

Circular

Istanbul, 13 February 2017

Circular No: 23

Subject: Procedure and principles for the implementation of Article 153/A of Tax Procedural Law titled as "Implementation of Collaterals" announced.

As per the first clause in Article 153/A of the Tax Procedural Law titled as "Implementation of Collaterals", in the circumstance that tax registration is realized especially with the intention of drafting forged documents despite having no other commercial, agricultural and occupational activity is detected through a report by an entity authorized for tax inspection, indicating that the continuity of tax registration is not required, these people are deemed to be leaving job and their registry of tax is cancelled by the tax office. In case a notice to proceed for the ones within that scope are received, they are required to have completely paid for their tax due and demanded to provide collaterals.

Pertaining to the 4th clause of the article, beside the existing activities, people whose situation has become definite among the ones with acts of drafting forged documents, indicated in the Article 359 of Tax Procedural Law (smuggling crimes and penalties) that are detected through a report by an entity authorized for tax inspection, are required to provide collaterals at the amount stated within the Law.

The 5th clause of the same article contains a provision concerning the collateral to be demanded for restarting activities from the members of profession dealing with activities within the scope of the Law no.3568 (public accountants, independent accountants and financial advisors, certified public accountants) if any involvement with those actions of the ones whose tax registration is cancelled under the 1st clause of article is detected through an inspection report and for the people whose situation has become definite.

Procedures and principles concerning the implementation of Article 153/A in the Tax Procedural Law outlined above are widely covered within the Tax Procedural Law General Communiqué series no.478 published in the Official Gazette dated 11 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.