

## Law Bulletin

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### A NEW PERIOD IN TOURISM INVESTMENTS: ROOM SALES TO THIRD PARTIES

Within the last year, it has become possible for tourism investors to get an extension up to 49 years for the term of usage rights granted on public real properties; and to acquire the real properties on which an easement right is established, or which has been allocated in favor of the tourism investors or the operators. On 30 June 2018, another long-awaited amendment was made to the Regulation on Certification and Qualifications of Tourism Facilities (the “**Regulation**”) legalizing the sales of hotel rooms in the tourism facilities to third parties.

Under the new rule introduced by Article 52 of the Regulation, it is allowed to establish condominium ownership (*kat mülkiyeti*), condominium easement (*kat irtifakı*) and timeshared ownership (*devre mülk*), in favour of third parties, on separate rooms within tourism accommodation facilities that are subject to private ownership or located on public properties; such as (i) apart hotel units in tourism complexes, tourism cities and holiday centers, (ii) holiday resorts, (iii) boutique hotels, (iv) stand-alone apart hotels, (v) hotels, (vi) motels, (vii) holiday villages, (viii) guesthouses and (ix) hostels, provided that such establishments do not impair the physical unity of the facility or exceed twenty percent of the room capacity within the facility. On the other hand, the Regulation does not allow establishing condominium ownership, condominium easement and timeshared ownership rights in favor of third parties on tourism facilities that are

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located on forest land regardless of whether these lands are registered with the land registry or not.

As per the Regulation, in case of establishment of condominium ownership or condominium easement right on separate rooms of tourism facilities, a contract ensuring that the facility's physical unity will be preserved as a tourism facility, must be executed by the parties and registered with the land registry. In addition, the contract must contain a clause stating that the Ministry will not be responsible for the continuity of the enterprise and its quality standards if the tourism operation license of the facility is revoked.

It is expected that, as a result of the amendment made to the Regulation, the tourism investors will make a significant revenue from and obtain financing through the individual room sales, and the public revenues arising from tourism investments will increase. The revenues generated by the investors from the sales of tourism facilities' separate rooms situated on public lands will be subject to Value Added Tax. Furthermore, such revenues will be added to the annual turnover of the facility, one percent of which will continue to be paid to the state treasury as the revenue share. Moreover, tourism facilities, which will be able to meet the minimum occupancy requirements during the winter season with the help of this amendment, can also be operational during the winter season. Therefore, the seasonal tourism accommodation offerings can be expanded to 12 months.

It is expected that the hotel room sales, along with the legislative amendments that have been made to support and boost the tourism sector within the last year, will give a new impulse to the tourism sector.

## CONTACT



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