

Circular

Istanbul, 6 February 2017

Circular No: 17

Subject: Amendments announced on the sections of VAT General Implementation Communique concerning investments with incentive certificate.

Certain amendments had been announced on VAT Law concerning the investments with incentive certificate through the Law no.6770 published in the Official Gazette dated 27 January 2017. Procedure and principles concerning the implementation of the legal arrangement are announced as provided below through the Communique series no.10 requiring amendments over VAT General Implementation Communique:

- Sale and leasing of software and intangible rights handled under documents concerning the investments with incentive certificate have been exempted from VAT.

- VAT incurred in 2017 for the construction business expenditures within the scope of investments with incentive certificate intended to the manufacturing industry that could not be compensated through deductions may be refunded. Pertaining to that, VAT refunds could be demanded through including it into the;

. VAT return of July/2017 at the earliest, May/2018 at the latest in construction business concerning investments with fixed amounts required at minimum 50 million TL, for the VAT incurred in first half of 2017 (1/1/2017-30/6/2017) and could not be compensated through deductions,

. VAT return of Jan/2018 at the earliest, Nov/2018 at the latest for the VAT incurred in second half of 2017 (1/7/2017-31/12/2017) and could not be compensated through deductions,

.VAT return of Jan/2018 at the earliest, Nov/2018 at the latest in construction business concerning investments with fixed amounts required up to 50 million TL, for the VAT incurred in 2017 and could not be compensated through deductions until the end of 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.