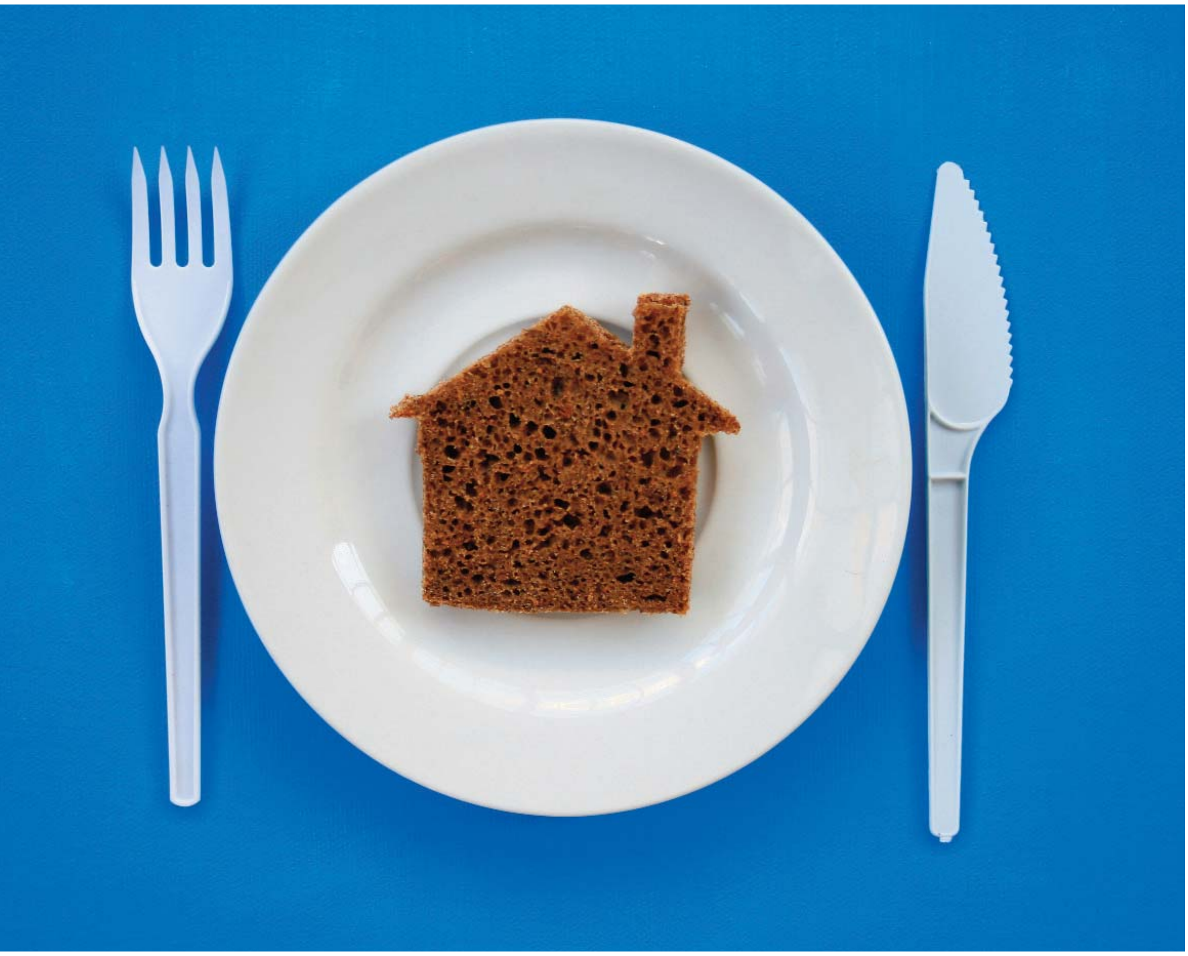
From reluctance to appetite
Real estate investment in Turkey



Construction and Real Estate Industry
February 2009

Index

1. Introduction

Cem Sezgin

Partner
Construction and Real Estate Industry Leader

With the recent stagnation in the global economic climate; Real Estate is by nature among the industries under attention. To make accurate predictions for the future; it is important to have a look at the industry's past and current performance. As we have all witnessed; the years 2002 – 2007 was a "golden era" for the Turkish Real Estate Industry. The appetite for investment fuelled by growing foreign and domestic demand had reshaped the industry; where vast housing as well as industrial real estate projects; prestigious office investments and world-class shopping center developments all blossomed. During this period; Turkey had undergone a series of legal reforms with the intention to have a competitive ground for bringing in foreign capital; to build a structure which is sustainable and easy to mitigate and above all; to make real estate an attractive field for local investors and traders. Mortgage, sale of property to foreigners and building permit laws are among the examples for such changes. Meanwhile; banks had been in fierce competition to gain a bigger share of a growing housing loan market.

