

## Circular

**Istanbul, 27 October 2017**

**Circular No: 114**

***Subject: Basic changes proposed for the application process in advance pricing agreements.***

*Changes provided below are proposed for the application process in advance pricing agreements by the Draft General Communiqué on Disguised Profit Distribution through Transfer Pricing series no.3 laid out by the Ministry of Finance. The concerning changes within the Draft Communiqué are indicated as follows:*

- Definitions for unilateral, bilateral and multilateral advance pricing agreements are provided.*
- Phase of "Preliminary Interview" is added into the advance price agreement process.*
- Periods granted for application and assessment processes in advance pricing agreements are identified clearly.*
- Provides context on tax inspection processes with advance pricing agreements.*
- Retrospective applicability of advance pricing agreements is explained.*

*The Draft Communiqué will be enacted as of the publication date once it reaches its final shape.*

*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.**