

## Circular

**Istanbul, 18 May 2018**

### Circular No: 57

#### **Subject: Provisions of the Law no.7143 concerning the “restructuring of tax receivables” and “transactions at the stage of inspection”.**

The Law no.7143 has been published in the Official Gazette dated 18 May 2018. Our brief explanation on the relevant Law’s provisions concerning the restructuring of tax receivables and transactions at the stage of inspection/assessment, enacted as of publication date are provided below:

#### 1. Specified tax receivables

In the circumstance that the original amount and the amount to be calculated on the basis of monthly change rates on domestic PPI of the outstanding debt unpaid as of 18 May 2018 (including this date) despite matured liability or taxes with unexpired due date are paid; secondary public claims such as delay interest, late fee and tax penalties fined depending on original amount and the entire late fees linked to those penalties will be abandoned.

#### 2. Receivables that are unspecified or at the stage of litigation

Regarding the assessments that are under litigation or if term of litigation hasn’t expired as of 18 May 2018 (including this date), if the 50 % of tax base and the amount to be calculated on the basis of monthly change rates on domestic PPI are paid; the other 50 % and delay interest, late fee and tax penalties fined depending on original amount and the entire late fees linked to those penalties will be abandoned.

#### 3. Transactions at the stage of inspection and assessment

The tax inspections that are incomplete despite being initiated prior to 18 May 2018, appraisal, assessment and accrual proceedings would be carried on. Following the completion of these transactions, 50 % of the assessed tax and the amount to be calculated on the basis of monthly change rates on domestic PPI, the entire late fees to be calculated until the expiry of litigation term set as per the submission of notice, with written application in 30 days as of the date notice was submitted, provided that it’s paid in 6 equal instalments per bimonthly periods with the first instalment starting from the month following the date that notice was submitted; the other 50 % and delay interest, late fee applied on taxes until 18 May 2018, all penalties linked to the tax base would be abandoned.

Except the special application period contained in the Article 3, taxpayers demanding the structuring of tax debts under the law are required to submit their applications until the end of second month following the Law’s publication date (31 July 2018).

Except the special payment periods contained in the Article 3, receivables restructured as per the Law could be paid in advance or instalments. In the circumstance that payment in instalments is preferred, bimonthly payments in maximum 18 equal instalments to start from the 4<sup>th</sup> month (Sept. 2018) following the Law’s publication date will be possible.

If payment in advance is preferred, all of the calculated debt must be paid within the first instalment payment period (September 2018). In this case, the collection of 90% of the domestic PPI difference is abandoned.

*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.*