During this extraordinary period; perhaps the most radical change of all was experienced in the society's perception of the term "real estate" as a means of investment. For example; "to purchase an immovable" was traditionally seen as a long term; low risk investment by the nation. However; initiated with the boom in 2002; housing transformed into an investment alternative which is much more liquid; easier to buy and sell and more volatile in terms of prices.

As a consequence; people who can afford or get bank loans start buying a second, even a third house. This was partly due to interest rates losing their attractiveness; the low and steady pattern of f/x rates and despite its growth momentum; the vulnerability to the risks inherent in an emerging market's stock exchange. A better alternative did not really exist. The investments started to pour into regions considered as "strategic" and having "potential". All demand forces led way to an inevitable boom in land and housing: Population growth, migration, earthquake risk, the need to renovate old buildings, changing life styles and new trends... What people called "urbanization" or "transformation to urban societies" was in fact nothing different than this housing boom. A similar situation was true for the corporate world. Both the number of the companies and the volume of business was rapidly increasing. The supply of office building space responded in a parallel fashion. Many firms identified this green field and started developing projects. In metropols and large cities; the trend was to move to high skyscrapers and large plazas. Meanwhile; the logistics had emerged as a driving force in the industrial real estate world. As production, sales and exports steadily rose; this triggered the real estate investments in warehousing, storage and distribution. Not only large scale firms; but business of all scales in the value chain took their parts in this transition. Industries such as tourism and healthcare also contributed to the growth in real estate business with a lot of new investments. And above all; the fast-spreading giant shopping malls was not be forgotten. During the reign of star-performing retailers and a society with shopping habits transformed into consumerism; the shopping center investments were at their peak.

As urban population and purchasing power both grew; the economic and demographic changes resulted the geographical coverage of malls and outlets to extend beyond the three large metropols – Istanbul, Ankara and Izmir; expanding to many different cities in Anatolia. Among the investors; there were many major global players. As the housing and shopping mall projects are closely related; being parts of an eco-system; the investments proceeded almost hand in hand. As a consequence of all these changes; the demand increased considerably for advisory and intermediary services related to investment management; feasibility services; real estate brokerage; portfolio management; construction; valuation and actuarial services; independent audit; real estate development; tax and legal consulting; design and architect offices and management consulting work. The value chain experienced a tremendous growth. For Turkish nationals and foreigners; for public and private industries; for corporations and individuals; the temptation of the Turkish real estate market was the same.

Today; we are breathing in a different climate. In fact; the signals were received long ago. The global surveys had already revealed the declining trend in returns from real estate investments back in 2007 and 2008 has been a year we all just happened to witness. The sub-prime crisis and the waves of credit crunch make the expectations to be gloomy for 2009 as well. After all, project financing is possible only under favorable credit conditions. Surprisingly; until recently; the common belief was that; the demand for housing and house prices was to increase considerably in 2008. The interest rates were expected to fall and no doubt, the mortgage magnet would attract thousands of new investors. There was indeed some upward movement in the prices and more increases could follow; but maybe it is time to pick-up some old habits such as evaluating such increases in foreign currency (USD – EUR) terms. This will prove us one thing: What is really happening is in fact nothing but a reflex towards defending against the losses in value in USD terms. By nature; it is not possible to treat real estate isolated from other industries. During times of economic recession and turmoil; real estate industry responds very fast; gets really affected and it takes some time for it to turn back to its heydays.

