

TURKISH CITIZENSHIP BY INVESTMENT

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Frequently Asked Questions

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Istanbul/Turkey

○ WHAT IS THE LEGAL BASE OF TURKISH CITIZENSHIP BY INVESTMENT PROGRAM?

The Turkish citizenship by investment program is categorized as "grant of citizenship under exceptional circumstances; namely contribution to Turkish economy, culture and social life". Turkish Citizenship by Investment program was introduced in January 2017 with the amendments in the Turkish Citizenship Act (**Citizenship Act:5901 Section:46**) and Regulations (**Regulation # 2016/9601**) allowing foreign nationals to acquire Turkish Citizenship by means of various active and/or passive investments.

○ WHAT ARE THE CRITERIA TO ACQUIRE TURKISH CITIZENSHIP BY INVESTMENT?

There are 6 criteria identified as eligible investments for the acquisition of Turkish Citizenship by Investment:

- **At least 250,000 USD** (or equivalent Turkish Lira or convertible currency) real estate investment. (The real estate must be hold for at least 3 years).
- **At least 500,000 million USD** (or equivalent Turkish Lira or convertible currency) investment into Real Estate Investment Funds. (The investment must be hold for at least 3 years).
- **At least 500,000 USD** (or equivalent Turkish Lira or convertible currency) fixed capital investment. (The investment must be hold for at least 3 years)
- Business investment and creating new employment opportunities for 50 Turkish citizens
- **At least 500,000 USD** (or equivalent Turkish Lira or convertible currency) capital deposits to Turkish Banks. (The investment must be hold for at least 3 years)

- **At least 500,000 USD** (or equivalent Turkish Lira or convertible currency) investment into the government debt instruments. (The investment must be hold for at least 3 years)

Currently, most active category is citizenship by means of real estate investment in Turkey.

○ DOES TURKEY ALLOW DUAL CITIZENSHIP?

Yes. Turkey allows multiple citizenships. Applicants do not give up their existing citizenships to acquire Turkish Citizenship.

○ IS THERE A MANDATORY MILITARY SERVICE REQUIREMENT FOR INVESTORS AND THEIR CHILDREN?

Yes, when the child becomes 18, he needs to attend mandatory military service. Military service requirement applies only to male candidates. If he accomplishes his military service in his original country and submits its evidencing documents, he is not obliged to make his military service in Turkey again. Under the new laws and regulations administering military service for Turkish citizens, candidates may also complete their military service requirement by paying a fee for the amount of approximately 5,000 EUR.

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Mardin/Turkey

○ ARE THERE ANY NATIONALITIES THAT ARE RESTRICTED FROM APPLYING FOR THE TURKISH CITIZENSHIP BY INVESTMENT PROGRAM?

Any foreign real person allowed to acquire property in Turkey can apply for Turkish Citizenship by Investment Program (CIP). Syrian citizens restricted currently to buy property in Turkey, therefore they cannot apply to Turkish citizenship based on property investment. But, then can apply for Turkish CIP by way of other investment types such as; financial investment, business investment etc.

○ CAN FAMILY MEMBERS BE ABLE TO ACQUIRE TURKISH CITIZENSHIP UNDER THE SAME APPLICATION?

Yes, spouse of the main applicant and the children under 18 can be included in the application.

○ WHAT ARE THE MAIN ADVANTAGES OF APPLYING TURKISH CITIZENSHIP BY INVESTMENT?

There are many reasons to consider obtaining Turkish citizenship by investment.

First of all, Turkish citizenship by investment is a pure investment program and unlike all other citizenship programs; such as Cyprus, Malta, Moldova, Montenegro, Caribbean citizenships etc.; government does not request any contribution from the Turkish Citizenship by Investment applicants or charge extra fees, hence the investments are fully recoverable and sunken cost is negligible.

Second, there might be various personal reasons why people are looking for alternative citizenships. For those, who business motivations and are considering Turkish Citizenship to explore new business opportunities and have access to a big economic market, applying Turkish Citizenship by Investment might have significant advantage.

- With its over 82 Million young and dynamic population, Turkish economy produces a GDP of around US\$770 billion, which makes Turkish economy the 18th-largest economy in the world (5th largest economy in Europa and the largest in Eastern Europe). Turkey is a member of the NATO, OECD and the G20.

- Turkey has a Customs Union Agreement with European Union and Free Trade Agreements with Albania, Bosnia Herzegovina, Chile, EFTA member countries (Switzerland, Norway, Iceland and Liechtenstein), Faroe Islands, Ghana, Kosovo, Lebanon, Egypt, Georgia, Israel, Jordan, Singapore, South Korea, Syria, Macedonia, Malaysia, Mauritius, Moldova, Montenegro, Morocco, Palestine, Serbia, Sudan, Tunisia.

- Turkey has E-1 (since 1933) and E-2 (since 1990) business visa agreements with the United States of America.

Key economic indicators for Turkey:	
GDP	USD 784 billion (2018 - Current Prices)
GDP Per Capita	USD 9,632 (2018)
Export Value	USD 168 billion (2018)
Imports Value	USD 223 billion (2018)
Tourism Revenue	USD 25.2 billion (2018)
Tourist Number	38.9 million (2018)
Foreign Direct Investment	USD 13.2 billion (2018)
Number of Companies with Foreign Capital	65,533 (2018)

Source: invest.gov.tr

- Turkey is located in a very geo-strategic location between Europe and Asia, where 70% of world's proven primary energy reserves are available. It is an energy corridor between east and west and primary energy hub for Europe.
- Turkey has an advanced banking system with a high technology based distribution channels as well as solid telecommunications infrastructure that makes international banking, business and trading very easy and convenient. 66.3 million credit card users in 2018, 72 million broadband internet subscribers in 2018 and 80.6 million mobile phone subscribers in 2018, present a great opportunity access to one of the largest domestic markets.
- Istanbul has recently been a big aviation hub for international travels. Turkish Airlines, which has the 4th largest flight network in the world, flies to 300 destinations in 120 different countries, which is greater than any other airline in the world. Turkish aviation market is expected to grow by 14% reaching to 158 million total passengers in 2018 and 177 million in 2020.

