

Registering the purchase of your new home

The Ministry of Finance maintains records relating to real estate transactions. This includes ownership information, historical transactions, and information about legal disputes. Anybody can obtain this information for a nominal fee. When you buy your new home, you have to register the purchase at the Ministry of Finance.

Records of Lands and Real Estate

This Directorate of Land Registration and Cadastre, based in Tabaris, keeps a record of land and property throughout the country: who owns it, the specifications of the plot, buildings and facilities, and any outstanding disputes. All purchases, sales, leases and inheritance of land or real estate, as well as insurance applications, must be registered with one of the Directorate's offices. The Directorate was established in 1926 and is under the authority of the Ministry of Finance. In addition to the head office in Tabaris, there are branches in Riad al Solh Square, Baabda, Jounieh, Zalka, Sidon, the Bekaa, and two branches in Tripoli. Each branch has the responsibility for a particular area of the country. Although there are records for most of the country, there are still areas that the government has yet to survey.

Verifying Ownership

as well as registering properties, these offices can answer queries concerning the ownership of property. Anybody can make an inquiry about any piece of real estate and apply for a copy of ownership deeds. All the Directorate needs is the location of the property. The application costs LL 1,000 for processing and LL 9,000 for the copy of the deed. The deed details the exact location, number, and size of the plot, who is registered owner, whether there are any disputes over ownership or pending legal cases. Importantly there is a compulsory government order on the property or, for example, whether any roads are planned through the area. Although an agent or lawyer is usually asked to take care of the application process, anyone can do it. Computerization has made the application process much faster, encouraging many more people to apply directly. Ownership queries can also be applied for through LibanPost, which will render the service of LL 15,000 (broken down into LL 9,000 for the copy of the deed, LL 1,000 for processing, LL 4,545 for LibanPost, and LL 455 VAT).

How to register the transaction

After agreeing to purchase a piece of property, a buyer has two options concerning registration. The buyer and seller can both go to the notary public and sign a sales contract, which gives the buyer a period of ten days to register the property. The second option allows the buyer to go directly to the local office of the Directorate and register the sale immediately, after presenting a series of documents and paying a fee. Two essential documents required to register a property are the municipal and financial 'quittance'. These indicate that all municipal taxes on the property have been paid, and that there is no outstanding mortgage. Registering a property can take up to three days, and is usually carried out by an agent. The agent will charge a fee of around \$ 200, although in some cases it can be as high as \$ 1,000. The difference usually depends on the complexity of the registration and the time taken by the agent.

Some developers and engineers save buyers cash by offering to process the registering for them. This will cost both parties less, as applications can be processed in bulk, thus saving time and agents' fees.

A Deed for your Property

A deed of ownership is a personal document. This document contains information defining the size of the property and its exact location, with a duplicate of the information held in the national land survey office. The information included the location of the plot with its allocated number, its total area, boundaries, and details of items on it, such as construction, trees, terraces, and whether it contains, for instance, a water source. The deed also contains the full name of the owner. The official name of the deed changes according to the location of the plot and its legal status. If a plot is measured, defined as private property, and its boundaries designated, the owner has the right to a deed of ownership or 'Sanad Tamlik.' In the same areas, the measurements of plots are not mentioned, and under these circumstances the landowner obtains a registration certification or 'shahada kaid mulkiah.' For areas where the borders of the plots are designated but await a final ruling from a real estate judge, the owner will obtain a real estate certificate or 'ifada kariah.' However, there are areas in Lebanon that have not been surveyed, where plots have no officially defined boundaries. Such areas cover 2,000 square kilometers, making up about 20 percent of the country. In this case, property ownership can be proven through documents held by the mukhtars of these areas. Landowners receive a 'notification' from the mukhtar of the area indicating that they own a plot. This notification is as legitimate as any other deed of the ownership, except that it does not figure in any real estate department records- it exists only with the mukhtar. Any acquisition of property in these areas will remain registered in the mukhtar's records until the area is fully surveyed.

Where to obtain the Deed

The procedure for obtaining a deed is easy, provided that the applicant provides a purchase contract. According to the Ministry of Finance, paying property taxes and fees is the only guarantee to the purchaser that the property is finally his or hers. The Ministry views property taxes as a form of registration fee, and the registration of the property safeguards the rights of the owner. The fees for obtaining the deed vary between 5.5 and six percent of the value of the deal for both Lebanese citizens and foreigners. These fees include flat taxes that amount to around 80,000 LL and a five percent transfer tax on the declared sales price or the valuation, whichever is higher. There are also municipality fees, which amount to five percent of previous fees, a 0.3 fiscal stamp fee, and 0.1 percent lawyers' fee. The valuation of the property is calculated by multiplying the total rental value by 12.5. But the land registrar could apply a higher estimation.

Tax on Property

A sales tax, paid by the buyer, is applied on buildings and apartments, as well as on land. Mortgage fees, which are one percent plus three percent stamp duties, are the responsibility of the bank handling the transaction. These two types of taxes account for approximately three-quarters of the total tax collected. The mortgagee is accountable for the so-called mortgage release fees-again one percent – as well as partitioning fees of five percent. These apply to property with multiple ownership deeds, and

which, upon completion will be divided into individual units. The major shareholder of a property to be divided handles the exchange fee of six percent, paid in one installment. These taxes and fees apply to all property throughout Lebanon.

Paying Taxes on Built-Up Property

Taxes on built-up property are incrementally variable from four to 13 percent. For example, taxes in Beirut and Mount Lebanon contribute 80 percent of the revenue for the Treasury, although these regions represent only 20 percent of the total area of Lebanon.