

%0 VAT rate in British model and transactions in scope of exemption and comparison of Turkish VAT model

Principal deliveries and services and VAT implementations applicable in Turkey for such transactions are provided within the table below in order to evaluate the position of %0 VAT or delivery and services, which are in scope of exemption under British VAT system, in VAT system of Turkey.

Goods and services	VAT rate in UK	VAT rate in Turkey
Foods and beverages	Overall 0%	Overall 8%
Animal feed	0%	Exemption
Sports activities	Exemption	18%
Betting and games of chance	Exemption	18%
Funeral services	Exemption	1%
Devices for the handicapped	0%	Exemption
Nursing and healthcare services supplied by public institutions like hospitals, poorhouse and care centers	Exemption	Exemption
Prescription drugs given by licenced pharmacists	0%	8%
Health services supplied by licenced physicians, dentists, opticians and pharmacists	Exemption	8%
Education, occupational training and related services supplied by authorized educational institutions such as schools, academy and universities	Exemption	8%
Residential water transmission	0%	8%
Expeditions of vehicle, ferry and plane carrying 10 passengers or more	0%	18%
Books	0%	8%
Newspaper and magazines	0%	1%
Printed or copied music	0%	18%
Infant, child clothing and shoes	0%	8%
Motorcycle helmets meeting safety criteria	0%	18%
Financial services	Exemption	Exemption
Loan allocation	Exemption	Exemption

As the table above is examined; divergence in VAT implementation over food, health, transportation, publishing and clothing sectors are remarkable. In case regulations parallel to the implementations in British VAT system are introduced in Turkey, impacts to be expected for the concerning sectors are indicated below.

- In the circumstance that a VAT rate of 0% is implemented over food products within our VAT system as well, a decrease in food prices and a parallel increase on the demand for those products may be expected.
- If a VAT rate of 0% or exemption is implemented for health services and medicine deliveries in our VAT system, access to these deliveries and services will become easier through the removal of VAT burden on consumers.
- Through implementing a VAT rate of 0% on transportation services in our VAT system, encouraging the attraction of public transport and relief in traffic will be possible.
- If a VAT rate of 0% for the publishing sector is adapted in our VAT system, access to knowledge will become easier and it will be possible to reduce informal economy within this sector.

- If a VAT rate of 0% is implemented on infant and child clothing products in our VAT system, it shall be possible to better support families with children financially.

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