Still, we do not come across projects that have been cancelled: but there are many projects postponed; that are off-the-shelf, at least for some time. Large or small; all investors are in the “wait and see” mood. The Turkish municipality elections due in early 2009 also support the existing climate of uncertainty. A sharp decline in retail business; a slowing trend in tourism investments is expected. It is very rational to estimate that 2009 will be a rather unexciting year for the real estate investment funds. Therefore; those planning to go public may defer such aspirations and wait for a better timing. For industrial and logistics real estate investments; there is still room for improvement. There is still excess demand and we expect the foreign investors to look into opportunities in this area. Particularly in industrialized and rapidly industrializing regions in Turkey; the change will be obvious despite the shrinking business volumes in the short term. The foreign investors are focused in Turkey’s long term potential rather than short term gains or losses. The land prices; tax laws and incentives will have a direct effect on these investments. The year 2009 may look unfavorable due to economic crisis; the shopping malls closing down; housing projects postponed; declining trading volume in real estate; but for those investors with no liquidity and cash problems; a time where there is a lot of pressure on prices could also offer opportunities in the medium and long run. There are many hotel and shopping mall investments underway especially in Anatolia. Some of these will open in 2009 and 2010. Moreover; the general decline in housing demand will not affect necessarily all types of housing projects. In 2010; the cards will be reshuffled. The reluctant mood of investors will be replaced by appetite for new projects. The recovery in global economic outlook and Turkish economy; new laws and regulations promoting investment; insufficient house supply, increasing population; continuing urbanization; restoration of consumer confidence; need for more shopping malls as well as office space and industrial real estate in many large and developed cities of Turkey; all make us believe that we can expect an upturn in 2010 and even a better year in 2011.

Sincerely yours

2. Real estate acquisition in Turkey by foreigners under Turkish law

The Law regarding the Amendment of the Title Deed Law numbered 5782 ("Law No.5782"), has been published in the Official Gazette and entered into force as of July 15, 2008. Before the Law No:5782, the Title Deed Law No.2644 ("Law") and the Law on Direct Foreign Investment ("LDFI") were used to be two separate legislations regulating the acquisition of real estate and rights in rem by foreigners in Turkey. By the announcement of the Law No. 5782, the Law has become the sole law regulating i.) Real estate acquisitions by foreign real persons and foreign companies incorporated abroad, ii.) Real estate acquisitions in Turkey by the companies which are incorporated or participated by foreign investors.

2.1. Real estate acquisition in Turkey by foreign real persons

According to the article 35 of the Law, foreign real persons can acquire real estate within the boundaries of the Republic of Turkey with the reservation of being reciprocal and complying with legal restrictions. The Law No.5782 also regulates that foreign real persons are entitled to acquire real estate and rights in rem up to 10 percent of the total parcels of the area which is within the boundaries of the application plan for zoning and local zone plan in central district or districts terms.

2.2. Real estate acquisition in Turkey by foreign legal entities

Pursuant to the article 35 of the Law, foreign legal entities incorporated abroad can only acquire real estate in accordance with the Petroleum Law, the Tourism Law or the Industry Zones Law. However, in the article 35 of the Law, hypothecs to be established in favour of foreign real persons or legal entities are exempted from the restrictions set forth under the same article.

2.3. Real estate acquisition in Turkey by the companies which are incorporated or participated in Turkey by foreign investors

2.3.1. The article 36 of the title deed law

The Law No. 5782 has enacted a new provision under the Law, which regulates the acquisition of real estate or limited rights in rem by the companies which are incorporated or participated in Turkey by foreign investors. According to the article 36 of the Law, the companies incorporated or participated in Turkey by foreign investors are entitled to acquire real estate or rights in rem to carry out the activities set forth under the articles of association of such company. The same will be applicable for the asset deals and share deals between foreign investors and local companies. The real estate acquisition of the companies which are incorporated or participated in Turkey by foreign investors at the military zone, security zones and strategic zones is subject to the permission of the Turkish General Staff. The acquisition of real estate by such companies in private security zones will be subject to the approval of the relevant governorship.

2.3.2. The communique regarding the acquisition of real estate by foreign investment companies.

The communique regarding the acquisition of real estate and limited rights in rem by foreign investment companies (“Communique"), has been announced as of November 12, 2008. The regulation sets forth the principals related to the acquisition and utilization of the real estate and limited rights in rem by the companies incorporated or participated in Turkey by foreign investors within the terms of the Law.

In accordance with the Communique, the companies incorporated or participated in Turkey by foreign investors can acquire real estate and limited rights in rem by obtaining the approval of the governorship of where the real estate is located (“Governorship”). Please note that the approval of the governorship will be required for the hypothecs to be established in favour of the companies incorporated or participated in Turkey by foreign investors whereas the article 35 of the Law has enacted an exemption for the hypothecs to be established in favour of foreign real persons and foreign legal entities incorporated abroad.

