

Cadastral Affairs: New Real Estate Transaction Fees to Be Based on 'Current Value'

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After approval from the Parliament, the presidency in recent days issued Law No. 17, which lists the real estate service fees collected by [Cadastral Affairs](#). The new law utilises the current value of real estate to set and collect certain real estate service fees.

According to state media, Law No. 17 of 2021 aims to “achieve justice” in collecting real estate fees, as well as develop real estate services and provide such services electronically. The new law was issued about a month after the related [Law No. 15](#), which regulates Property Sale Taxes and offers a mechanism for calculating such taxes. The two laws will officially go into effect together, on May 3, 2021.

Law No. 17 replaces Law No. 429 of 1948 and its amendments. The new law also amends Legislative Decree No. 44 of 2005, which set the stamp fees for transactions related to contracts, deeds, documents and other papers, as well as Law No. 35 of 2007, which concerns governorates' budgets.

Previously, Cadastral Affairs relied either on rates determined by the [Ministry of Finance](#) for each real estate area, or on the values listed in real estate sales contracts to calculate service fees for real estate registration. In such calculations, the body chose which of the two values was greater, though in practice the actual values of the properties were significantly depreciated. However, Law No. 17 now uses the current value of real estate as a basis for determining such fees. Under Law No. 15, it is the responsibility of the [Ministry of Finance](#) to determine the current value of certain real estate units in a given area, through committees formed for this purpose.

Article 2 of Law No. 17 specified the fees required for real estate registration services, as follows:

- one per thousand (0.001) of the current value of real estate for recording sales, exchanges, swaps, wills and gifts to people other than ancestors, descendants and spouses.
- 15 percent of one per thousand (0.00015) of the current value for registering real estate transfer transactions for inheritances or gifts to family members and spouses.
- one per thousand (0.001) of the debt value for registering foreclosure and cancellation.
- 0.5 per thousand (0.0005) of the increase in the value of the property, in calculating fees for registering subdivision transactions and correcting property descriptions.

According to Law No. 17, Cadastral Affairs will collect a stamp fee of five percent and a local administration fee of 10 percent, from the fees listed within the law. The law also includes a number of other fees for obtaining certain information or explanatory data.

The most peculiar part of Law No. 17 is Article 11, which says that people must pay the real estate service fees pre-emptively, before obtaining the corresponding service. 80 percent of the fee may be reimbursed if the transaction is not registered in the Land Record. Excluded from this refund are: transfer transactions, corrections of description, data and technical fees, and both stamp and local administration fees.

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Law No. 17 exempts government ministries, public institutions, local administrations, endowments, and housing cooperatives from paying the fees.

The issuance of Law No. 17 falls in line with government directives to [increase tax revenue](#) to supplement the public treasury. The [General Directorate of Cadastral Affairs](#) collected about SYP 5 billion in real estate fees in 2019, according to the body's director, Louay Khariteh. This amount is expected to increase significantly after issuance of Law No. 17. However, the law may also cause an increase in real estate prices to compensate for the losses caused by the new fees it contains, further freezing the real estate market.

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