

Circular

Istanbul, 3 February 2017

Circular No: 13

Subject: Amendments announced on VAT rates implemented over certain residential deliveries.

Amendments on VAT rates to be applied over residential construction projects with permits to be obtained after 1 January 2017 (including that date) and residential construction projects to be tendered by public institutions and their affiliates after 1 January 2017 have been announced through the Council of Ministers Decision no. 2017/9759 published in the Official Gazette dated 3 February 2017.

Pertaining to that, for the aforementioned residences with net area up to 150 square meters built up as luxurious or first class construction within metropolitan regions, the VAT to be calculated pursuant to the tax value per unit square meters of its area on the date its permit was obtained are provided below;

- 8 % for the deliveries between 1.000 TL and 2.000 TL (2.000 TL included)*
- 18 % for the deliveries over 2.000 TL (8 % until 30 September 2017)*

Any amendment is not announced for VAT to be applied over the deliveries within the scope of residential construction projects with permits to be obtained between 1 January 2013-31 December 2016 and projects to be tendered by public institutions and their affiliates following 1 January 2013 and the previous implementation will be applicable.

Also, through the Council of Ministers Decision no.2017/9759, VAT implementation at a rate of 8 % for houses subject to 18 % is extended from 31.03.2017 until 30 September 2017.

The Council of Ministers Decision is effective as of 3 February 2017.

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.