

## Circular

Istanbul, 20 February 2017

### Circular No: 31

**Subject:** Arrangement on delivery way of the goods manufactured by input obtained within the scope of Permit Certificate for Inward Processing removed.

*Through the VAT General Communique series no.7 enacted as of 4 October 2016, the impossibility of delivering the goods manufactured by input obtained within the scope of Permit Certificate for Inward Processing without paying VAT by collecting VAT from the buyer had been declared. Despite that, in the circumstance that any delivery occurs in that way it was indicated that VAT incurred concerning that delivery could not be refunded to the exporters.*

*Foreign Trade Capital Corporates and Sectoral Foreign Trade Corporates were excluded from this implementation through the VAT General Communique series no.8 published afterwards.*

*The first paragraph concerning the matter within the VAT General Implementation Communique's section no (IV/A-1.5) has been removed through the General Communique series no.11 published in the Official Gazette dated 15 February 2017. Since then, the previous implementation prior to the VAT General Communique series no.7 was reverted for all taxpayers without exception.*

*Pertaining to that, VAT included delivery of the goods manufactured by input obtained domestically or from markets abroad within the scope of Permit Certificate for Inward Processing without paying VAT to the mediator exporters for export purpose and exporters' entreating those taxes paid for refund is now enabled.*

*As one may recall, the arrangement introduced through the VAT General Communique series no.7 was commented as it would also be applicable on incomplete previous period refund claims. Therefore, many claims from taxpayers concerning the periods prior to 4 October 2016 were not met. Following the removal of arrangement, those sorts of issues encountered have been resolved.*

*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.