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REAL ESTATE TAXES IN THE FINANCIAL LAW OF ADMINISTRATIVE UNITS

The Financial Law of Administrative Units No. 37 was issued on December 27, 2021, and is meant to regulate the fees and taxes collected by administrative units, as well as the methods for collection. The law also updated some real estate fees, basing them on the “current values” of real estate properties.

According to Local Administration Law No. 107 of 2011, an administrative unit is a governorate, city, town, or municipality and it has a legal character. Administrative units finance themselves through two sources. The first are direct fees, which an administrative unit collects directly in return for services that it provides or licences that it grants. These services may include the paving and lighting of public roads, urban planning costs, and construction licensing, among other things.

The second are indirect fees or percentages of fees and taxes collected by public authorities and then transferred to the administrative unit. These may include income taxes, taxes for non-built-on lands, property taxes, and transportation fees, etc. Law No. 37 granted administrative units 10 percent of property taxes and of non-built-on land taxes collected by the Finance Directorate within the Ministry of Finance. Fees collected throughout Syria are distributed to the administrative units according to percentages determined by the same law.

Law No. 37 also links the values of some fees to the so-called “current value” of real estate. For example, the new fee for obtaining a construction permit is one percent of the value of the total land area slated for construction, calculated at the current value of the land. The one percent fee also applies to what Law No. 37 describes as permits to rebuild or construct additions to existing buildings. It is unclear whether “rebuilding” refers to rehabilitating or repairing a property. In such cases, the permit fees for rehabilitating properties damaged by wartime hostilities will be affected.

Law No. 37 also uses the current value to determine the fees for property improvement. Property owners must pay these fees for both built-on and non-built-on land, surfaces, and land that have undergone improvement due to public interest works. Each administrative unit collects these fees within its administration boundary lines. The law defines works for the public interest as projects carried out by public and private institutions, such as opening or expanding roads, constructing retaining walls, markets, malls, public squares and parks (or expanding and fixing them), building bridges, waterways, covering rivers, applying laws regulating urbanisation, amending construction codes, and more.

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Under Law No. 37, a committee formed by the governor determines the value of a property improvement no more than one month after determining the real estate zone in which the proposed improvement occurred. The law clarifies that the committee is meant to estimate the current value of the property both before and after the improvement, making the improvement tax equal to half the value of the property's price increase.

Law No. 37 gave property owners the right to object to the committee's estimates in cases of material or mathematical error so that the committee itself could correct the mistake. Finally, the law sets the State Council as the administrative judicial body with exclusive jurisdiction to handle appeals against the committee's decisions.

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