

Costs of Ownership

Essential

Annual Real Estate Tax (ARET)

This tax, which will be levied at c.0.1% of the declared value of your property, will be due annually. Normally, the seller of your property will have paid the ARET for your year of purchase.

Environment Tax

This tax will be collected through your water bills at a rate of c.0.13 YTL/m³ for residential property.

Communal Maintenance

This figure will be in line with the estimate included in your specific contract. As an example, £55-80 for a 2-bedroom apartment is normal, depending on facilities.

Insurance and DASK

Although the rebuild value of your apartment will need to be agreed, buildings insurance, including glass cover and contents cover and the legally required DASK earthquake insurance will be c. £200 per annum, for an average 2 bedroom apartment, depending on the levels of cover you require.

Utilities

Although it's impossible to quantify the ongoing cost of your utilities, as they are charged on a meter basis, Edison Ford has been advised that c. £40-50 per month is average for a couple living full time in a property. This figure is an average, in order to reflect the differences between summer and winter usage.

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Recommended

Individual Property Maintenance

If you wish to have your property cleaned and inspected regularly during the year, above and beyond any standard rental package services, this will be available from either a developer direct, or many third party sources. Quotes in the region of £200-250 per annum are normal, depending on the level of service you require. If you have any problems with your property, which are not covered by the building and manufacturers guarantees, then you will of course be liable to cover these maintenance costs.

Rental Packages

This will depend on your choice of company and their tariff. Packages can either be on a one-off fee basis (c.£200 per annum), or a small annual charge (c.£50 per annum), followed by a percentage of your return.

Sale costs

When you come to sell your property there are two main avenues open to you, each with their own nuances. The first option is only available for purchasers of off plan property.

Selling Before Completion

This option incurs the lowest legal fees and also the lowest level of costs in general. If you are successful in selling your property before completion, you do not need to take ownership of the property in the eyes of the land registry. As such, any buyer buying from you before you complete will be liable for your final completion payment for the property and also any associated taxes and legal fees due on completion. The expenses you are likely to occur are legal fees, which depending on the method employed for the transaction could vary around the level of £500. You may not be liable for any income tax / CGT in Turkey; however, your UK liability will remain.

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It is important to note however, that this method does also have several disadvantages. If you do not complete on the property in terms of both payment and title, you are still effectively selling an off plan property, which commonly will not attract the same value as it's completed equivalent. Secondly, it is possible that choosing to sell your contract can narrow your audience, as buying off plan is perceived as a higher risk.

Selling After Completion

This option means that you will need to complete on your property, which will involve making your final payment for the property and also the associated costs and taxes involved in completion. For more information on the costs associated with completion, please refer to Edison Ford's completion document.

Although selling after completion will incur the full level of purchase and legal costs, it has several advantages. Firstly, a completed property is likely to attract a higher value than that of a property sold off plan. Secondly, a completed property is likely to attract a wider audience, including people who do not have the confidence to purchase off plan. Finally, completing on your property gives you the option to hold the property and prospect for further growth.

The costs involved in selling a property registered in your name are as follows:

- Any costs associated with ownership such as ARET for the year of sale.
- Transfer tax at the rate of 1.5% - As the normal 3% figure will commonly be split with your buyer.
- Land Registry fees of c. £50.
- Full legal fees, which are likely to be c. £1,000 – 1,400.
- Minimal Military Permission fees, as the seller commonly starts a buyers application.
- Capital Gains Tax/Income Tax in Turkey.

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Whether or not you decide to sell your property before or after completion, you will have to pay agents fees for the marketing of your property. Edison Ford is pleased to announce it's standard rate is only 3% for the sale of your Turkish property.

Income/Capital Gains Tax

The following table highlights the current rates of Turkish Income and Capital Gains Tax. The Turkish system treats any capital gain realised as additional income for that tax year. It is important to note, that after 4 years of ownership of a residential property your liability to Capital Gains Tax in Turkey diminishes.

Although this table will give you an insight into your potential tax liability, there is a system in place, which adjusts the purchase price of your property in line with inflation, to ensure you are not over taxed. Calculating CGT is therefore not as straightforward as deducting the purchase price from the sale price.

0-7,000.00 YTL		15%
18,000.00 YTL	for the first 7,000 a fixed 1,050 YTL, then	20%
40,000.00 YTL	for the first 18,000 a fixed 3,250, then	27%
40,000.00 - over 40,000 YTL	for the first 40,000 a fixed 9,190, then	35%

It is also important to note that there is a double taxation agreement between Turkey and the UK, which ensures you will not be taxed on the same gain twice. The figures and suggestions made in this document are not guaranteed to be accurate, as the tax system is inherently complicated. Therefore if you would like specific information or advice relating to your tax situation please consult a specialist tax adviser. If you do not have such an individual in place, please contact Richard Greenhalf on Richard@edisonfordifa.co.uk who will provide you with the appropriate contact details.

The above information and estimates are prepared to the best of our knowledge. Edison Ford accepts no liability for errors or omissions.