**Conditions for Foreign Nationals to Acquire Immovable Property in the TRNC**

In order to avoid any mistakes and prevent any consequent hardships, there are important issues to take into consideration within the framework of the law when real or legal persons of foreign nationality intend to purchase land and/or house and/or long-term lease in the TRNC.

Our institution, as the legal representative of the construction sector, highlights some important issues, which are summarized below, in order to guide those who want to invest in this regard in our country.

**Legal Basis**

Under the framework of Property Acquisition and Long-Term Lease (Aliens) Law 52/2008, which was adopted at the 10 November 2008 TRNC Republican Assembly Meeting, real or legal persons of foreign nationality shall be entitled to purchase immovable property or long-term lease in our country upon the approval of Council of Ministers provided that official procedures have been followed and legal applications have been completed.

Foreign nationals who are going to purchase or lease immovable property in the TRNC must apply to the Ministry of Interior in order to purchase any immovable property and be legally entitled to that property, and must obtain the approval of the Council of Ministers as an outcome of the investigations to be made by the Ministry. The approval process varies according to the nature of the application and is usually completed within 3 to 6 months.

**Legal Limitations**

Real or legal persons of foreign nationality may own immovable property or purchase a long-term lease, provided that they comply with the legal requirements and fulfil the necessary legal procedures, in accordance with Articles 8 and 9 of the relevant law. In addition, with the Statutory Decree published by the Council of Ministers Decision dated 29 August 2018, some of the limitations specified in the said law have been relaxed until a second amendment. Information on the current legal practice is as follows;

**For long term leasing;**

* The lease period can vary between a minimum of 10 (ten) and a maximum of 99 (ninety-nine) years;
* In the case that there will be a building construction on the immovable property to be acquired through long-term lease, the relevant conditions must be included in the long-term lease contract with all the details,
* If the immovable property to be leased is a vacant land, its surface measure cannot be more than 1 (one) dönüm (14,400 square feet or 1,338 square meters). If there is going to be 1 (one) property (dwelling or an apartment flat) built on the leased land, the surface measure of the land cannot be more than 5 (five) dönüms and a second dwelling cannot be built.

**For purchase;**

* A foreign national is entitled to purchase land not exceeding 1 (one) donum (14,400 square feet or 1338 square metres) provided that the land is vacant.
* They are entitled to purchase one property up to a maximum area of 5 dönüms providing that the property only consists of one dwelling. If the 1 (one) property to be purchased is in a building complex, there is no surface area limitation for the land in question.
* While a foreign national has the right to buy only 1 (one) house or apartment under normal conditions, in accordance with the Law No. 52/2008, this right has been increased to 3 (three) with the Statutory Decree published in 2018 (until a second amendment). With the current practice, a foreign national can use his/her right to buy real estate in the form of a second and third "flat". Husband and wife with the same surname are treated as 1 (one) person. Children do not have any additional rights other than those of their parents.
* A foreign national is entitled to purchase only one private vacant land, land with a property or property within a building complex, and do not have the right to build or purchase another property/flat.
* By obtaining the approval of the Ministry after the Ministry’s investigations, and with the Ministry’s knowledge, a foreign national may transfer a property registered in his/her name or leased by him/her to persons with first- and second-degree blood and kinship relations, or, may sell or mortgage the property to another foreign national.

Foreign nationals who intend to purchase or lease immovable property in the TRNC must apply to the Ministry of the Interior in order to purchase an immovable property, or to be legally rightful owner of the property, and obtain the approval of the Council of Ministers following the investigations made by the Ministry.

For the contracts made by foreign nationals who buy or lease immovable property in the TRNC; in order to have the contract recorded in the Registry at the Land Registry and Cadastre Office of the district where the immovable property is located, it is obligatory to apply and register it within 30 days at the latest.

TRNC legislation does not allow foreign nationals to buy or lease immovable property in certain areas (eg military territories) for security reasons. The legally acceptable distance for obtaining this right is 300 (three hundred) meters, provided that other legal requirements are also in compliance. It is therefore recommended that interested parties investigate the location of the immovable property before making any commitment and/or signing a contract.

In accordance with the Law, the Council of Ministers has the authority to limit the acquisition of immovable property by foreign nationals in special circumstances.

Again, in accordance with the law, the above-mentioned conditions regarding the acquisition or long-term lease of immovable property by our foreign nationals are not applicable when they are in a legal partnership with a TRNC citizen who owns the %51 share of the company and they will also be exempt from pertinent restrictions and practices.

