

Circular

Istanbul, 2 January 2018

Circular No: 4

Subject: Statements issued on SCT base for loadings to the pre-paid mobile lines and SCT exemption within FATİH project.

Statements provided below concerning the amendments introduced by the Law no.7061 have been made through the Special Communication Tax General Communique series no.16 published in the Official Gazette dated 31 December 2017 about the SCT base for sales with loadings to the pre-paid mobile lines and SCT exemption on electronic communication services supplied to the Ministry of Education within the scope of FATİH (Movement of Enhancing Opportunities and Improving Technology) project:

-SCT base and VAT base should be identical regarding the sales in TL for loadings to the pre-paid mobile lines by electronic mobile communication operators and the calling card sales performed by operators authorized for fixed line services.

-In relation to the contracts drafted as of 5 December 2017, to be applicable on the electronic communication services received by the Ministry of Education within the scope of FATİH project, initial establishment of mobile phone subscription allocated to internet uses set for project components and electronic communication services supplied regarding the project components are exempted from SCT.

Taxes incurred for mobile communication services supplied within this scope will be deducted from the taxes calculated over the operations subject to taxation while the taxes that could not be compensated through deduction will be refunded at the request of the taxpayer performing transactions within the scope of exemption.

The regulation within the Communique concerning SCT base has been enacted as of 1 January 2018 while regulation for the exemption implementation related to FATİH project took effect from 31 December 2017.

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.