

## Circular

**Istanbul, 7 May 2018**

**Circular No: 52**

**Subject: The list of new machinery and equipment subject to VAT exemption and to be amortized by taking the half of their useful life into consideration revealed.**

Amendments to the Tax Procedures Law and VAT Law had been announced concerning the new machinery and equipment purchased by taxpayers with industrial registry certificate solely to be used in manufacturing industry, through the Law no.7103 published in the second repetitive Official Gazette dated 27 March 2018.

Pursuant to the temporary Article 30 added to Tax Procedures Law, to be effective from 1 May 2018, depreciation rates and periods will be calculated by the Ministry of Finance for new machinery and equipment acquired by the taxpayers with industrial registry certificate until the end of calendar year 2019, solely to be used in manufacturing industry by taking the half of their useful life into consideration. The rates and durations determined in this way cannot be changed in the following years.

The Ministry of Finance has been authorized for the detection of machinery and equipment acquired to be used in manufacturing industry and to benefit from provisions of the concerning article.

The aforementioned arrangement has been enacted as of the beginning of second month following the publication of the Law (1 May 2018).

Through the temporary article 39 added to the VAT Law by the Article 31 of Law no.7103, likewise, the deliveries of new machinery and equipment to VAT taxpayers with industrial registry certificate solely to be used in manufacturing industry will be exempted from VAT (full exemption) until 31 December 2019.

The aforementioned provision authorizes the Council of Ministers for the detection of machinery and equipment to be delivered with VAT exemption.

The provision has also been enacted as of the beginning of second month following the publication of the Law (1 May 2018).

Our detailed explanations on these amendments to the VAT Law and Tax Procedures Law were presented to your attention in our circular no.039 dated 28 March 2018.

Through the Decision no. 2018/11674 published in the Official Gazette dated 5 May 2018, the Council of Ministers exercised the authority assigned to it which is referred above.

The Decision has been enacted as of 5 May 2018.

*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.*