

Circular

Istanbul, 3 September 2018

Circular No: 91

Subject: Period of temporary exemption implementation concerning the income acquired abroad extended by 6 months.

The Law Regarding the Restructuring of Tax and Other Certain Receivables and Regarding Amendments to Certain Laws, no.7143 had been published in the Official Gazette dated 18 May 2018.

Sub-clauses (a) and (ğ) of the 13th clause within the Article 10 of the Law contain regulation on wealth amnesty while the provision on temporary exemption for certain income acquired abroad is covered within the sub-clause (h).

Pursuant to that, income of fully amenable real persons and corporates indicated below, including those obtained until 31 October 2018, is exempted from income or corporation tax provided that they are transferred to Turkey as of 18 May 2018 till 31 December 2018.

1. Gains from the sale of subsidiary shares concerning the corporations without legal and business centre in Turkey
2. Subsidiary gains obtained from corporations without legal and business center in Turkey,
3. Commercial gains obtained through business locations and permanent representatives located abroad.

The concerning sub-clause also includes the regulation indicating that the gains of fully amenable real persons and corporates from the liquidation of corporations without legal and business centre in Turkey are exempted from income and corporation tax provided that they are transferred to Turkey until 31 December 2018.

Through the Presidential Decision no.48 published in the Official Gazette dated 31 August 2018, the periods above have been extended by six months as of their expiration.

Accordingly, the date within the concerning provision for exemption indicated as 31 October 2018 is now extended to 30 April 2019 while the date of 31 December 2018 is extended to 1 July 2019 (since 30 June corresponds to the weekend).

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.