The approval of the governorship in question will be subject to whether the request of real estate acquisition is within the scope of activity of the company set forth under its articles of association and whether the real estate is located in the military prohibited zones, military security zones or strategic zones or special security zones. The assessment procedure related to the application shall be carried out by a commission which will be constituted by the Governorship (“Commission”).

Pursuant to the article 4 of the Communique the companies incorporated or participated in Turkey by foreign investors requesting to acquire a real estate or limited rights in rem, should file an application to the relevant governorship together with the required documentation listed in the same article. Once such an application is made by the company incorporated or participated in Turkey by foreign investors requesting to acquire a real estate or limited rights in rem, the Governorship will request in writing the opinions of the governmental authorities stated in the article 5 of the Communique. The Commission will carry out the assessment of the application file in line with the written opinions provided by the governmental authorities in question.

Please kindly note that pursuant to the article 13 of the Communique, the Commission can further assess whether the acquired real estate or limited rights in rem is being utilized within the framework of the scope of activities of the company set forth under its articles of association.

3. Tax practices

3.1. Title deed fees

The registration of real estate is subject to a title deed fee. The fee is calculated at 1.5% of the acquistion/transfer value (i.e.can not be lower than the value set of through Real Estate Tax base) of real estate. The tax is payable both by the purchaser and the vendor, resulting in a total tax liability payable of 3%. Where immovable property is transferred to a corporation as capital in kind contributrion or by way of “tax free merger/demerger”, no fee shall be due.

3.2. Stamp duties

Where shares in a Turkish company are transferred through a written contract (which is general practice) such a contract is subject to stamp duty at 0.75% of the proceeds or price paid for the shares. There is an upper stamp duty limit of TL 1.136.904,10 (applicable for 2009). The duty can be paid directly to the Tax Authorities by the vendor or withheld at source by the purchaser. The latter option is available to certain government entities.

Stamp duty does not apply on the tax free merger/demerger of companies even if there is a written contract.

3.3. Notary fees

In addition to stamp duties (which are revenues of the local administrative authorities) public notaries' fees are also applicable on the documents issued for transfer of shares in a Turkish company. The notary fees amount to 0.09% of the transaction price, however the maximum amount cannot exceed TL 16.514,80 for the year 2009.

3.4. Municipality taxes

3.4.1. Real estate (Property) tax

The holding of real estate in Turkey is subject to real estate tax. Real estate tax is composed of two different taxes: (i) building tax; and (ii) land tax. The tax is payable on the value of buildings and land situated in Turkey. In relation to land tax, the tax is calculated on the set price of each plot of land as determined by the corresponding municipality. In the case of buildings, the tax is calculated based on construction costs that are determined by the Ministry of Finance and the Ministry of Public Works.

The values of buildings and land determined by the Turkish authorities are reviewed every 4 years. In spite of the 4-year revaluation, the taxable base is restated every year by one half of the revaluation rate for fixed assets as determined by the Ministry of Finance. As an example, the revaluation rate for 2008 was 12%.

Tax rates for 2009 are:

a) 0.1% for buildings used for residance;

b) 0.2% for other buildings (i.e. those used as factory, office);

c) 0.1% for land in general; and

d) 0.3% for building sites land.

The rates above are increased by 100% for buildings and land located within the municipality boundries of larger cities and adjacent area. The square meter rates for valuing buildings depends on the location of the property and therefore this should be checked with the relevant municipality.

Some types of immovable property are exempt from real estate tax. These include, but are not limited to, buildings and land in organized industrial areas, and industrial buildings in priority regions. In these cases, the exemption applies to the first 5 years of the life of buildings.

The building tax and the land tax are payable annually in two installments, the first being in March, April or May and the second in November.

3.4.2. Municipality tax for environment cleaning:

Municipality tax for environment cleaning tax is levied for the purpose of environment cleaning if buildings are used for residance, as a place of business, as well as other purposes. Tax is levied at certain fixed amounts (i.e. varying between TL 16 and TL 2.375 for 2009) which change every year based on certain defined categories for business places whereas levied over water usage for buildings used for housing.

Tax amounts are 50% decreased for municipalities of priority regions for developments and municipalities of regions with population lower than 5.000 (except for larger cities).

