

Circular

Istanbul, 22 November 2018

Circular No: 115

Subject: Statement made on the status of the transactions to be handled for the conversion of foreign currency contracts into Turkish Lira against stamp tax.

The Revenue Administration has made a statement about the status of the documents drafted to redefine the values on contracts concluded in foreign currency as TL, within the scope of the Presidential Decision no.85, against stamp tax through the stamp tax circular no.22 released on its official web page (www.qjb.gov.tr) on 22 Nov 2018.

Accordingly; additional stamp tax shall not be sought for the documents related to the aforementioned amendment if the conditions indicated below are met:

- If only the value is redefined, without making any changes on the other articles of the contracts (party, period extension, addition of new business etc.),
- If the total amount to be set in TL following the change does not exceed the amount to be reached by multiplying the value in foreign currency existing on the initial contract and the current foreign exchange selling rate announced by the Central Bank of the Republic of Turkey (CBRT) at the date on which the document concerning the change was drafted,
- If there is a reference to the initial contract.

In the circumstance that the document drafted for the conversion of contract value in foreign currency into TL (without any changes to the other articles of the foreign currency contract) contains a value higher than the amount to be reached by calculating according to the foreign exchange selling rate of the CBRT on the date that it was concluded, it has to be subject to stamp tax based on the increasing amount.

In the event that the stamp tax on the initial contract has been paid in maximum amount, provided that the document concerning the change meets the conditions indicated above, additional stamp tax shall not be sought for that document caused by the increasing amount.

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.