



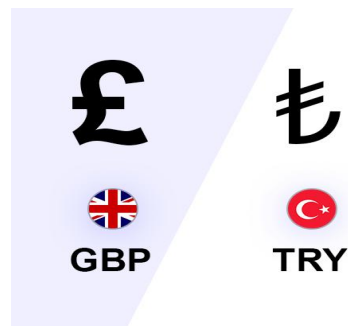
DAB Certificate Guide

Background

In an attempt to protect the Turkish Lira and the economy, Turkey has introduced a new legislation for all foreign buyers purchasing property in Turkey. Now the foreign buyer needs to show they have exchanged the amount declared on the property deeds (TAPU) to Turkish Lira (TL) from a foreign currency. Previously the purchase could be made in any currency. For example, a UK buyer and a UK seller used to be able to complete the whole transaction in GBP. This new legislation has made the process a little more complex.



How does it work?



The buyer will need to exchange their foreign currency to TL on the lead up to the date of the title deeds transfer. When exchanging the money the bank will be notified that the transaction is for the purchase of a property. The bank will then issue a DAB certificate to confirm the foreign currency exchange has taken place in relation to the property being purchased. This DAB certificate is now part of the paperwork required by the deeds (TAPU) office.

Buying and Selling currency explained

If the seller is Turkish, they may be happy to receive the TAPU value in TL and the remaining amount in a foreign currency. However, when the seller is a foreigner, they may require the whole amount to be paid in a foreign currency. The details will be stipulated in the Sales Purchase Contract.

When the seller requires the whole amount to be paid in a foreign currency, the buyer will need to make a second foreign currency exchange to convert the TL they bought to obtain the DAB certificate to the foreign currency specified by the seller. It is important to note that buying and selling exchange rates differ. The buying rate is always lower than the selling rate and this is standard worldwide. Due to the difference in the buying and selling exchange rates the buyer will inevitably lose money over the two transactions.



Exchange rates are impossible to predict, therefore the amount of loss on the day is also impossible to predict. It has become common practice and seems only fair that the loss on the day is shared between the seller and buyer. Again, these details will be stipulated in the Sales Purchase Contract.

Example

- The buyer is using **GBP** to purchase a property for a value of 325,000 GBP.
- The seller has requested to receive all of the **final payment in GBP**.
- The amount declared on the **TAPU is 5,000,000 TL**.
- Exchange rates as of 06.10.23:
 - ◆ Bank in Turkey **buys** GBP @ **33.59 TL**
 - ◆ Bank in Turkey **sells** GBP @ **33.83 TL**

Exchange 1 - Buying TL with GBP

- The buyer needs to **exchange GBP to the equivalent of 5,000,000 TL** to obtain a **DAB certificate**.
 - ◆ The buyer needs to exchange 148,853.83 GBP to receive 5,000,000 TL.
(5,000,000 TL divided by **33.59 TL** = 148,853.83 GBP)
- **Bank issues a DAB certificate** to confirm the foreign currency exchange has taken place in relation to the property being purchased.

Exchange 2 - Selling TL for GBP

- The buyer now needs to **exchange the 5,000,000 TL back to GBP** to make the **final payment to the seller in GBP**.
 - ◆ The buyer exchanges the 5,000,000 TL and receives 147,797.81 GBP
(5,000,000 TL divided by **33.83 TL** = 147,797.81 GBP)

Difference in GBP between Exchange 1 and Exchange 2

- Over the two transactions the buyer has lost 1,056.02 GBP.
(148,853.83 GBP (**Exchange 1**) minus 147,797.81 GBP (**Exchange 2**) = **1,056.02 GBP**)

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