3.4.3. Compulsory contribution for protection of immovable cultural monuments:

Compulsory contribution for protection of immovable cultural monuments is 10% of the annually accrued real estate tax (paid to the Municipality together with the real estate tax).

3.5. Corporate income tax

Net revenues obtained by the Turkish company from rental activities are subject to corporate income tax at 20%.

3.6. Personal taxation

Real persons receiving rental income from property are liable to income tax. The base rate is 15%, which increases progressively to a top marginal rate of 35%. On the other hand, there is yearly TL 2.600 exemption on rental income of housing for real persons unless the real person is required to file annual income tax return due to business, agricultural or professional services income.

Municipality taxes for environment cleaning

Building Groups	Degrees of buildings and annual tax amounts (TL)				
	Degree 1	**Degree 2**	**Degree 3**	**Degree 4**	**Degree 5**
Group 1	1.900	1.500	1.180	950	780
Group 2	1.190	900	700	560	470
Group 3	780	600	470	390	300
Group 4	390	300	230	190	150
Group 5	230	190	130	119	95
Group 6	119	95	67	54	40
Group 7	40	33	23	20	16

Municipality taxes for environment cleaning for municipalities of larger cities

Building Groups	Degrees of buildings and annual tax amounts (TL)				
	Degree 1	**Degree 2**	**Degree 3**	**Degree 4**	**Degree 5**
Group 1	2.375	1.875	1.475	1.187	975
Group 2	1.487	1.125	875	700	587
Group 3	975	750	587	487	375
Group 4	487	375	287	237	187
Group 5	287	237	162	148	118
Group 6	148	118	83	67	50
Group 7	50	41	28	25	20

3.7. VAT implications for real estate acquisitions and rental transactions

Turkish VAT normally applies to the direct acquisition of immovable property or the acquisition of rights in immovable property in Turkey and is payable by the purchaser. There will be no VAT incurred in situations where assets are sold by individuals who are not registered for VAT purposes.

Real estate transactions,including rental transactions, are subject to the standard VAT rate of 18%, (with the lower rate of 1% applying on the transfer of residential properties with a net utilizable area of less than 150 sq m), which is charged on the consideration received by the vendor.

There is a VAT exemption applicable to the sale of immovable property owned by companies for at least two years. However, the exemption does not apply to the businesses that trade in immovable property.

VAT paid on the acquisition of the property may be accounted for as input VAT by the purchaser and reclaimed against output VAT on chargeable transactions (including rental property transactions). However, any outstanding balance of input VAT will not be refunded by the Tax Authorities but instead is carried forward indefinitely to the next taxable period. A refund for excess input VAT is only possible with respect to certain VAT exempt transaction, input VAT on zero-rated and reduced rate supplies.

The following conditions must be observed in order to deduct input VAT:

a) an invoice or a similar document must be obtained by the purchaser;
b) VAT must be shown on the invoice or similar document separately;
c) VAT must be registered in the books; and
d) VAT must be deducted in the VAT return of the relevant calendar year.

Interest payable on all non-bank loans is subject to VAT at 18%.

Acquisition of issued shares of joint stock companies are exempt from VAT[1].

1. It is the opinion of Turkish Ministry of Finance that acquisition of shares of joint stock companies are exempt from VAT provided that they are physically issued and their holding period is more than 2 years.

3.8. Depreciation and amortization

Companies may depreciate both their tangible and intangible fixed assets. The two accepted methods of depreciation are the straight-line method and the declining-balance method. Taxpayers adopting the straight-line method in the beginning of the life of the asset may not change to the declining-balance method in the future. However, where the declining-balance is initially chosen, the taxpayer may later elect the straight-line method.

Where the straight-line method is elected, companies must use depreciation rates determined by the Ministry of Finance. For plants, buildings and agricultural land, the rates range from 2% to 10% with industrial buildings typically amortized at 2% per annum. In the case of machinery and equipment, the rates range between 6.66% and 50%.

Where the declining-balance method is elected, the taxpayer may take twice the straight-line rate. However this rate can never exceed 50% in any case. Under the declining-balance method, the asset will be depreciated over the same period as under the straight-line method, with the residue written off in the last year.

Inflation adjustment reserves

The cost of fixed assets may be adjusted on an annual basis to account for inflation.

