

**Circular**

**Istanbul, 25 December 2017**

**Circular No: 133**

**Subject: Procedures and principles identified for the implementation of “tax reduction to the compliant taxpayers” introduced through the Law no.6824.**

*Procedures and principles for the implementation of tax reduction to the compliant taxpayers introduced by the Law no.6824, published in the Official Gazette dated 8 March 2017 have been identified as follows through the Income Tax General Communique series no.301 published in the Official Gazette dated 23 December 2017.*

*- Taxpayers liable for their income acquired through their commercial, agricultural or occupational activities and corporate taxpayers would be benefitting from this reduction implementation. However, it is impossible to benefit from this implementation for the taxpayers dealing with activities in finance and banking, insurance, re-insurance, pensions companies, pension investment funds.*

*For benefitting from the mentioned implementation;*

*a. The tax returns concerning the year that the reduction will be calculated and previous two years should be submitted within the legal period and taxes accrued over those returns should be paid within legal period,*

*b. Any assessment handled additionally, ex-officio and administratively in terms of the tax types subject to declaration should not be existing,*

*c. As of the date that the tax return in which the reduction will be computed is submitted, any payables overdue exceeding 1.000 TL for taxes (including tax penalties) should not be existing,*

*ç. As of the year that the tax return in which the reduction will be computed and within the previous 4 calendar years, any perpetrations of crime indicated in Article 359 of the Tax Procedures Law should not be existing.*

*- For taxpayers meeting the conditions provided above, 5 % of the taxes calculated over annual income or corporate tax returns will be deducted from the income or corporate tax to be paid. However, the calculated amount of reduction cannot be exceeding 1 million TL in any case.*

*- In the circumstance that the reduction amount exceeds the tax that should be paid, the remaining amount may be deducted from other taxes accrued within a full year following the date that annual income or corporate tax returns should be submitted. The amounts that could not be deducted within this period can neither be refused nor refunded.*

*- The reduction will be applicable for the annual income and corporate tax returns to be submitted as of 1 January 2018.*

*- The Communique has been enacted as of its publication date to be applied on the annual income and corporate tax returns that should be submitted from 1 January 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.