

London Legal International

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## Your guide to Turkey



Dear Reader,

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This brochure sets out the basic law, taxes and procedures as at the time of going to press. (December 2007)

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A publication of this kind can only cover the most common situations and in the most general way.

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This guide is no substitute for proper professional advice. We will be glad to provide you professional advice and explain how the law or procedures will apply to your particular need.

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We look forward to welcoming you as a client.

Kind Regards.

London Legal International



## About Us

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London Legal International is a legal consultancy firm specializing in Turkish Law.

Situated in the centre of City of London (EC2) with offices in Istanbul and Izmir, we offer a wide range of legal services. We also work in cooperation with established offices in Ankara and Antalya.

We have great experience in all aspects of Turkish Property Law and we have been serving our British clients to their satisfaction in this area.

Our policy is to provide efficient and professional services, while eliminating the complexities of dealing with a foreign legal system.

We are a member of Turkish-British Chamber of Commerce and Industry (TBCCI). We strictly observe the rules and regulations of Law Society in the UK and the Turkish Bar Association.

At London Legal International we pride ourselves on strictly adhering to laws on conflict of interest and client confidentiality.



## Turkey: A Home Buyer's Paradise

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It would be a very long list if we mentioned all the reasons and advantages of buying a property in Turkey. So here are some of them:

### Location and Climate

Turkey is situated at the point where three continents – Europe, Asia and Africa are closest to each other, covering an area of 814, 578 sq.km.

The European and Asian sides are divided by the Istanbul Bogazi (Bosphorus), the Sea of Marmara, and the Canakkale Bogazi (Dardanelles). The coastline of Turkey's four seas is more than 8,333 km long. Some of the coastlines are considered to be the finest coastlines in Europe. Popular towns include Bodrum, Marmaris, Fethiye, Antalya, Dalyan, Kalkan and Altinkum. The Aegean and the Mediterranean coasts have long and sunny summers which last well into November.



## A Fast Developing Economy

Turkey is one of the fastest developing countries in the world. Despite the difficulties the country faced at the start of the new millennium it managed to recover itself very quickly and it now enjoys a high and consistent growth rate. In 2006, GDP was \$ 400 billion, which suggests that the Turkish economy became the sixteenth biggest economy among 30 OECD countries. Also for the year 2006 as a whole GNP rose by 6.0% at constant prices, exceeding consensus expectations. As a result, the cumulative rate of real GNP growth reached 40% in the past five years, marking it as the longest stretch of uninterrupted growth episode in Turkey's history. Productivity surge in Turkey has been one of the main drivers of significant output growth in 2002-2006. With its young and educated population and the growing foreign investment Turkey is soon expected to reach even higher levels of growth. Growth will inevitably have its effect in the property market; therefore going into property market now while the entry level prices are still considerably low, comparing to other popular countries in Europe, would make very good investment.

## Turkey is a Candidate to the EU

Turkey is now an official candidate for joining the European Union. The negotiation process has been started and it is expected to last for about a decade. The opening of negotiations has had a huge impact on the Turkish economy and accelerated its development and growth. The Turkish legal system is also being observed for adjustments and with the improvements already made, particularly in the human rights arena; the system will be fully harmonized with the EU system. Overall Turkish entry to the EU is awaited not just by Turks but by the Europeans as well who need new markets and labour force.

## Turkey is a Safe Country

If you are someone who is considering investing in Turkey, the first thing you need to know is you should not be more worried than you would be if you were investing in any other European country. The action of investment itself is all about taking a risk and it is a fact that you are taking a risk when investing in Turkey, however provided that you work with professionals, you can sleep well at night!

## Purchase Process

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Although the Turkish system is different to the British system, the buying procedure is not a complicated one. In most cases, the basic procedure is:

- You sign a [reservation contract](#). This takes the property off the market for a limited period – say 30 days. You will usually pay a holding deposit of, say, £2,000.
- You decide whether to have a [survey](#) done if the property is a resale or completed new property.
- Your lawyer makes enquiries about the property. These will include a [title search](#) to ensure that the person trying to sell the property to you actually owns it and a [planning search](#) to ensure it has planning permission. Depending on the nature of your case, other searches may be needed.
- Your lawyer reports her findings.
- If all is well, you sign a [preliminary contract](#) of purchase. This commits you to the purchase and you pay over a deposit, typically of 30 per cent of the price of the property.
- If building work is involved, such as in an off plan property, stage payments are made. At the end of the building work a [habitation certificate](#) is issued, certifying that the property is fit to be lived in and complies with the terms of the building license.
- The [title deed transfer](#) takes place at the land registry and your title is registered.

