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Developments Regarding the Renting of Residential Places for Tourism Purposes

The Law No. 7464 on the Renting of Residential Places for Tourism Purposes and Amendments to Certain Laws (the "Law") was published in the Official Gazette on November 2, 2023. The Law regulates in detail the conditions for renting residential places up to 100 days and the obligations of those who rent their premises for short terms for tourism purposes. The relevant provisions of the Law will come into force on January 1, 2024.

Considering that short-term rental activities in relation to secondary residences for tourism purposes have become widespread in the world and in our country in recent years and that these services have become a new tourism sector practice, the legislator felt the need to regulate the issue with an inclusive strategy under the Law in order to develop the tourism sector. In this framework, the Law has the purposes to document residential places rented for tourism purposes, to record incomes generated from such activities, to prevent unrecorded incomes, to ensure individuals using those premises to be notified to the police in order to prevent criminal activities, and to create a trustworthy investment environment to all stakeholders engaged in tourism activities by providing an equivalent competitiveness to them.

Within this framework, certain obligations have been introduced especially for residence owners and intermediary service providers providing services in relation to short-term rentals.

Obligations for Residence Owners

With enactment of the Law, residence owners will be subject mainly to the following obligations:

• Except for high quality residences containing more than one independent section where there is a provision in the management plan that short-term rental activities are permitted; where there are reception, security and daily cleaning service places; where health services, dry cleaning, laundry, transportation, catering and shopping services and services such as gyms and swimming pools can be provided, residence owners need to provide a resolution of all owners in the building where their residential places are, and the relevant resolution shall approve the apartment can be rented by their owners. The relevant approval must be given unanimously by all owners of other apartments in the relevant building.



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All rental activities up to 100 days are considered as short-term rentals for tourism purposes and are covered by the Law. If a residence owner rents a place more than 4 times in a year as of the beginning of the first rental period, even if the relevant rental contracts are signed for more than 100 days, the relevant rental activities may also be considered as a short-term rental activity within the scope of the Law and administrative fines may be imposed on these persons.

- Residence owners are obliged to obtain a permit certificate for each residential
 place for renting for tourism purposes in accordance with the procedure to be
 determined by the Ministry of Culture and Tourism (the "Ministry") based on the
 approval of other owners in the same building.
- The Ministry will also prepare a plate for residential places having a permit certificate and owners shall hang the relevant plate at the entrance of the relevant residential places.

As it is common in the sector for tenants to rent the relevant places for short term, the Law has also regulated this issue. It is prohibited for tenants to rent the places rented from the permit holder to third parties in their own name and account or for the lessee to rent the place rented for use as a residence on his/her own behalf to third parties for tourism purposes in his/her own name and account. Therefore, except for group (A) travel agencies certified pursuant to the Law on Travel Agencies and the Association of Travel Agencies and legal entity tenants providing their rented places to their own employees for short terms, persons who do not own the residential place or does not have any usufruct or construction right over a place could not rent the relevant place for short terms as per the Law and otherwise, may face with serious administrative sanctions.

Provisions Relating to Intermediary Service Providers

Intermediary services in relation to short-term rental activities are also regulated under the Law and such service providers may be subject to administrative sanctions based on each contract or places of which they may assist rentals as long as there is no short-term rental permit for those. Therefore, it is also important for intermediaries and intermediary service providers for such residential places to have a valid permit.

There are also specific provisions under the Law in relation to intermediary service providers within the scope of the E-Commerce Law in Turkey, which enable e-commerce and promotion of services related to short-term rentals of residential places which do not have a permit certificate for tourism purposes. It is regulated that if such intermediary service providers do not remove the relevant publications/advertisements related to those places within 24 hours despite the warning given to them by the Ministry, e-



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commerce intermediary service providers may also face administrative fines. In addition, it may also be necessary to remove the relevant content from the internet platform and/or block access to it.

Conclusion

In addition to the issues summarized above, the Law introduces many administrative obligations and regulates that the permits granted may be revoked under certain conditions. The relevant obligations should be evaluated in detail by those who rent their residential places for tourism purposes. In case of continuous violations of the Law, administrative fines may be up to TRY 1,600,000 in total as to be imposed upon the owners of each residential place within the scope of the Law. Furthermore, an administrative fine of TRY 100,000 for each contract/place may also be imposed on (i) those who rent out in their own name and account a place they actually rented from a permit holder or their owner for tourism purposes, (ii) those who practice intermediary services for the rental of residential places which do not have a permit certificate for tourism purposes and (iii) electronic commerce intermediary service providers who do not remove contents related to such residential places from their platforms within 24 hours despite the notice to be made by the Ministry.

It is of great importance that the owners renting their places for tourism purposes apply for permit certificates within 1 month from the effective date of the Law within January 2024, by fulfilling the conditions required for such permit certificates. The Ministry is expected to issue secondary regulations on the issues that need to be clarified. For this reason, it is also extremely important to follow further developments closely.