

Circular

Istanbul, 10 October 2017

Circular No: 111

Subject: Regulations on excise tax, stamp tax, fees, inheritance and transfer tax and real estate tax laws within the draft law containing amendments to certain tax laws.

The regulations on excise tax, stamp tax, fees, inheritance and transfer tax and real estate tax within the draft law presented to the Grand National Assembly of Turkey on 27 September are provided below:

- *Pertaining to the Special Communication Tax Law; mobile communication services; services for the transmission of radio/TV broadcasting through satellite and cable platforms; and wired, wireless and mobile internet service supplying are subject to special communication taxes (SCT) of 25 %, 15 % and 5 % respectively. Through the Draft, SCT rate for each of the services above is proposed to be set as same at 7,5 %. This provision will be enacted as of 1 January 2018.*
- *Transactions based on derivatives and options contracts within the stock exchanges established in Turkey and the money retained for one's own, arising from those transactions are exempt from banking and insurance transaction tax (BITT). Through the Draft, by repealing the wording of "performed at stock exchanges established in Turkey", transactions based on derivatives and options contracts and the money retained for one's own, arising from those transactions are proposed to be exempt from BITT regardless of the place in which the transaction was performed. This regulation will be in force from the beginning of the month following publication of the law.*
- *Introduction of a fee (excluding judgement fees) and stamp tax exemption is proposed for the transactions and documents issued concerning the utilization of funds by special purpose companies established with the aim of obtaining funds in return for securities issued abroad for the financing of public private sector cooperation projects through project management companies; transactions and documents issued for their collaterals and repayment. These regulations will be enacted as of the Law's publication date.*
- *The duty fee that should be paid during application and renewal related to the advance pricing agreements is planned to be eliminated. This regulation will be enacted as of the Law's date of publication.*
- *The inheritance and transfer tax levied on gains from the chance games, lottery or other similar contests held by real and legal persons is proposed to be increased from 10% to 20%. This regulation will be in force from the beginning of the month following publication of the law.*
- *Imposing an upper limit for high unit square meter values on lands and fields assigned for 2018 by Assessment Commissions is proposed through a temporary article to be added into the Real Estate Tax Law. Pertaining to that, in case the minimum unit square meter values on lands and fields assigned in 2017 for the year 2018 exceed the 50 % of the unit values implemented in 2017, in calculating the assessed value of lands and buildings for 2018, 50 % more of the minimum unit values for lands and fields implemented in 2017 will be taken as basis. This provision will be taking effect as of the publication date.*

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.