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Last but not least, Turkish citizenship by investment is a great opportunity for life-style reasons. With its mild climate, rich culture and history, spectacular coasts, authentic cuisine as well as unmatched hospitality, Turkey offers a modern and secular lifestyle. For many years, Turkey has been welcoming already people from Germany, United Kingdom, Scandinavia, Russian Federation, Ukraine, Middle East and Central Asia who made Turkey their second home by making real estate investments in Turkey.

○ WHAT ARE THE PROCEDURAL STEPS TO APPLY TURKISH CITIZENSHIP BY INVESTMENT?

Turkish Citizenship by Investment Procedural Steps - Real Estate Investment Option

- Pre-application Due Diligence
(not officially requested, but it is a generally accepted best practice)
- Real Estate Search and Official Appraisal
- Real Estate Acquisition
- Application and Obtaining Initial Residence Permit
- Application for Turkish Citizenship by Exception
- Grant of Citizenships and Receiving Passports

○ WHAT ARE THE CHARGES OR COST TO APPLY TURKISH CITIZENSHIP UNDER THE CITIZENSHIP BY INVESTMENT CATEGORY?

As opposed to many citizenship by investment programs, Turkish government does not charge any extra fees or request contribution. It is a pure recoverable investment and no significant sunken cost for clients. There are the major cost items to consider for an application:

- **Legal and Consulting Fees:** Variable
- **Application and Turkish Passport fees:** Between 350 USD – 500 USD per person
- **Health insurance:** Between 400 USD – 700 USD per person based on the insurance company and the coverage
- **Due diligence fees:** There are no due diligence fees
- **Notary and translation fees:** Between 1500 USD – 2000 USD
- **Real estate closing costs:** Between 4 – 6 %

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Frequently Asked Questions Real Estate Investment Option

Izmir/Turkey

○ WHAT IS THE TYPICAL CLOSING COSTS ON REAL ESTATE SUCH AS REGISTRATION, NOTARY ETC? IS THERE ANY STAMP DUTY?

There is no stamp duty in both property acquisition and execution of a promise to sell agreement. In terms of property acquisition, there is a land registry fee calculated over 4% of whole purchase price stipulated under the official deed, which is paid by buyer and seller equally 2% for each party (Currently reduced to 3%). In terms of promise to sell agreement, there is a notary cost calculated over % 0.3 of purchase price stipulated under the promise to sell agreement. The common practice is that buyer bears all these costs, therefore, it should be discussed and negotiated at the beginning.

○ IS THERE ANY VAT ON NEW BUILDINGS? ARE THERE ANY TAXES FOR RE-SALES?

As per current legislation, VAT ratio varies from %1 to %18 in Turkey depending on target property's construction license date, surface area and surface area real estate tax basis value (Currently VAT is 8%). If a foreign real person acquires a property from a legal entity by paying VAT and afterwards sells it to any third person, no VAT will be applied in the second sales

○ DOES A VALUATION REPORT NEED TO BE SUBMITTED ALONG WITH THE CITIZENSHIP APPLICATION? AND WHAT IS THE COST TO HAVE A REAL ESTATE APPRAISAL REPORT?

Real estate appraisal report should be submitted to land registry by the time of application for property acquisition. The preparation date of such real estate appraisal report should not be later than 3 months prior to application to land registry. The cost of a real estate appraisal report for a standard property is between 250 - 500 USD.

○ CAN ALL REAL ESTATE QUALIFY SUCH AS COMMERCIAL AND INDUSTRIAL OR ONLY RESIDENTIAL?

Yes, all kinds of properties (whether residential, commercial or industrial) are sufficient for foreign real person to apply for Turkish citizenship.

Please however note that if applicant prefers to make a promise to sell agreement, then subject of such agreement should be an independent section, which is registered as a result of a condominium easement ("kat irtifakı" in Turkish) or condominium ownership ("kat mülkiyeti" in Turkish) establishment.

In case a commercial or industrial property is selected, a residential address still be required to apply initial residence permit.

○ DOES IT HAVE TO BE BRAND NEW RESIDENTIAL PROPERTY OR CAN IT BE RE-SALES?

It does not have to be a brand new property, it can be re-sales as well.

○ CAN A CLIENT BUY MORE THAN ONE PROPERTY TO QUALIFY SUCH AS TWO AT \$125,000 EACH?

Yes, client can buy more than 1 property in order to reach out the threshold of 250.000 USD property amount. Additionally, the Client can buy several properties from different cities in Turkey to apply for Turkish citizenship, provided that advance payment of 250.000 USD is evidenced through bank receipt.

○ WHAT IS THE TYPICAL COMMISSION PAID TO REAL ESTATE AGENTS IN TURKEY? ANY CONSIDERATIONS WORKING WITH REAL ESTATE AGENTS IN TURKEY?

There is an official 2 % commission paid by both buyers and sellers each. However, there has been traditionally tendency that buyers pay all. Having said that, the tendency has been changing at the strong buyers market and sellers agree to pay their portion as well. The commission amount must be clarified before the deal.

Another consideration would be the authorization of the Real Estate Agent to sell the property. It is common that the owners work with multiple agents and there would not be single listing agent for that property. This may cause other real estate agents come and claim commissions.

Therefore, it is recommended to work only with trusted real estate professionals and agents, which are single listing agents and ideally who can present you the authorization to sell the property.