

## Circular

**Istanbul, 30 November 2018**

**Circular No: 116**

**Subject: Revaluation rate for 2018 announced at 23,73 %.**

The (B) clause of duplicate Article 298 titled as "Inflation correction and the revaluation rate" within the Tax Procedural Law contains the detection method for annual revaluation rate. Accordingly, revaluation rate is the average price increase rate seen on the domestic producer prices index (Yİ-ÜFE) in October (including October) of the year in which the revaluation would be done compared to the same period of the previous year. As per that provision, the revaluation rate for 2018 has been announced at 23,73 % by the Treasury and Finance Ministry.

This rate is being used for detecting;

- Certain fixed limits and amounts existing within tax laws and to be applied in 2019,
- Within the scope of temporary Article 61 in Income Tax Law, the amount of investment allowance exemption to be benefitted in 2018, which had been deserved through investments made regarding investment incentive documents drafted over the applications before 24.04.2003 but not deducted due to low income during the concerning years,
- Within the Law no.5746, the amount of research & development (R&D) deduction to be benefitted in 2018, which could not be deducted during the concerning taxation period due to low income.

The Tax Procedures Law General Communique series no.503, in which the revaluation rate is announced has been published in the Official Gazette dated 30 November 2018. At the same time, this rate declared by the Ministry is also applicable on the last period of advance tax for 2018 (Jan-Dec).

*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.