreign national real persons and in foreign countries according to the laws of their own countries Commercial companies with legal personality have to submit the project to be developed on the unbuilt real estate they have purchased to the relevant Ministry within two years. To be registered in the declarations section of the project title register, which is approved by the relevant Ministry by determining the start and completion time it is sent to the land registry office where the real estate is located. Whether the approved project is carried out in time or not is monitored by the relevant Ministry.

The map and coordinate values of military forbidden zones, military security zones and strategic zones are within one year at the latest from the effective date of this Law, and the map and coordinate values of the amendment decisions for these places within one month from the date of the changes.

Map of special security zones and amendment decisions by the Ministry of National Defense and coordinate values are determined by the Ministry of Interior within the same period of time by the General Directorate of Land Registry and

Cadastre given to the Ministry to which it is affiliated. One year after the effective date of this Law, this paragraph According to the documents and information sent in accordance with the title deed transactions are carried out.

The relevant information obtained in contradiction with the provisions of this article and used contrary to the purpose of the acquisition.

Determined by the Ministry and administrations, not applied to the relevant Ministry in time or

those whose projects are not implemented and the limitations within the scope of the first paragraph of this article Immovables acquired through inheritance and limited real rights will be given by the Ministry of Finance.

If it is not liquidated by the owner within a period not exceeding one year, it will be liquidated and the price

converted and paid to the rightful owner.

- According to Article 36 of the land registry law numbered 2466:

Article 36 - (Rearrangement: 3/7 / 2008-5782 / 2 art.; Amendment: 3/5 / 2012-6302 / 2 md.) Except for persons within the scope of Article 28 of the Turkish Citizenship Law No.5901 dated 29/5/2009, foreign nationals are subject to the laws of foreign countries. to appoint or dismiss the majority of persons who have fifty percent or more of the shares of legal entities and international organizations established according to The

authority they have to get companies with legal entities established in Turkey may acquire real estate or limited real rights to carry out the activities specified in the articles of incorporation and use.

In case of companies established in Turkey in the first paragraph to another company that partners directly or indirectly, foreign investors owned companies in a joint shareholding if the rate is fifty percent or more; foreign investors, real estate owners Fifty percent or more of the shares of companies with capital, directly or indirectly. Partnership of foreign investors in companies with foreign capital to acquire and own real estate The same principles are also valid if the ratio reaches fifty percent or more as a result of the share transfer. valid. Law No. 2565 on Military Forbidden Zones and Security Zones, dated 18/12/1981 Without prejudice to the provisions of these companies, military forbidden zones, military security zones and The acquisition of immovable property in the regions determined within the framework of article 28 of the same Law is determined by the General Staff or the commands it will authorize; Acquisition of immovable property in private security zones is subject to the permission of the governorship where the immovable is located. It in the evaluations to be made within the scope of the paragraph, the compliance of the acquisition with the national security is taken as basis. Companies with foreign capital, which are not covered by the above paragraphs, may acquire real estate ownership and limited real

rights within the framework of the provisions applicable to domestic capital companies, and they can use.

relevant institutions and organizations.

Property within the scope of liquidation of the immovable pledge in the mortgage facility real estate ownership and limited liability arising from acquisitions, mergers and divisions Organized industrial zones, industrial zones, technology development zones and In case of real property ownership and limited real rights acquisitions in special investment zones such as free zones and on the condition that the obligation to dispose of them in a certain period according to the relevant legislation continues. of banks that are deemed as loans within the framework of the Banking Law No. 5411 dated 19/10/2005 The provisions of this article do not apply to immovables acquired due to transactions or to collect their receivables. The use of immovables acquired within the scope of this article is monitored periodically by governorships within the framework of the title deed records. Immovables determined to be acquired or used contrary to the provisions of this article and limited real rights, unless they are liquidated by the owner within the period to be given by the Ministry of Finance, they are liquidated and converted into value and the cost is paid to the right owner. The procedures and principles regarding the implementation of this article are regulated by a regulation issued by the Ministry of Economy after receiving the opinions of the