

Valuable Property Tax

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The valuable property tax has been created by Law No. 7194 concerning the Digital Service Tax and Amendments to the Decree Law numbered 375 and to Certain Laws, which was published in the Official Gazette dated 7 December 2019 and No. 30971 (the “**Law**”). The valuable property tax is a new tax different from the real estate tax. Pursuant to this Law, a property that is registered as residence in Turkey and bearing a building tax value or the General Directorate of Land Registry and Cadastre determined value of 5,000,000 Turkish Liras or more shall be subject to the valuable property tax. This informative note aims to highlight certain aspects concerning the valuable property tax and potential objections that may be raised against this tax.

1. Taxpayer of the Valuable Property Tax

The taxpayer of the valuable property tax is principally the owner of the property that is registered as residence in the official records. The Law sets forth certain exceptions to the taxpayer status. For instance, people who own only one property and is able to certify that they do not have any income or their income only derive from retirement payments from the Social Security Institution; or the newly built properties registered in the name of companies whose primary activity is to construct buildings and have not yet been subject to initial sale, transfer and assignment, shall be exempted from valuable property tax.

2. Subject Matter of the Valuable Property Tax

The valuable property tax shall be collected from the property registered as residence that are located in Turkey. Every property registered as “residence” or “housing” in the Land Registry is the subject matter of this tax. The actual usage of the property as a workplace is not regarded as an exemption.

3. Tax Rates and Payment Schedule

The valuable property tax shall enter into force on 1 January 2020. The initial declaration of the valuable property tax by the tax payer shall be submitted to the tax authorities no later than 20 February 2020. The tax shall be paid in two equal instalments until the end of February and August of 2020.

Valuable property tax rates are as follows:

Value of the Property	Rate
Between TL 5.000.000 and TL 7.500.000	(3 per thousand)
Between TL 7.500.001 and TL 10.000.000	(6 per thousand)
Over TL 10.000.001	(10 per thousand)

4. Finalization of the Value of the Valuable Property Tax and Objection Process

The value of the property registered as residence that is subject to the valuable property tax shall be determined by the General Directorate of Land Registry and Cadastre. Valuations shall be announced on the General Directorate of Land Registry and Cadastre's website (www.tasinmazdegerleme.tkgm.gov.tr).

Pursuant to the Law, each valuation transaction must also be notified to the taxpayer. The objection period against the valuation transaction is 15 days starting from the date of the receipt of the notification. The objections shall be made in writing in person or by the authorized representative of the tax payer, to the General Directorate of Land Registry and Cadastre or its province units.

The value of the property, which had not been objected to the General Directorate of Land Registry and Cadastre until the deadline shall be deemed to have been finalized.

Objections which have been duly made shall be concluded by the General Directorate of Land Registry and Cadastre within 15 days. Upon the General Directorate of Land Registry and Cadastre' response, the value of the property shall be finally determined and announced and notified to the respective party in the same manner.

Within 30 days upon the finalization of the value of the immovable, the tax payer should be able to file a lawsuit at the Ankara Tax Courts against the General Directorate of Land Registry and Cadastre for the cancellation of the immovable valuation transaction. The lawsuit to be filed against the valuation transaction shall not cease the payment obligation and accrual transaction.

Furthermore, it is recommended that the taxpayer whose objection had been denied should pay their tax with reservation. For the taxpayer whose objection had been denied and who wishes to continue their objection for the accrued tax, a cancellation lawsuit for the payment made with reservation must be filed at the tax court located in the same district as the respective tax office within 30 days after the payment date. This lawsuit should be filed for each tax payment transaction going forward.

It should be noted that, if the taxpayer does not file a lawsuit against the valuation and each accrual transaction, they will not be able to individually benefit from a possible future annulment decision by the Constitutional Court retroactively.

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