

Circular

Istanbul, 5 June 2018

Circular No: 72

Subject: Statements issued concerning the amendments to the VAT Law made through the Law no.7104.

The Law no.7104 containing broad amendments to the VAT Law had been published in the Official Gazette dated 6 April 2018. The aforementioned changes to the VAT Law were briefed up within our same dated circular no.043.

This time, statements about the amendments to the VAT Law made through the Law no.7104 have been added into the relevant parts of VAT General Implementation Communique, through the VAT General Communique series no.18 published in the Official Gazette dated 5 June 2018. Pursuant to that, within the Communique;

1. VAT implementation in construction work based on flat for land method
2. VAT liabilities of those (enforcement offices, court sales offices, etc.) during sales made at the auction sites
3. Refund of the tax calculated excess, unreasonably and paid to the Treasury
4. Exception and refund applicable to the construction of organised industrial sites and small sized industrial sites
5. Exception and refund on the delivery of new machinery and equipment to be used in R&D, innovation and design activities
6. Exception and refund on the delivery of new machinery and equipment to be used in manufacturing industry
7. VAT exception on leasing of canteen spaces by the school council in public school schools
8. Consideration of purchases and discounts in refund accounts, following the transaction subject to reduced rate
9. The deduction of the VAT charged for depreciable economic assets (ATİK) lost or delivered within the scope of exception
10. Regarding the profits distributed disguisedly through transfer pricing, statements are made about the deduction on VAT paid to the seller for operations in Turkey and paid by the seller by declaring within the concerning taxation period.

The Communique also provides context on the practice of invitation for explanation regarding VAT matters.

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.