

Circular No: 061

İstanbul, 17 May 2017

Subject: Draft general communique about Standard for Automatic Exchange of Financial Information in Tax Matters (CRS) is transmitted to Financial Institutions.

Standard for Automatic Exchange of Financial Information in Tax Matters was accepted on the basis of reciprocity in G20 Leaders Summit on 16.11.2014 and draft general communique regarding CRS which clarifies due diligence methods and reporting obligations is drafted by Turkish Revenue Administration.

Standard for Automatic Exchange of Financial Information in Tax Matters was created in 2014 by the OECD and published on OECD website with its commentaries.

CRS is a mutual information system which's rules are determined by the OECD, includes more than 100 countries, to record taxable incomes and prevent tax evasion.

As per the CRS, financial institutions in the jurisdictions which ratified and put the treaty into force will exchange financial account information annually with other CRS countries through governmental agencies. Turkey has committed to CRS as a late adopter and as a G20 country, it is foreseen that inception of financial account information exchange within the context of CRS will take place in 2018.

Despite Turkey is going to execute the first exchange of information in 2018, no action in local jurisdiction concerning CRS was taken until now. While financial institutions had started changing their infrastructures within the context of CRS, matters such as time of reporting, countries that are going to be in scope of reporting wasn't certain. Public opinion were wondering whether or not Turkey will take action according to OECD commentaries.

Revenue Administration has prepared a draft version of "General Communique Regarding Common Reporting Standards" which clarifies due diligence methods and reporting requirements financial institutions has to follow and transmitted it to financial institutions, demanding their opinions. In this case, now Turkey has a guidance regarding CRS reporting in its local legislation even in draft form.

As per the Draft Communique, information regarding reportable accounts shall be reported by reporting financial institutions as of the end of 31 May of the following calendar year to Revenue Administration. It is also stated that the reporting regarding 2017 shall include the period between 01.07.2017 – 31.12.2017 and will be completed by 31.05.2018. The financial accounts as of 30.06.2017 is determined as pre-existing financial accounts in the Draft Communique, however reporting date for pre-existing financial accounts does not stated in the Draft communique.

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Best regards,

Kuzey YMM ve Bağımsız Denetim A.Ş.
Ateş Konca Levent Atakan

Should you need further explanation on the Draft Communique, please contact Melike Kılınc (melike.kilinc@tr.ey.com) or Türkan Bayraktar Ayran (turkan.bayraktar@tr.ey.com).

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