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## ***Udvalgt information kursiveret af Adventurehouse ApS***

### ***PRESS STATEMENT ON THE ACQUISITION OF IMMOVABLE PROPERTY***

#### ***IN TURKEY***

*With reference to the recent reports claiming that there is a correlation between the cartoons crisis and Turkey's application of the new law on real estate acquisition in Turkey by foreigners, published in some Danish newspapers, this Embassy would like to make it clear to Danish public opinion that there is and can be no connection between the application of the new law to the Danish citizens and the cartoons crisis. Such claims are wholly untrue and baseless.*

*Moreover the rumours that Danes will not be able to buy real property in Turkey are also completely wrong.*

*Thus, please find below the latest situation about real estate acquisition in Turkey.*

As is known, the new law regulating real estate acquisition in Turkey by foreigners was adopted on 29 December 2005, by the Turkish Parliament and has entered into force. You will find brief information about the said law below in Section 1 and you will also find in Section 2 information about the implementation of the new law for Danish citizens.

1- The new law (Law No: 5444) amending Article 35 of the Land Registry Law, which together with Articles 16 and 35 of the Turkish Constitution draws the legal framework for real estate acquisition by foreigners in Turkey, was adopted by the Turkish Parliament on 29 December 2005 and entered into force after being promulgated by the President. The new law will be applied retroactively, beginning from 26 July 2005. Thus, this new law has taken the place of the old legislation (Law No: 4916), which was annulled on March 14, 2005, (annulment decision entered into force on 26 July 2005) by the Turkish Constitutional Court.

According to the new law, Article 35 of the Land Registry Law is, in summary, regulated as follows:

On the basis of reciprocity rule, citizens of the countries that allow Turkish citizens to acquire immovable property or limited real rights on immovable property both legally and in practice, may acquire immovable property in Turkey, to use as residence or working place in compliance with the legal restrictions (for example foreigners can not buy real estate in the military zones according to Law No: 2565).

The overall area of real estate on which a foreigner is allowed to acquire property or limited real rights cannot exceed 2.5 hectares. However, this amount can be increased up to 30 hectares with the permission of the Council of Ministers.

Commercial companies established according to the laws of their countries, can acquire immovable property or limited real rights on immovable property only in the context of special laws like the Law on the Promotion of Tourism, Oil Law and Law on Industrial Zones.

Companies with legal personality established or participated in by foreign investors in Turkey, under the terms of the Foreign Direct Investment Law, can acquire immovable property or limited real rights in Turkey as well.

Foreign legal persons other than the commercial companies established according to the laws of their own countries, cannot acquire immovable property in Turkey.

The Council of Ministers is competent to determine the areas where foreign natural persons and commercial companies cannot acquire real estate on grounds of public interest and security reasons (such as the areas

which should be protected because of their flora and fauna, areas that have a special importance and should be protected because of their qualifications regarding irrigation, energy, agriculture, mineral deposits, cultural importance) upon the proposal of the related public institutions. The Council of Ministers is also competent to determine the percentage of area in each province which could be sold to foreigners. This figure cannot exceed %0.5 of the total area of the province in question.

The Ministry of Defence should inform the Ministry which oversees the activities of the Directorate General of Land Registry, about the forbidden military zones and military and special security zones in 3 months time after the publication of the new law in the Official Gazette. During the intervening 3 months, the Directorate General of Land Registry should ascertain the status of an area by asking the related military institutions, before completing the land registry procedures.

*2- As is stated above, the new law regulating the acquisition of immovable property in Turkey by foreigners foresees the principle of reciprocity*

*which means Danish citizens will be able to buy real property in Turkey under the same conditions applied to the Turkish citizens who would like to buy real property in Denmark. The Directorate General of Land Registry in Turkey issued a circular to the Land Registry offices about the implementation of the said law and attached to that document a list of the countries with which Turkey has reciprocity, and of the countries with which Turkey has no reciprocity. Demands by the citizens of the remaining countries, including Denmark, will be subject to reciprocal procedures according to the Law and for that purpose will be referred to the Directorate General.*

*Therefore, as Turkish citizens who do not have permanent residence permit or have not resided in Denmark for a period of at least 5 years can acquire real property only with the permission of the Danish Ministry of Justice, a corresponding procedure will be applied to the Danish citizens who wish to buy real property in Turkey, as a result of the above mentioned principle of reciprocity. In line with this explanation, it has been suggested that Danish citizens should be required to have a valid 6 months residence permit or a work permit for the first immovable property they acquire. For additional acquisitions, holding a 6 months residence or work permit and the permission of the competent authorities may be required.*

*Details of the modalities of implementation are expected to be determined in due course.*

*Embassy of the Republic of Turkey*

*Copenhagen*

*(...)*

***Tillæg, redegørelse fra Makbule Kocak, Legal Counsellor, Turkish Embassy***

*2- As it is stated in the above information, the new law regulating real estate acquisition in Turkey by foreigners foresees the principle of reciprocity*

*which means Danish citizens will be able to buy real property in Turkey under the same conditions applied to Turkish citizens who would like to buy real property in Denmark. The Land Registry Authority in Turkey accepted a legal instrument about the implementation of the said law and attached to that document a list of the countries with which Turkey has full reciprocity , of the countries whose nationals need a permission in order to buy property in Turkey and of the countries with which Turkey has no reciprocity. Denmark is in the second list attached to the Land Registry Authority's legal instrument about the implementation of the said law. Thus, as Turkish citizens who do not have permanent residence permit or have not resided in Denmark for a period of at least 5 years can acquire real property with the permission of the Danish Ministry of Justice, a parallel procedure will be applied to Danish citizens, who wish to buy real property in Turkey, as a result of the above mentioned principle of reciprocity. In line with this explanation, Danish citizens will be able buy property in Turkey with the permission of the Turkish Ministry of Interior if they do not have permanent residence permit or have not resided in Turkey for a period of at least 5 years. Moreover, in parallel with the related Danish legislation, Danish citizens will be allowed to buy real property in Turkey to use as a primary residence during their stay in Turkey (which means that Danish citizens will not be allowed to buy more than one house). In order to make a land registry deed application to the competent Turkish authorities, Danes should have a residence permit valid for at least for 6 months or a work permit in Turkey. According to the information we received from the*

*land registry authority, permission for real property acquisition will be issued in 1-3 months time.*

*Please note that, a special working group will define the exact land registry deed procedure for Danish citizens in the beginning of March, and that as a result, the abovementioned information is not yet final.*

*Yours sincerely,*

*Makbule Kocak*

*Legal Counsellor*

*Turkish Embassy*

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