

## Circular

Istanbul, 16 February 2017

### Circular No: 26

**Subject:** Amendment announced on section “III/B-2.1.1. VAT Rate to Be Applied” within the VAT General Implementation Communique.

Article 10 in VAT Law contains a provision indicating that the taxable event would be considered as taking place at the time the invoice or similar documents were drafted even the invoice or similar documents had been drafted prior to the delivery of goods or service supply.

Through the General Communique series no.11 published in the Official Gazette dated 15 February 2017, section “III/B-2.1.1. VAT Rate to Be Applied” within the VAT General Implementation Communique has been amended. As per the amendment made concerning the VAT rate to be applied in residential deliveries, in the circumstance that the invoice concerning the residence delivery is drafted prior to the delivery, the taxable event is deemed to have occurred during the time invoice is drafted and the VAT to be disclosed on invoice should be declared and paid.

Pertaining to that, in case the VAT rates applicable on the residence at the time of delivery and the invoice date are different, the VAT rate applicable at the time that invoice is drafted will be taken into account. Therefore, any correction will not be done regarding the VAT calculated taking the VAT rate at the time when invoice drafted into account compared to the rate applicable during the actual delivery of the residence.

Through a Council of Ministers Decision no. 2017/9759, it was declared that an 8 % of VAT rate would be applicable on the residential deliveries until 30 September 2017 for houses subject to a VAT rate of 18 % in delivery.

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.