

Circular

Istanbul, 17 February 2017

Circular No: 29

Subject: *Certain amendments on VAT General Implementation Communiqué announced concerning the implementation of partial withholding.*

Through the General Communiqué series no.11 published in the Official Gazette dated 15 February 2017, amendments below have been announced on certain parts of VAT General Implementation Communiqué concerning the implementation of partial withholding:

- The scope of recipients specified in partial withholding implementation is extended; water and sewerage administrations of metropolitan municipalities are also included in the recipients for withholding implementation.

- The services supplied to businesses dealing with activities of preventive medicine, diagnosis, treatment and rehabilitation concerning human and animal health through physicians will not be subject to withholding within the scope of workforce recruitment services.

- Arrangements made on refunds of VAT that is withheld over or irrelevant, declared and paid by the recipient.

Option of collaterals for claims of refunds on account at 5.000 TL and over concerning the services implemented partial withholding within the scope of the Section I/C-2.1.3. in the Communiqué has been removed. In claims of refunds on account at 5.000 TL and over concerning the services implemented withholding within the scope of the Communiqué's Section I/C-2.1.3, it's stated that collaterals provided for the portion of refunds exceeding 5.000 TL claimed through CPA report will be resolved pertaining to the CPA report.

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.