**Important Issues to Consider**

It is recommended that foreign nationals be careful about the following issues in order not to experience any grievance;

* The ownership status of the property to be purchased must be established and it should be known in advance whether the immovable property is under an individual or a joint share ownership.
* The issues such as whether there is a restriction on the immovable property like a mortgage, levy etc. or whether there is any personal statement or circumstance obstructing the sale of the immovable property should be checked with the relevant Deed and Cadastre Office.
* It is not recommended to either work with people who are not reliable or are not specialists and nor with companies that are not registered within the related sector they are affiliated with. It is recommended that the dwellings built by contractors registered with the Turkish Cypriot Contractors Association (CTBCA) and certified by the Construction Commission should be preferred.
* It is advised that the contract should be certified in a registered Notary office and legal opinion should be obtained from a lawyer’s office before signing the contract. This is so that the legal rights of the persons involved in the contract between the property owner and the buyer would be protected.
* It is recommended that prior to signing the contract, all technical specifications and details of the project related to the immovable property to be purchased is established and understood. It should be noted that the contract is binding on both parties after the contract is signed.
* If the immovable property to be purchased is still in the construction phase, it is recommended that the purchaser finds out whether the Contractor has the construction license permits for the project.
* If the immovable property to be purchased is a ‘completed land’ property, whether the property is a self-contained property or not as well as the pertinent transfer conditions should be established. If the immovable property is still a ‘parcelling project’, it should be ensured that the contracting firm has the construction license permits for the project.
* It should not be forgotten that in case of disputes between the parties regarding an immovable property, only if a contract is made in an accurate and in a comprehensive form, is legally sound, and is registered with the relevant Land Registry Office that the situation can be handed over to the judicial authorities on a legal and reliable footing. This is in order to prevent the buyer from becoming a victim.
* What is included in the total sale price of the immovable to be purchased should be understood clearly, and all implementations and figures should be clearly stated in the agreement to be made between the parties. Everything promised to the buyer must be included in the contract and all fees related to the contract must be paid and the official application must be made within 30 days to the Deed and Cadastre Office.

**Taxes and Fees**

**Applicable tax and fee rates;**

* 0.5% stamp duty (revenue stamp) on the sales contract. For completions in the future, the sales contract signed between the parties must be registered in the Land Registry Office within 30 days of being signed. This process ensures that the buyer's property rights are registered (payable by the buyer).
* a) Immovable property transfer fee is 6% for TRNC and Turkish citizens, and 12% for foreign nationals, based on the current value of the immovable property. The current value is determined by the Land Registry Office (payable by the buyer).
* For sales based on a sales contract, foreign nationals are obliged to pay 6% in advance - half of the 12% fee, while the sales contract is being registered at the Land Registry Office. The remaining amount is payable during the title deed transfer.
* For transactions where title deed is transferred directly without having a sales contract, the entire 12% transfer fee is payable at once.
* This implementation will last until December 31, 2023. Afterwards, the aim will be to reduce the transfer fee from 12% to 6% for foreign nationals. The decision is within the auspices of the TRNC Council of Ministers.

b) There is 5% VAT fee on the value of immovable property. If the vendor is a professional, the VAT fee is paid by the buyer. If the vendor is not a professional, the buyer does not pay VAT.

* There is a 4% Withholding Tax on the value of immovable property. If the seller is not professional, 2.8% is paid by the seller. Due to a Decree Having the Force of Law, which came into effect with the Decision of the Council of Ministers dated February 14, 2023 and is valid until January 31, 2024, an additional tax has been introduced to the Withholding Tax for a temporary period due to the economic contraction experienced worldwide and affecting our country. Accordingly;
	+ Real persons who are TRNC citizens are exempt from this tax.
	+ Turkish citizens, additional 1% contribution calculated on the current withholding tax amount,
		- For foreign nationals who are also not TRNC or Turkish citizens, an additional 2% contribution will be calculated based on the current withholding tax amount.
		- For legal entities, if 51% or more of the shareholders are TRNC citizens, an additional 1% contribution will be paid to be calculated based on the current withholding tax amount, and if 51% or more of the shareholders are foreign nationals, an additional 2% contribution will be paid to be calculated based on the current withholding tax amount.

The above suggestions, conditions and practices are indicative information and they are not binding on the CTBCA. Please contact the TRNC Ministry of Interior and/or the Deed and Cadastre Office for detailed and most current information.