



Are Foreign Buyers of Real Estate Exempt From VAT?

Understanding VAT Exemption Applied to Real Estate Purchases for Foreigners (Non-residents) in Turkey

Turkey has become a popular location for foreigners seeking to purchase real estate. In recent years, the Turkish government has taken several measures to simplify the process of purchasing real estate for foreign investors. One such measure is the VAT exemption applicable to foreign purchases of real estate in Turkey.

In this article; the term “foreigner” is used to describe a person who resides abroad for more than 6 months in a calendar year. As Bayraktar Attorneys; we specialize in international law, although Turkish Citizens who reside abroad can benefit from VAT exemption as many times as they wish as long as they reside abroad and fit the conditions below.

What is VAT?

VAT is a tax imposed on the sale of goods and services. In Turkey, the VAT rate varies based on the nature of the sold goods and services. For instance, the VAT rate on food and beverages differs from the VAT rate on electronics.

VAT Exemption for Foreigners



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Foreigners who purchase real estate in Turkey are eligible for a VAT exemption. This means that they do not have to pay the VAT that is normally applied to the purchase price of the property. The VAT exemption applies to both residential and commercial properties.

Conditions for VAT Exemption

To qualify for the VAT exemption, foreigners must meet certain conditions. These conditions include:

The property must be delivered as the first owner: This rule is often mistaken as if the property has to be new. Although the VAT exemption mostly applies only to newly built properties. Second-hand properties are not eligible for the exemption. For instance, if the construction company rents the property to someone else for 10 years after it has been constructed, VAT exemption will be possible because the property will be sold for the first time after 10 years, even though it is not new, but the first delivery will occur.

The property must be registered to the foreigner's name: The property must be registered to the name of the foreign buyer, and they must keep the property for at least one year.

The foreigner must not have any residence in Turkey: The VAT exemption is only available to foreigners who do not have a residence or in Turkey. Meaning a foreigner must stay more than 6 months in a calendar year.

The payment must be made from abroad: The payment for the property must be made by a money brought from abroad. This can be either cash or via bank transfer. The cash option requires a declaration in the borders.

Benefits of VAT Exemption

The VAT exemption offers several benefits to foreigners who wish to buy property in Turkey. The most obvious benefit is the cost savings. The VAT rate in Turkey is currently 20%, which can be a significant amount for high-value properties. The VAT exemption can help foreigners save money on the purchase price of their property.

In addition to cost savings, the VAT exemption can also make the process of buying real estate easier for foreigners. By removing the VAT requirement, the buying process becomes more streamlined and simplified. This can help attract more foreign investors to the Turkish real estate market.

Conclusion

The exemption of value-added tax on foreign purchases of real estate in Turkey is an attractive incentive for foreign investors. The Turkish government has made purchasing real estate more accessible and affordable for foreigners by eliminating the VAT requirement. It is essential to remember, however, that certain conditions must be met in order to qualify for the exemption. If you are a foreigner looking to purchase property in Turkey, it is essential to work with a qualified real estate agent and attorney who can guide you through the process and ensure that you meet all the requirements for the VAT exemption.