



## **Reduced vat and transfer tax lead to Turkish property investment boom (TR)**

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**The Turkish government's recent announcement to temporarily lower vat rates from 18% to 8% for commercial properties led to record high investment transactions among local investors.**

This temporary reduction is coupled with a temporary reduction in transfer taxes from 1.5% to 0.5%. Transfer taxes are applicable to the buyer and seller side independently and the recent reductions mean a total of 12% decrease in acquisition costs.

**Murat Ergin**, Managing director of **Kuzeybati**, local associate of Savills, says: "The recent legislation change is being seen as an opportunity among locals to benefit from temporarily reduced rates. Contrary to the beliefs of the international real estate community and compared to many other emerging markets, Turkey has a strong local investment environment. Many local investors buy assets at desirably high yield rates and plan on disposing these assets to returning international investors starting from 2010."

The tax reductions are in place for a three month period until June 30. While VAT reduction is applicable to all commercial properties as well as residential units above 150 m<sup>2</sup>, transfer tax reductions apply to all properties.

***Source: Kuzeybati***