**What should be considered when purchasing a dwelling/land or having a house built?**

Representing the construction industry, protecting the interests of both its members and the people of TRNC is a priority for the Cyprus Turkish Building Contractors Association (CTBCA). For this reason, the CTBCA emphasizes the importance of some of the issues discussed below in order to prevent citizens from experiencing any grievance when purchasing a dwelling or land, or deciding to have a house built by entering into an agreement with a contractor.

**Recommendations regarding general rules;**

* The ownership status of the property to be purchased should be clarified and it should be known in advance whether the immovable property is a detached or a joint/shared property.
* Issues such as whether there are any restrictions on the immovable property to be purchased, such as a mortgage, lien, etc., or whether there are any personal statements or circumstances that prevent the sale of the immovable property, must be checked at the relevant Land Registry and Cadastre Office.
* It is not recommended to work with people or companies that are not reliable, not an expert and not registered in their sector and/or registered with the relevant authorities. Dwellings built by contractors registered with CTBCA and the Building Commission should be preferred, and it should also be known that unregistered contracting and having construction done by unregistered contractors are crimes as per the TRNC laws, and this carries criminal sanctions for both parties.
* In order to protect legal rights pertaining to matters included in the contract between the seller and the buyer, it is recommended that the contract be certified in a registered Notary office and legal advice obtained from a lawyer's office prior to signing.
* At the outset, it is recommended all the technical specifications and details of the project related to the immovable property to be purchased is understood, and then sign the contract. It should be noted that once the contract is signed, the project becomes binding for both parties.
* If the immovable property to be purchased is to become a residence, the contractor company must have obtained all required Construction Permits for the project.
* If the immovable property to be purchased is a procedurally 'completed land', the transfer conditions as well as whether it is a shared or a detached property should be understood. If the immovable property is an ongoing 'subdivision project', it must be ensured that the contractor company has obtained all the required Construction Permits related to the project.
* It should not be forgotten that in case of a dispute between the parties regarding the immovable property, the situation can only be transferred to the judicial authorities in legally sound manner (thus the buyer may not suffer any grievance), only when there is a correct, comprehensive and legally executed contract.
* It should be clearly understood what is included in the total sales price of the immovable property to be purchased, and all practices and figures should be clearly stated in the contract between the parties. It is important that everything promised to the buyer is included in the contract and all fees related to the contract are paid, and the contract is registered with the Land Registry and Cadastre Office within 30 days of it being signed.

**When buying a build-to-sell dwelling;**

* The company that will carry out the construction must have obtained all the necessary permits from the Union of the Chambers of Cyprus Turkish Engineers and Architects (K.T.M.M.O.B.) for the projects related to the dwelling(s) it is selling.
* In regions where the Zoning Law No. 55/89 applies, care should be taken to obtain the "Planning Approval" from the City Planning Department and, if necessary, an Environmental Impact Assessment (EIA) report must be prepared.
* Building permits must be obtained from the permitting authority (Municipal or District Governorate) in the region where the project will be implemented.
* The projects for the dwelling to be purchased should be examined thoroughly. It is recommended to properly understand and agree on the project in terms of elements such as the architecture, statics, transportation, infrastructure, sewerage, water, electricity, telephone, parking lot and green area(s).
* It is recommended to investigate from the Land Registry and Cadastre Office what the ownership status of the land on which the project will be implemented is or whether there are any problems with the transactions relating to its title.
* It is recommended to investigate whether the contractor who is or will be building the dwelling is registered with the Turkish Cypriot Building Contractors Association (KTİMB) and the Construction Commission and whether his class certificate is legally qualifies it to carry out that project. In addition, the buyer should investigate the previous works it has done, the quality of these works and whether they were delivered on time.
* It is not recommended to work with people or companies that are not reliable, not an expert, not registered in their sector, and/or not registered with the relevant authorities. In accordance with the Building Construction and Technical Works Contractors Registration and Supervision Law No. 19/98 (paragraphs 1 and 2 of Article 8), it is a crime to be an unregistered contractor and to have building work done by an unregistered contractor. This is subject to a fiscal of fine of up to 20 (twenty) times the minimum wage and a criminal sanction including imprisonment of up to 5 (five) years.
* It should not be forgotten that in case of a dispute between the parties regarding the immovable property, the situation can only be transferred to the judicial authorities in legally sound manner (thus the buyer may not suffer any grievance), only when there is a correct, comprehensive and legally executed contract.
* It should be understood that the details and specifications in the architectural project are binding for the company that will carry out the building, and it should be emphasized that the clarity of the implementation details in the contract between the parties for the project is essential.
* In order to be sure of the sales value of the immovable property, it is recommended that the buyer first obtains information about comparable prices in the region where the project will be implemented and make a comparison.
* What is included in the sales/purchase price should be understood in advance. It is recommended that the fees to be paid to the Land Registry and Cadastre Office, for electricity (KIB-TEK), Municipality and Telephone Department be established prior to the transaction taking place and all the details should be clearly stipulated in the contract.
* In order for the agreement to be valid, the buyer must register the contract signed with the contractor at the Land Registry and Cadastre Office within 30 days of it being signed by paying the stamp duty tax (tax rates are stated in the taxes and fees section below). Thus, the buyer's rights for/to the property becomes legally recognized.

