

Circular

Istanbul, 22 June 2017

Circular No: 74

Subject: Opportunity of deducting VAT refund receivables from the debt due to SCT Law provided.

Amendments indicated below have been announced on the VAT General Implementation Communiqué through the communiqué series no.13 published in the Official Gazette dated 22 June 2017:

The wording of “(excluding the debt arising from SCT Law no.4760) “existing in the VAT General Implementation Communiqué has been removed off. By this amendment, an opportunity of deducting VAT refund receivables from the debt due to SCT Law has been provided.

Additionally, matters concerning in what way the right of deduction could be exercised, when the operation for deduction should be performed and other issues related to the collateral applied on deduction have been added to the communiqué.

Pertaining to that, taxpayers’ demands on the deduction of VAT refund receivables from the debt due to SCT Law will be accomplished according to the outcome of the exclusive tax inspection report and as of the date that the tax inspection report reaches to the entries of the tax office.

Also, an opportunity of performing those deduction demands by showing collaterals is provided to the taxpayers. Pursuant to that, for the whole amount of refund demanded through deduction (including the taxpayers holding ITUS certificate), refund demand will be fulfilled in return for a collateral and the collateral given will be resolved in line with the outcome of tax inspection report.

The Communiqué has been enacted as of 22 June 2017. As per that, deduction transactions that are not finalized as of 22 June 2017 will also be accomplished according to the outcome of the tax inspection report and as of the date that the tax inspection report reaches to the entries of the tax office. The aforementioned deduction implementation will also be applicable on these taxpayers, too.

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.