

Resolution No. 120
Date of Resolution 27/6/2002

ARTICLE 1

Para. (4)¹ of article (2) and para. (20) of Article (7) of Income Tax Law No. 113 of 1982 are to be repealed, and Article (2) of Resolution no. 520 of 20/7/1987 and Article (1) and (2) of Resolution no. 55 of 1/6/1998 are also repealed.

ARTICLE 2

A tax is imposed in progressive rates on the value of real estate or usufruct of real estate which is estimated according to the Real Estate value Assessment Law no. 85 of 1978 or the transfer value of the real estate, whichever higher.

The tax is imposed on the real estate owner or one who owns a share of a real estate when ownership is transferred, or usufruct of real estate, by any means of ownership transfer (or usufruct), such as vending, trade, gift, surrender, exchange, barter, compromise, removal of common ownership, liquidation of waqf or transfer to the lessee by contract.

The tax is calculated as follows:

1. The first ID20 million of the real estate estimated value or transfer price, whichever is greater, is exempted from tax (this amount is apportioned among partners if the land is owned jointly);
2. The amount over the exemption stated in 1 above is subject to the following percentages:
 - A. 3% up to ID 30 million.
 - B. 4% of any amount over ID30 million up to ID60 million;
 - C. 5% of any amount over ID60 million up to ID90 million; and
 - D. 6% of any amount over ID90 million.

ARTICLE 3

If the sale is a portion or share of real estate the tax will be calculated on the whole value of the real estate according to this resolution and be collected according to the percentage of transferred portion or share.

ARTICLE 4

The Tax Commission may not suspend transfers of real estate based on violations of tax laws committed prior to the adoption of this resolution.

¹ Article 2(item 4) imposed the income tax on profits on the sale of real property; Article 7(item 20) exempted certain transfers of real estate from the income tax on profits.

ARTICLE 5

A gift of real estate between a man and his wife or sons is exempted from the tax imposed by this resolution.

ARTICLE 6

Articles 1 and 2 apply to transfers of property made before the enactment of this resolution.

ARTICLE 7

1. Income Tax Law no. 113 for the year 1982 and Resolution no. 307 at 12/3/1984 is valid unless denoted in this Resolution.
2. This resolution is not valid on tax exemption denoted by item no. 23 and from Article 7 from the Income Tax Law or any special resolutions.

ARTICLE 8

The Ministry of Finance should issue instructions to implement this resolution.

ARTICLE 9

This resolution is effective 30 days from publication in the official newspaper and the agreement of general commission for taxes on listing transactions of real estate ownership transfer will remain valid for 90 days from the date of this Resolution and the taxes will not be refunded.

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The information on this web site is provided as a convenience only and should not be relied on as authoritative. For the authoritative text of the law and its amendments, see the Official Gazette published by the Ministry of Justice.