



## **Selling Property in Israel**

### **Proving your Ownership**

The first thing you will need to check when selling a property is that you are registered as the owner of the property and that your identification details are correct. This may mean a simple search at the Land Registry or a slightly longer verification process if your property is not registered. Since everything in Israel is registered with an identification number as well as a name, if you have renewed your passport or other identification since the property was purchased, the number on your current document may not be the same and you will need to update this before you sell.

### **The Process**

Unlike in other countries which may have a standard procedure for the sale of real estate, in Israel almost everything is up for negotiation. From the dates and amounts of the payments to the length of time between exchange and completion, all these issues need to be resolved in the sale agreement.

Once you have accepted an offer for the property, we will prepare a contract and supply the relevant documents needed to prove the legal status of the property. After all the details have been agreed and you are satisfied with the conditions of sale, a binding agreement will be signed. At the same time, you will also sign the documents required to transfer registration of the ownership and these will remain with our office until all payments on the purchase have been made.

The buyers will make the first payment on exchange of contracts (usually by way of a bank draft in your name) but this will be retained by our office for two to three days to enable the buyers to register their interest in the property at the Land Registry (or wherever the registration of the property is held). The balance of the purchase price will be paid in several installments, over several weeks or months, depending on the terms you have agreed with the buyers.

On completion, the final payment will be made and you will need to provide vacant possession of the property, unless agreed otherwise in the contract. You will also need to provide the buyers with the various documents needed to transfer ownership, as mentioned above, together with confirmation that you have complied with all your financial obligations in regard to the sale. In particular, you will need to provide confirmation from the local municipality that there are no outstanding rates or other levies owing in relation to the property and confirmation from the tax authorities to show that any tax due on the sale has been paid or that you have received an exemption. More information about both of these can be found below. If you have a mortgage on the property, this will need to be redeemed or transferred prior to the final payment.



If you do not have the confirmations mentioned above on the date of completion – for example, if the tax authority has not issued the confirmation required - part of the final payment will be paid to our office to hold in escrow until these confirmations are provided to the buyers. The buyers will still be able to take possession of the property as planned and the amount held in escrow will be released to you after we have obtained the documents required. On the completion date, either you or someone on your behalf (our office, if you wish) will need to be present to hand over possession of the property, to read the utility meters and transfer the various accounts into the buyers' names.

If you do not have a bank account in Israel or would like us to handle receipt of the payments, we can do so through a designated client account. Our office will then monitor the various payments and, if you are resident abroad, we can convert these into foreign currency and send them through to you. The account may also be used to make other payments associated with the sale e.g. agent's fees, utility bills etc. You will be responsible for all outgoings on the property until the date of completion on the sale.

If you will not be here for the sale process, you can sign a power of attorney enabling our office or your representative here in Israel to deal with the sale on your behalf. If you are resident abroad, we can arrange for you to sign this in your country of residence.

#### Tax:

A declaration regarding your liability to or exemption from any potential Land Appreciation Tax (CGT) will be signed at the same time as the contract and then filed with the tax authorities within 30 days of exchange of contracts. If you are not sure whether you are liable for tax on the sale of your property, please contact us for advice.

#### Betterment Levy:

The other potential outlay you should be aware of is the levy charged by the local municipality on any improvements made to a property during the period of your ownership (Betterment Levy). These will include any additions you have made and in regard to which you have not applied for planning permission (this will need to be rectified in the course of the sale, if the property is to be sold with the additions) and also any changes in the local planning regulations which have potentially increased the value of your property (for example, the right to build a swimming pool in the grounds or to add additional floors to a condominium).

This fact sheet is presented as a general information service to our clients and does not constitute legal advice. The process of selling property in Israel is a complex one and you should obtain specific legal advice before taking (or deciding not to take) any action. Please contact us for further information.