

## Circular

Istanbul, 7 May 2018

### Circular No: 50

#### **Subject: VAT rate on certain housing deliveries, rate applied on title deed fee for residential and office sales temporarily reduced.**

Through the Council of Ministers Decision no. 2018/11674, published in the Official Gazette dated 5 May 2018, VAT rate has been temporarily reduced for some housing deliveries while the fee rate for residential and office sales have been reduced, as well.

#### 1. VAT rate in certain housing deliveries

Through the aforementioned Council of Ministers Decision, the temporary Article 3 has been added to the Council of Ministers Decision no. 2007/13033 in which the VAT rates are indicated. Pursuant to that, VAT rate on housing deliveries subject to 18 % has been reduced to 8 % until 31 October 2018 (including that date).

The concerning decision has been enacted as of its publication date (5 May 2018).

#### 2. Fee rate on residential and office sales

The tariff no (4) linked to the Act of Fees contains “the fee rates to be applied on title deed and cadastral transactions”. Through the Council of Ministers Decision no. 2018/11674, the title deed fee applied as 20 per thousand over the title deed transactions indicated in the sub-clause (a) of 20<sup>th</sup> clause within the aforementioned tariff’s part titled as “I-Title deed transactions” has been reduced to 15 per thousand for residential and office deliveries (including the ones with construction servitude) until 31 October 2018 (including that date).

By this arrangement enacted as of 5 May 2018, the rate in the sub-clause (a) of 20<sup>th</sup> clause has been reduced to 15 per thousand temporarily for only residential and office deliveries while the rate of 20 per thousand remains still applicable for real estate other than this.

The concerning 20<sup>th</sup> clause is provided below:

*“20. a) According to the contracts for transfer or acquisition of real estate based on looking after until the death or swap terms, as long as it is not less than the acquisition price of the real estate and the declared acquisition price, over the value of real estate tax for the transferring part or transferred separately (over the sales value in cases of enforcement and partition, over the appraised value on nationalizations)*

*The provisions indicated in this clause are also applicable on the ownership transfer agreements and transfers of the real estate unregistered to the land registry office. Prior to the ownership transfer agreements, the fee to be calculated is declared by a return of which its form and content is identified by the Ministry of Finance and paid within the submission period of the return...”*

*Our explanations provided above include general information on the issue. No responsibility can be claimed against EY and Kuzey YMM ve Bağımsız Denetim A.Ş. due to the implications arising from the context of this document or emerging with respect to its context.*

Best Regards,

KUZEY YMM VE BAĞIMSIZ DENETİM A.Ş.