

Circular

Istanbul, 25 May 2018

Circular No: 64

Subject: Procedure and principles set for the valuation of foreign currencies transferred from abroad and placed as capital.

The Article 280/A containing provisions on the valuation of foreign currencies transferred from abroad and placed as capital had been added through the Article 11 of the Law no.7103 to follow the Article 280 of Tax Procedures Law titled as "Foreign currencies".

Aforementioned article was containing the latest regulations concerning the valuation of foreign currencies transferred to Turkey and placed as capital until the end of accounting period following the accounting period in which the activities were started by the fully amenable capital companies that will be investing within the scope of investment incentive certificate among the taxpayers enrolled to the trade registry after 27 March 2018.

Through the Tax Procedures Law General Communique series no.495 published in the Official Gazette dated 25 May 2018, the procedures and principles concerning the implementation of the aforementioned provision have been identified. Pertaining to that, the Communique contains explanations regarding the matters provided below:

- Terms for benefitting from the implementation of transferring foreign currency from abroad
- Transfer of the foreign currency so as to position it as capital
- Valuation of the unused portion of the foreign currencies covered by the article
- The situation of the exchange differences arising in relation to the part of the foreign currencies covered by the article and the practice of special fund account.

The Communique enacted as of 25 May 2018 is provided within the attachment of our circular.

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.