

## Circular

**Istanbul, 18 May 2018**

**Circular No: 59**

### **Subject: Regulations on wealth amnesty within the Law no.7143 concerning the restructuring of tax receivables.**

The Law no.7143 has been published in the Official Gazette dated 18 May 2018. Our brief explanation on the relevant Law's regulations concerning the wealth amnesty and temporary exemptions to certain income held abroad are provided below:

- Real persons and legal entities informing of a bank or brokerage house in Turkey about their money, gold, foreign currency, securities and other capital market instruments abroad until 30 November 2018 will be able to save these freely.
- Taxes calculated at a rate of 2 % for the assets abroad notified to the banks or brokerage houses should be declared to the affiliated tax office through a tax return until 31 December 2018 as a taxpayer and paid within the same period.
- Income or corporation taxpayers will be able to declare their money, gold, foreign currency, securities, other capital market instruments and immovable resident in Turkey but non-existent within the legal book-keeping entries until 30 November 2018. These assets may be registered in legal books regardless of the detection of the period earnings until the same date. In that case, such assets may be withdrawn from operation regardless of the detection of income subject to taxation and the distributable income for the institutions.
- Taxes at a rate of 2% will be levied on the value of the above assets declared to the tax office. This tax should be paid until 31 December 2018.
- However, taxpayers declaring their assets abroad and bringing them to Turkey until 31 July 2018, taxpayers using those assets to close loans extended abroad or falling capital advances from book entries with these assets, income and corporate taxpayers declaring their domestic assets and entering them to legal books would not pay the concerning 2 % tax.
- Any tax inspection and tax assessment will not be handled due to the notified and declared assets. However, so as to benefit from this provision; payment of the assessed taxes on time, bringing the assets abroad to Turkey in 3 months starting from the date of notification or transferring them to an account opened in a bank or brokerage house in Turkey is essential.
- Regarding the real persons and corporations that are fully amenable; earnings acquired through the affiliates without legal or business centre in Turkey, gains from the sale of participations in these institutions, gains from the liquidation of these institutions, the business profits that they have gained through their place of business and permanent representatives abroad will be exempted from income or corporation tax, provided that they are transferred to Turkey as of 18 May 2018 until 31 December 2018.

Regulations indicated above have been enacted as of 18 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.*