

## GENERAL DIRECTORATE OF LAND REGISTRY AND CADASTER'S CIRCULAR ON NEW FX RESTRICTIONS

Following the amendments to the Decree No. 32 in September imposing foreign currency restrictions on Turkish residents, the General Directorate of Land Registry and Cadaster has published a circular on 18 September 2018 in relation to the treatment of FX denominated or indexed real estate transactions by the land registries.

Following the Presidential Decree amending the Decree No. 32 on the Protection of the Value of the Turkish Currency on 13 September 2018 (the "**Decree**") imposing FX restrictions by prohibiting Turkish residents (as described under the Decree) to enter into certain transactions in foreign currency, the General Directorate of Land Registry and Cadaster has published a circular on 18 September 2018 (the "**Circular**") to clarify the treatment of foreign currency-based real estate transactions.

Under the Circular, the land registries are instructed not to process title transfer related contracts or transactions (e.g. sale and purchase agreements, promise to sell agreements, pre-emption rights, buyback rights etc.) or registrable contracts or transactions (e.g., lease agreements, usufruct rights, right of construction, etc.) or construction based contracts (e.g. construction in exchange transfer of title), if such contracts are denominated in or indexed to foreign currency and executed between Turkish residents, as defined under the Decree.

The Circular also states that such contracts dated before the effective date of the Decree will also be treated in the same manner and will not be processed by the land registries. In order to accommodate the Turkish Lira conversion requirement imposed by the Decree for the existing foreign currency-based contracts, the General Directorate of Land Registry and Cadaster has instructed the land registries to process the amendments converting the foreign currency terms into Turkish lira.

The Circular is silent on whether such amendments would be exempt from any land registry fees and charges and/or stamp tax, considering that a superior legislative action is required for such exemptions.

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