

Circular

Istanbul, 22 May 2018

Circular No: 62

Subject: Provisions of the “Law Regarding the Restructuring of Tax Receivables” no.7143 concerning the correction of operational registries.

The Law no.7143 has been published in the Official Gazette dated 18 May 2018. Our explanations on provisions of the law enacted as of publishing date, concerning the correction of operational registries are provided below:

-Income and corporate taxpayers may enter the commodities, machinery, equipment and inventories existing in their facilities but non-existent in registries to their books with their current market value, through notifying the tax office with an inventory list. Taxpayers intending to benefit of this implementation are required to complete the aforementioned procedure until 31 August 2018.

-VAT calculation is required to be done predicating on a rate of 10 % over the value of machinery, equipment, inventory and commodities subject to the declared general VAT rate (18%) and half the rates over the value of machinery, equipment, inventory and commodities subject to the reduced rate (1% and 8 %).

That tax will be paid within the period of submitting returns by declaring separately as reverse charge VAT.

-Income and corporate taxpayers may revert the commodities existing in their entries but non-existent in their facilities through drafting invoice by considering the gross profit rate and meeting all their tax obligations into their registries.

Those transactions have to be made until 31 August 2018.

VAT to be paid under this provision should be disbursed in three equal installments; the first one within the submission period of returns and the remaining ones in the second and fourth months following that period.

-Corporate taxpayers keeping books on the basis of balance will be able to correct their registries through notifying the tax office for the net receivable amounts from shareholders linked to the transactions other than the core business and cash in hand (resulting from lending or other reasons) that do not exist in their facilities despite seen on their balance sheets drafted as of 31 December 2017 and the transactions remaining under other accounts related to them.

The transactions for declaration and corrections to the tax office should be done until 31 August 2018.

Tax calculated as 3 % over the declared amounts should be paid within the submission period of returns.

Regulations provided above have been enacted as of the Law’s publication date (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.