The adjustment is mandatory where the increase in the Turkish wholesale price index exceeds 100% over the last 3 years and 10% over the relevant tax period. The inflation adjustments apply only to non-monetary items which includes, but is not limited to, share capital. Monetary items such as debt claims and liabilities are not adjusted.

The adjustments must be accounted in special reserves and the final balance must be charged to the income statement of the year. As a result, any increase during the year due to inflation will result in taxable income.

3.9. Financing

Interest payable is usually tax deductible as long as the finance relates to the business activities of the paying company.

Turkish investments can be financed through loans from foreign creditors as well as through Turkish banks. Interests accrued for TL denominated loans from foreign creditors to Turkish residents are subject to a surcharge called Resource Utilization Support Fund (RUSF) at a rate 3% irrespective of the maturity. Non-TL currency denominated loans from foreign creditors to Turkish residents are subject to the same RUSF if the average maturity of loan is less than 1 year. If the average maturity of loan is 1 year or more no RUSF is applicable. Interests accrued for loans extended by Turkish banks to Turkish companies are subject to 0% RUSF through a Decree.
Interests accrued for loans extended by Turkish banks to Turkish companies are subject to 5% Banking and Insurance Transactions Tax (BITT). There are certain exemptions and reduced rates but they are not available for real estate related loans in general.

Interests accrued for loans extended to Turkish companies by non-Turkish banks, similar financing entities and other financial institutions that are authorized to habitually provide credit in the country in which they are established and provide credit to all legal entities and individuals other than related parties are subject to 0% withholding tax through a Government Decree. In case interest is accrued for loans extended by foreign entities which are not banks and similar other financing entities to Turkish companies, 10% withholding tax applies to such interest. In this case, a reverse charge VAT at a rate of 18% also applies. Such reverse charge VAT can be offset against the output VAT unless the loan is not qualified or thin capital. Interests accrued for loans extended by Turkish banks to Turkish companies are not subject to withholding tax. Interests accrued for loans that are on lend to another group company with the same interest rate, term and other loan conditions (i.e.mirror loans) are not subject to VAT. Otherwise, 18% VAT applies to such interests.

Interest paid on a loan used to finance a construction or investment project has to be capitalized as part of the fixed asset during the construction/investment period. The capitalized interest will be deductible for tax purposes in line with the depreciation of that asset.

Interest incurred after the construction/ investment period (i.e., during the operational period) may be either expensed directly or capitalized and depreciated over the remaining life of the fixed asset to which it relates.

Thin capitalization

Under the new rules, borrowings from related parties that exceed a debt: shareholder equity ratio of 3:1 are considered as disguised capital.

Total borrowings from all related parties are calculated collectively. (a "related party" is defined as a person that holds, directly or indirectly, at least 10 percent of the shares or voting rights of the other party.)

Interest paid or accrued, and foreign exchange differences that may arise from the valuation of the non-TL denominated loans exceeding the safe harbour ratio are treated as non-deductible expense. Any interest paid or accrued for the non-resident party in excess of the 3:1 ratio would be deemed as dividend distribution and would be subject to dividend withholding tax at a rate of 15%[2]

Transfer pricing

New transfer pricing ("TP") rules are effective from 1 January 2007.

The amount by which profits are claimed to be reduced through transactions not conducted under arm's length terms will be deemed as constructive dividends. These constructive dividends are subject to Corporation tax (i.e.at 20%) as well as dividend withholding tax (i.e.at 15%).

The Turkish tax authority released the communique titled "General Communique Regarding Disguised Profit Distribution via Transfer Pricing". The communique was officially promulgated in the Official Gazette on November 18th, 2007. The most important features of the communique affecting taxpayers are summarized below:

Declaration of related party transactions

All corporate taxpayers are required to complete the form, "Form Relating to Transfer Pricing, Controlled Foreign Companies, and Thin Capitalization" as stipulated in Appendix 2 of the communique and submit to their tax office together with their corporate tax returns. The form is intended to collect summary information on the identity of related parties, include an enumeration of related party transactions, and transfer pricing methods utilized to generate the inter-company transfer pricing policies.

Annual documentation requirements

Corporate taxpayers registered with the "Large Taxpayers Tax Office" ("LTTO") are required to prepare annual transfer pricing documentation regarding their cross-border as well as domestic transactions with related parties (i.e.including those transactions with related parties in free trade zones). The documentation should be prepared according to the guidelines stipulated in Appendix 3 of the communique. Corporate taxpayers that are not registered with the LTTO are obliged to prepare annual documentation regarding their cross-border transactions with related parties(i.e.including those transactions with related parties in free trade zones). These taxpayers are also required to maintain certain background documents regarding their domestic related party transactions. In fact, the background documents in aggregate bear a resemblance to the contents of the transfer pricing documentation detailed in Appendix 3.

