

Circular

Istanbul, 1 December 2017

Circular No: 118

Subject: Regulations within the Law no.7061 approved in Parliament General Assembly, containing amendments to the tax legislation.

Regulations concerning the tax legislation within the Law no.7061 approved in Parliament General Assembly on 28 November 2017 are provided below.

- *The rate for lump sum expense applicable to the taxpayers declaring rental income is reduced to 15 %.*
- *For the ones seeing their net income lowered under TL 1.404,06 for the months September, October, November and December of 2017 caused by the income tax tariff, the amount remaining under TL 1.404,06 will be compensated through additional minimum living allowance. This term will be effective from 1 September 2017.*
- *Corporate taxpayers will be subject to a corporation tax rate of 22 % over their income acquired through the taxation periods for the years 2018, 2019 and 2020.*
- *The current 75 % exemption rate applied over the income derived from the sale of immovable property (real estate) has been reduced to 50 % from 75 %. This term will be taking effect as of the publication date of the Law.*
- *Fees that should be paid during application and renewal related to the advance pricing agreements is eliminated as of the Law's date of publication.*
- *All special provisions reserved by financial leasing and financing companies will be considered as expenditure during the corporation tax base assessment for the concerning year. That will be enacted as of 1 January 2019.*
- *Regulation concerning the declaration and payment of the VAT arising from services provided electronically to the real persons who are not taxpayers of VAT by whom not having any residence, workplace, legal center and business center in Turkey by the suppliers of those services has been introduced. This term will be taking effect as of the beginning of the month following the month in which the Law is published.*
- *Rates of increase for motor vehicles taxes (MTV) regarding 2018 on passenger cars registered prior to 31.12.2017 has been set as 15 % for passenger cars with engine capacity at 1300 cm3 and lower while the rate of increase is set as 25 % for the passenger cars with higher engine capacity. The passenger cars to be registered from 01.01.2018 will be subject to differentiating rates of MTV not only according to their engine cylinder capacity, but also depending on the market value of those vehicles.*
- *The special communication tax rate (SCT) on mobile communication services and mobile internet service supplying is set as 7,5 % to be effective from 1 January 2018.*
- *The inheritance and transfer tax rate levied on gains from the chance games, lottery or other similar contests held by real and legal persons is increased from 10% to 20% as of the beginning of the month following publication of the law.*
- *Term of litigation against the order of payment has been increased to 15 days from 7 days effective from 1 January 2018.*

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.