

**Circular**

**Istanbul, 6 December 2017**

**Circular No: 120**

***Subject: Refund of the VAT incurred for services provided to the foreign-flagged ships and could not be compensated through deduction.***

*Through the VAT General Communiqué series no.15 published in the Official Gazette dated 5 December 2017, certain amendments to the VAT General Implementation Communiqué have been announced.*

*Accordingly, concerning the services provided for modification, maintenance and repair of foreign-flagged ships lacking transportation rights within Turkey, 50 % of the VAT incurred for services provided within the scope of exemption and could not be compensated through deduction will be refunded regardless of searching for a document certifying the transfer of the service fee to Turkey as foreign currency.*

*The remaining amount of VAT will be refunded in proportion to the half of the fee transferred to Turkey as foreign currency units.*

*The Communiqué has been enacted 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.**