

Circular

Istanbul, 5 February 2018

Circular No: 22

Subject: VAT rate on tolls for undersea motorway tunnels constructed by build-operate-transfer model lowered to 8 %.

The series no. (I) list attached to the VAT Law contains goods and services subject to a VAT rate of 1 % whereas the list no. (II) covers the goods and services that are subject to a VAT rate of 8 %. A general VAT rate (18 %) is applicable on the other goods and services unavailable in those lists.

VAT rate on tolls for bridges constructed by the build-operate-transfer model was set as 8 % through the 30th line added to the Part B) Other Goods and Services of list no. (II) attached to the VAT Law with the Council of Ministers Decision series no. 2016/8998 published in the Official Gazette dated 30 June 2016.

Through the Council of Ministers Decision no.2018/11333 published in the Official Gazette dated 3 February 2018, tolls for “undersea motorway tunnels” have been included into the aforementioned 30th line, as well.

Pursuant to that, as per the Law on Performing Certain Investments and Services with Build-Operate-Transfer Model no.3996, VAT rate on the tolls for undersea motorway tunnels constructed under build-operate-transfer model has been lowered to 8 % from 18 %.

The Council of Ministers Decision no.2018/11333 has been enacted as of its publication date.

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.