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## High-value Residence Tax Application starts from January 1, 2021!

The amount included in Article 42 of the Real Estate Tax Law to be implemented in 2021 was determined as 5.227.000 Turkish Liras by increasing the amount of 2020 by 4.555% ( $9.11\% / 2 =$ ) half of the revaluation rate for 2020.

Accordingly, the building tax value of the residential immovable, along with its documents, to be declared with a declaration, by taxpayers, to the authorized tax Office under the Revenue Administration in the place where the residential immovable is located until the end of 20th day of February in the year following the year the value of the residential immovable surpasses the value specified in Article 42, and the tax to be levied and accrued annually by the authorized tax Office.

For the following years, the taxpayer must submit an annual declaration in the same way and the tax must be levied and accrued by the relevant tax office.

The accrued tax is paid in two equal installments until the end of February and August of the respective year.

The amendments made in the regulations of the Real Estate Tax Law regarding "**High-value Residence Tax**" are as follows;

- 1) The duty of determining the value of the residential immovable to be subject to the high-value residence tax of the General Directorate of Land Registry and Cadastre has been abolished and the necessary changes have been made in the relevant articles of the Law. Immovable residences located in Turkey and whose building tax value specified by Article 29 in the law surpass 5.000.000 TL are subjected to high-value residence tax.
- 2) Residential immovables with a building tax value of 5.000.000 TL or less are not subject to this tax.
- 3) High-value residence tax liability; will start from the year following the date when the building tax value of the residential immovable surpasses the amount (5.000.000 TL) stated in Article 42.
- 4) The tax base is the part of the building tax value exceeding 5,000,000 TL, not the higher of the building tax value and the value determined by the General Directorate of Land Registry and Cadastre.
- 5) In parallel with the change made in the tax base, the tax table has changed.
- 6) Those who own only one immovable residence within Turkey's borders are exempt from the high-value residence tax without any other conditions

- 7) The lowest-valued immovable residence that is subject to high-value immovable residence of those who own more than one immovable residence (including the right to usufruct) are exempted from high-value residence tax.
- 8) The regulation stating that the fractions of the amounts calculated during the increasing of the lower and upper limits of the immovable residence values subject to tax rates with an amount of 5.000.000 TL, by half of the revaluation rate determined in accordance with the provisions of the Tax Procedure Law numbered 213 each year for the previous year, won't be taken into account up to 10.000 TL, was reduced to 1.000 TL. In addition, the President has been authorized to increase the rate of increase at the rate of half the revaluation rate specified in the fourth paragraph, up to the revaluation rate.
- 9) In accordance with the Provisional Article 24 added to the Real Estate Tax Law, the liability for high-value residence tax will start from the beginning of 2021. Regarding the year 2020, the declaration to be submitted in 2020 will not be given, and no tax will be accrued.
- 10) Values determined by the General Directorate of Land Registry and Cadastre before 20.02.2020 will not be taken into account in the application of the high-value residence tax.
- 11) Immovable residences for which the Housing Development Administration has the right of ownership or usufruct are included in the scope of exemption.

In this context, in the General Communique of the Real Estate Tax Law Serial No. 78 published in the Official Gazette dated 29.12.2020 and numbered 31349 (1st Repeated), a statement was made regarding the application of the valuable housing tax for 2021.

Accordingly, the lower and upper limits of the immovable residence values subject to the tax rates in the second paragraph of Article 44 of the Law No. 1319 to be implemented in 2021 were determined as follows;

Those between 5.227.000 TL and 7.841.000 (including this amount), for the part exceeding 5.227.000 TL	3 per thousand
Those up to 10.455.000 TL (including this amount) 7.842 TL for 7.841.000 TL, for more	6 per thousand
Those more than 10.455.000 TL, 23.526 TL for 10.455.000 TL, for more	10 per thousand