

Circular

Istanbul, 20 February 2017

Circular No: 33

Subject: *The state of exchange rate differences arising against the manufacturer in export registered deliveries in terms of VAT.*

Pertaining to the existing arrangement within the VAT General Implementation Communiqué, VAT has been calculated on the invoices drafted by the exporters for exchange rate differences arising against the manufacturer in export registered deliveries; that amount was declared as “VAT calculated” by the exporter and “VAT deductible” by the manufacturer.

Those amounts were considered as difference occurring on the tax base against the manufacturer in VAT refund calculations to be made to manufacturers since the exchange rate differences arising against the manufacturer are subject to VAT and doubts were existing on whether any corrections should be done on refund amount or not. (The arrangement existing in the former VAT communiqués indicating no requirement for correction on refund amount caused by exchange rate differences occurring against the manufacturer was not included in the VAT General Implementation Communiqué.)

Through the Article 6 of the General Communiqué series no.11 published in the Official Gazette dated 15 February 2017, the first paragraph of section no. (II/A-8.9) within VAT General Implementation Communiqué is amended and two new paragraphs have been added. By this arrangement, the implementation of VAT calculation on invoices to be drafted by the exporter because of the exchange rate difference arising against the manufacturer in export registered deliveries has been terminated.

Correspondingly, exchange rate difference arising against the manufacturer is accepted as an amendment occurring on the tax base against the manufacturer and pursuant to the provision within Article 11/1-c of the Law, it's indicated that it would be considered as (-) at the account for refund to the manufacturer.

So that the uncertain parts of the matter have been clarified.

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.