All documentation detailed above is to be prepared by the time corporate tax returns are filed, retained by the taxpayer and submitted to the tax authorities upon request.

Advance Pricing Agreements ("APAs")

Corporate taxpayers registered with the LTTO will have the right to apply for an APA beginning January 1st, 2008 and all corporate taxpayers (i.e. including those operating in free trade zones) by January 1st, 2009. Applications for unilateral (i.e., with the Turkish tax authority only) as well as bilateral and multilateral APAs are allowed.

2. May change based on the relevant provisions stipulated in the double tax treaties

3.10. Exit taxes

Direct taxation

Capital gains arising from the disposal of the Turkish property by a resident company are subject to tax in Turkey. Capital gains are generally treated as ordinary business income for corporate income tax purposes.

However, where certain conditions are met, the effective tax rate is reduced to 5% (through exempting 75% of the gain). The requirements to be eligible for this exemption are:

- The transferor company should have held the immovable in its assets for a period of minimum 2 years (at least 730 days). In calculating the 2 year minimum holding period, the original acquisition date of the relevant immovable by the transferor company is taken into account in the case of a merger or spin-off.
- Sale proceeds should be collected by the end of second calendar year following the year in which the sale has been realized;
- The proceeds should be kept in a special reserve account in the transferor company under equity for 5 years and not be distributed during the same period. On the other hand, addition of those funds which are kept in the in a special reserve account, into capital is not treated as a transfer from the special reserve account and not taxable.

If the transferor company is liquidated during the said five years, the 75% exemption would be void and the associated corporate tax would have to be paid to tax office together with a cash penalty equal to the tax not assessed due to exemption and delay charge interest (currently 2,5% monthly).

Brokerage companies are not eligible for the said exemption for the capital gains that are generated by the sale of shares that are held for trading.

Indirect taxation

In general, sale of real estate by corporations is subject to Turkish VAT at a rate of 18%, However pursuant to the Article 17/4-r of Turkish Value Added Tax Law, sale of real estate by the corporations is exempt from Turkish VAT provided that the holding period of real estate by the relevant corporation is more than 2 years. This VAT exemption does not apply to the sale of real estate that is held for trading purposes (i.e. as inventory).

4. Taxation of REITs

A Real Estate Investment Trust (“REIT”) (defined as Real Estate Investment Company (“REIC”) in Turkish legislation) can be established either as a new company or by converting an existing company. REITs are regulated by the Capital Markets Boards of Turkey (CMB).

All income for the REIT including capital gains, portfolio management income, interest and dividend income is exempt from Turkish corporate tax. Furthermore, the REIT may distribute dividends free from withholding tax. Corporate tax exempt income of the REIT is subject to “exempt income withholding tax” irrespective of whether the income is actually distributed. The “exempt income withholding tax” rate is currently set at 0%. Therefore investors who are outside the scope of Turkish tax, such as an overseas investor who may have treaty protection from Turkish tax on distributions, should be able to invest completely free of Turkish tax. This is in contrast to other REIT regimes where income and gains are exempt from local tax but dividends are subject to withholding tax and may not be treaty protected. There is currently no indication that the Turkish authorities intend to increase the 0% rate. However, the Council of Ministers is authorized to increase the rate at any time.

Additionally, agreements of promise to sell and agreements related to purchase and sale of real estate portfolio of REITs’ are exempt from stamp tax.

For more information

Cem Sezgin
Partner
csezgin@deloitte.com

Hayati Arman Gezer
Senior Manager
agezer@deloitte.com

Deloitte Danışmanlık A.Ş.

Sun Plaza
Dereboyu Sok. No:24
34398 Maslak, İstanbul
Tel: 90 (212) 366 60 00
Fax: 90 (212) 366 60 20

Armada İş Merkezi
A Blok K:7 No:8
06510, Söğütözü, Ankara
Tel: 90 (312) 295 47 00
Fax: 90 (0312) 295 47 47

www.deloitte.com.tr
www.verginet.net
www.denetimnet.net
www.gumruknet.net