

Circular

Istanbul, 27 January 2017

Circular No: 10

Subject: Amendments announced on VAT and Corporation Tax Law through the law no.6770, regarding the investments with incentive certificate.

Certain amendments have been announced on VAT and Corporation Tax Law through the Law no.6770 published in the Official Gazette dated 27 January 2017, regarding the investments with incentive certificate. Pursuant to that;

- VAT exemption will be applicable on documented software, intangible rights deliveries and leasing regarding the investments with incentive certificate.
- VAT incurred in 2017 for the construction business expenditures within the scope of investments with incentive certificate intended to the manufacturing industry that could not be compensated through deductions may be refunded.
- Regarding the reduced corporation tax implementation for investment spending to be handled during 2017 within the scope of investment incentive certificates for manufacturing industry, the authorities assigned to the Council of Ministers have been extended through the Article 32/a of Corporation Tax Law.
- The authority to ensure the implementation of corporation tax reduced up to 75 % over the income of the SMEs, dealing with manufacturing activities and holding an industrial registry certificate, to be applied on the dissolved and merged company's income acquired through manufacturing activities, if they merged in a way of take-over as per the first clause in Article 19 of Corporation Tax Law has been assigned to the Finance Ministry.

Our explanations provided above include general information on the issue. No responsibility can be claimed against EY and Kuzey YMM ve Bağımsız Denetim A.Ş. due to the implications arising from the context of this document or emerging with respect to its context.

Best Regards,

KUZEY YMM VE BAĞIMSIZ DENETİM A.Ş.