**When building a dwelling by entering into an agreement with a contractor;**

* It is recommended to investigate whether the contractor who is or will be building the dwelling is registered with the Turkish Cypriot Building Contractors Association (KTİMB) and the Construction Commission and whether his class certificate is legally qualifies it to carry out that project. In addition, the buyer should investigate the previous works it has done, the quality of these works and whether they were delivered on time.
* It is not recommended to work with people or companies that are not reliable, not an expert, not registered in their sector, and/or not registered with the relevant authorities. In accordance with the Building Construction and Technical Works Contractors Registration and Supervision Law No. 19/98 (paragraphs 1 and 2 of Article 8), it is a crime to be an unregistered contractor and to have building work done by an unregistered contractor. This is subject to a fiscal of fine of up to 20 (twenty) times the minimum wage and a criminal sanction including imprisonment of up to 5 (five) years.
* It should not be forgotten that in case of a dispute between the parties regarding the immovable property, the situation can only be transferred to the judicial authorities in legally sound manner (thus the buyer may not suffer any grievance), only when there is a correct, comprehensive and legally executed contract.
* It should be understood that the details and specifications in the architectural project are binding for the company that will carry out the building, and it should be emphasized that the clarity of the implementation details in the contract between the parties for the project is essential.

**Taxes and Duties;**

* There is a 0.5% stamp duty (revenue stamp) on the sales contract. For deliveries scheduled in the future, the sales contract signed by the parties must be registered in the Land Registry Office within 30 days. This process ensures that the rights of the buyer to the property are properly registered. (Payable by the buyer).
* There is a 6% immovable property transfer fee on the value of the immovable property (based on the current value determined by the Land Registry Office). However, TRNC citizens who will buy an immovable property for the first time, have the right to pay a transfer fee of 3% for once only. The buyer may reserve this right of exemption for later use for another transaction on a purchase. (Payable by the buyer).
* There is a 5% VAT fee on the value of immovable property. If the seller is a professional, the VAT fee is paid by the buyer. If the seller is not a professional, no VAT fee is incurred by the buyer.
* 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.
	+ 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.
* There is a 4% Withholding Tax on the value of immovable property. 2.8% if the seller is not a professional. If the seller is not a professional, there is a right for an exemption for TRNC citizens and this right can be used only once. (Payable by the seller).

**In transfers through shares and donations;**

* A 0.2% withholding tax is payable for grants between parents and children. A 0.4% withholding tax is payable for grants between spouses. A 0.4% withholding tax is payable for grants between a family elder and a grandchild.

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.