

Circular

Istanbul, 21 May 2018

Circular No: 60

Subject: VAT rate lowered in deliveries of workplace, SCT reduction launched for scrapped vehicles older than 16 years.

Through the Council of Ministers Decision no.2018/11750 published in the Official Gazette dated 18 May 2018,

- VAT rate applied as 18 % on the deliveries of workplace (building and/or detached section) has been lowered to 8 % to be effective between 18 May 2018 and 31 October 2018 (including this date).

- To be implemented between 27 March 2018 and 31 December 2019, scrapped vehicles not to be used anymore by cancelling its registration or the SCT accrued in first acquisition of the vehicles exported directly or by the exporters with qualifications indicated in the Decision (vehicles under the HS Code 8701.20, 87.02, 87.03, 87.04, 16 years old or over and subject to registry) replaced by a brand new same style vehicle;

. For vehicles existing under the HS Code 87.03, cars with an engine capacity of not more than 1.600 cm³ and land vehicles,

New vehicle's special consumption tax base	SCT amount to be abated
<i>Tax base not exceeding TL 46.000</i>	<i>TL 10.000</i>
<i>Tax base between TL - 46.000 TL 80.000</i>	<i>TL 8.000</i>
<i>Tax base over TL 80.000</i>	<i>TL 3.000</i>

. TL 10.000 for other types of vehicles (HS Code 8701.20, 87.02, 87.04)

SCT at an amount indicated above will be abandoned. This regulation has been enacted as of its publication date to be applied on vehicles scrapped as of 27 March 2018 or concerning the exported vehicles the ones to be acquired as of 18 May 2018.

Through the Law no.7103, within the scope of activities that can be carried out without license, with the purpose of producing electricity based on renewable energy sources, taxpayers selling the excess power supply they obtained through rooftop solar collectors installed over houses they possess or rented, with maximum power up to 10 kW (including 10 kW) to the final source supply company had been included in the traders exempt from income tax.

By this Decision, withholding rate to be applied over payments made to the taxpayers benefitting from the aforementioned exemption as the cost of excess supply sold is set 0%. This provision has 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.

Best Regards,

KUZEY YMM VE BAĞIMSIZ DENETİM A.Ş.