Along the way there are, of course, other steps to be taken. Normally a power of attorney will be needed and military permission to buy is required. In some cases a company will have to be set up. There are a couple of things to be checked before proceeding with this option. Whether you want to buy property for your holiday or retirement plans or for resale of letting purposes, check:

- ✓ Your liabilities before establishing a company. You will be subject to personal income tax based on your rental income and capital gains when you obtain a property as an individual whereas you will be paying corporation tax for the company.
- ✓ The procedure of keeping a limited or joint stock company “alive”. The company will need to hold annual meetings, have fiscal reports and accountancy checks.
- ✓ Check the Inheritance Tax regulations in Turkey, as companies do not pay inheritance tax.
- ✓ Check the time schedule. Companies established in Turkey and registered with the Turkish Trade Registry are considered to be a Turkish legal entity, which means that there will not be a military investigation about them when they purchase a property. The military investigation might take up to 12 weeks.
- ✓ Check the availability and cost of appointing a fiscal representative if you are not planning to live in Turkey when you buy as an individual.

The most important of all please always seek independent legal advice. You may be told that, or you may yourself think that, paying for legal advice is an unnecessary cost. However, it is absolutely essential that you get independent legal advice which would make things much easier and save you from any later surprises and unexpected costs. You probably would not even consider not using a solicitor when buying a property in the UK, why would you not do the same when buying in a foreign country?



Pamukkale (Hierapolis) - as listed on the World Heritage List

## Our Services

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We provide the following conveyancing services:

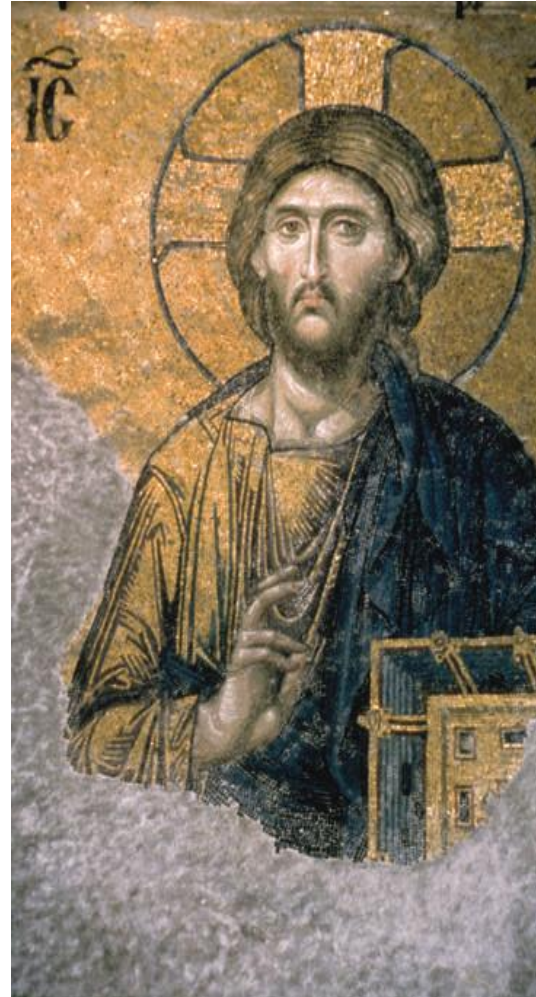
- ❖ drafting and reviewing all contracts regarding property law
- ❖ checking the development /developer
- ❖ title check
- ❖ building license/planning permission check

Also;

- ❖ drafting wills for estates in Turkey
- ❖ winding up estates in Turkey
- ❖ inheritance tax advice
- ❖ property related tax advice

We also do:

- ❖ company formations and administration in Turkey
- ❖ company reorganisations and restructurings
- ❖ corporate governance and tax advice
- ❖ mergers, acquisitions, joint ventures
- ❖ all commercial disputes
- ❖ intellectual property law
- ❖ Turkish arbitration
- ❖ shipping law



## Why Us

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*\* We are based in the UK.*

London Legal International is situated at the heart of the City of London. We are a very business-oriented firm and have a particularly high regard for the British way of business. We observe the same principles of professionalism and efficiency.

*\* We have a strong presence in Turkey.*

London Legal International has two offices in Turkey and we also work in cooperation with established offices in Ankara and Antalya. We have an extensive knowledge of Turkish laws and customs which enable us to serve our clients in the most proficient way. We work closely with and supervise all activities of our offices in Turkey, who are also covered with professional indemnity insurance.

*\* We cover all aspects of Turkish Law.*

London Legal International is able to provide services related to all aspects of Turkish Law. Although we tend to specialize in certain avenues of Turkish Law, diverse education and employment backgrounds of the members of our firm allow us to assist clients with all kinds of queries.

*\* We are a young and dynamic firm.*

London Legal International is young and dynamic as well as professional. These qualities translate themselves into our work.

*\* We do save you time and money.*

London Legal International provides full guidance to clients throughout their affairs in Turkey. We acknowledge the difficulties investors may face and serve our clients in a way that they are protected from any excess cost/labor. We also offer free consultation to our prospective clients.



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