

# LEGAL NEWS

» The UAE loosens up while the European Union looks to tighten its hold on mortgage regulation

Lawyers and accountants around the world tell us about new developments in the law. If you know of any interesting changes to the law or taxation in the country where you live or do business, contact [francine.carrel@opp-connect.com](mailto:francine.carrel@opp-connect.com)

More updates are available in our news section at [www.opp-connect.com](http://www.opp-connect.com)

## CYPRUS CAPITAL RESTRICTIONS EASED



The Cypriot Finance Ministry is stopping restrictions on fixed term bank deposits. They will also increase the amount allowed for monthly money transfers, both for individuals (from €15,000 to €20,000) and companies (from €75,000 to €100,000). The capital controls were introduced in March 2013 to prevent a run on the banks. Cash withdrawals are still limited to €300 per day and cashing cheques is not allowed.

Source: *Cyprus Property News*

## DENMARK BANK BUSINESS PRACTICE BINNED

Denmark's government is planning to stop banks using their property stock to directly drum up business for mortgages. Clients will instead be encouraged to find their own financing. Brokers will also be required to remove the monthly mortgage payment from advertising, showing just the selling price.

## DUBAI FOREIGN COMPANIES CAN'T BUY

The Dubai Land Department introduced laws restricting foreign companies from buying real estate. The law, which was introduced very quietly in February, caused hundreds of transactions to be aborted mid-way. The foreign companies affected will also include those from other emirates.

## FRANCE TRANSACTION TAXES UP IN 66 DISTRICTS



The French Tax Administration confirmed that 66 of 100 departments in France chose to increase their house transfer tax from 3.8% to 4.5% between 1 March 2014 and 29 February 2016. The increases are hoped to help departments badly hit by budget cuts over the last few years. The tax is imposed on transactions for older property.

Additionally, France's 2014 Finance Act specified that large taxpayers will now be required to disclose their consolidated accounts and any overseas tax rulings.

## GERMANY LANDLORDS TO SHOULDER BROKER FEES



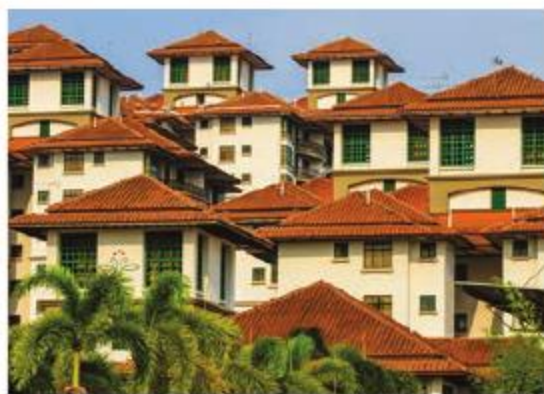
Germany's government is looking to ease the burden of broker fees for renters. High brokerage commissions are driving up the price of moving, with the renter usually paying the broker fee even if the broker is hired by the landlord. Under the proposed legislation, landlords would have to pay commissions if they hire the broker. Justice minister Heiko Maas said he planned to present a draft law by late March; check [www.opp-connect.com](http://www.opp-connect.com) for updates.

## JORDAN NO MORE FOREIGN DEVELOPERS?

The Jordan Housing Developers Association (JHDA) is encouraging the government to ban foreign and Arab developers from building residential projects in the Kingdom. The call comes after issues with post-sale maintenance. The president of the JHDA told the Jordan Times that several Iraqi investors built housing projects

then settled in other countries – and the JHDA has since received complaints about construction faults. The association is also urging the government to restrict property investments to Jordanian companies only.

## **MALAYSIA** **BULK-BUYING TO BE** **CURBED**



Housing and Local Government Minister Datuk Abdul Rahman Dahlan announced that the government is looking into ways to restrict investor clubs 'bulk-buying' real estate, which is creating false demand and rises in price. One idea is to stipulate that any developer selling in bulk would have to obtain permission from the Controller of Housing. The Real Estate And Housing Developers' Association Malaysia (Rehda) has not objected to the plans.

## **PORTUGAL** **GOLDEN VISA AGREEMENT** **WITH CHINA**

A Portugal association has made an agreement with China to avoid golden visa abuse. The Association of Professionals and Real Estate Enterprises of Portugal (APEMIP) have signed protocols with China after reports emerged of irregularities involving selling properties above the market price and illegal mediation. The Portuguese golden visa requires a real estate purchase of €500,000 to secure residency for a non-EU citizen and has attracted large numbers of Chinese buyers, who had secured 80% of the granted visas as of November 2013. The agreements were finalised at

the Portugal-China Property and Investment Road Show 2014.

## **QATAR** **DEVELOPER REGULATIONS** **STRICTER**

Under new laws, builders and developers in Qatar will face penalties for violating norms. These include not handing units over to buyers within the agreed deadline; if the units do not meet the standards agreed in the contract; and if the developer does not start a project within six months of approval (without acceptable reasons). Penalties include heavy fines, losing license or even jail time.

In addition, the law says that each project should have an independent bank account.

## **SINGAPORE** **STAMP DUTY SIMPLIFIED** **IN BUDGET**

Singapore simplified stamp duty charges in its 2014 budget. The structure of buyer's stamp duty (BSD) has changed from a fixed rate structure to a percentage-based structure. BSD rates are now 1% for the first SG\$180,000, 2% for the next SG\$180,000 and 3% thereafter. Changes have also been made to the lease duty calculation to make it more consistent. The Inland Revenue Authority of Singapore has issued an e-Tax guide explaining the changes.

## **SPAIN** **GHOST PROPERTIES TO** **BE TAXED**

The Catalan government has approved a 'ghost property' tax bill in hopes of easing the region's real estate problems. Banks owning properties that lie vacant for over two years will have to pay an additional tax (rates calculated by floor area). The tax is likely to affect at least 15,000 flats in areas with acute housing shortages, the government has said. Legislation should come into force in 2015.

## **UK** **TWO AIS JUDGED ILLEGAL** **IN HIGH COURT**

The UK High Court ruled that two alternative investment schemes were being unlawfully operated.

The schemes, promoted by Capital Alternatives and several other companies, are: African Land, which offers investments in rice farm harvests in Sierra Leone; and Reforestation Projects, which offers investments in carbon credits intended to be generated from land in Sierra Leone, Brazil and Australia.

## **VIETNAM** **FOREIGN OWNERSHIP** **RESTRICTIONS EASED**



The Vietnamese Ministry of Construction wants to make it much easier for overseas Vietnamese to own property in the country.

The Ministry has proposed amendments to the housing law which would mean that overseas Vietnamese (or Viet kieu) would face virtually no restrictions on buying houses in Vietnam once they got permission to enter the country. Currently they can only buy one unit (house or apartment) after they've lived in Vietnam for six months.

Foreigners would also be allowed to own property after they have obtained a work permit. Currently they have to fit restrictive criteria, like having a Vietnamese spouse or investing in the country.

A controversial bill concerning apartments has also been removed due to public pressure. The proposed plan would have limited ownership of apartments to just 70 years, causing concerns among many apartment owners. ■