

## Tax base and tax increase once more

One of the most remarkable parts of the Law no.7143 enacted following its publication in the Official Gazette dated 18 May 2018 is the one referring to the tax base and tax increase.

Income and corporate taxpayers liable for submitting annual income or corporate tax returns and VAT taxpayers will be able to benefit from tax base and tax increase.

The tax bases of corporate taxpayers declaring taxable corporate income (tax base) on the corporate tax returns they submitted referring to 2013, 2014, 2015, 2016 and 2017;

for the year 2013	35%
for the year 2014	30%
for the year 2015	25%
for the year 2016	20%
for the year 2017	15%

should not be less than the rates provided above for the concerning years.

However, the amounts for the increased tax bases by corporate taxpayers for the concerning years cannot be less than the amounts provided in the table below;

for the year 2013	TL 36,190
for the year 2014	TL 38,323
for the year 2015	TL 40,701
for the year 2016	TL 43,260
for the year 2017	TL 49,037

The increased tax bases will be taxed at a rate of 20 %. However, in the circumstance that the taxpayers are meeting the terms indicated in the regulation, their increased tax bases will be taxed at 15 % instead of 20 %.

In case the corporate taxpayers increase the tax bases that they declared, the taxes paid by them previously through withholding cannot be deducted from the taxes calculated over the increased tax bases.

On the other side, 50 % of the losses (if any) concerning the years in which the corporate taxpayers increased tax base would not be deducted from the profits of following years. In other words, those losses will become invalid.

According to the regulation; for the taxpayers declaring the VAT to be determined for the concerning years as tax increase; VAT inspection and assessment will not be handled regarding the taxation periods containing the years for which the aforementioned tax is confirmed to be paid.

It is mandatory for the VAT taxpayers to make increase for the whole taxation periods (namely months) of the concerning year taken as basis for increase.

Pertaining to that; the VAT taxpayers will be able to benefit from the terms of tax increase if they accept to pay the VAT calculated not less than the rates in the table provided below over

for the year 2013	3.5%
for the year 2014	3.0%
for the year 2015	2.5%
for the year 2016	2.0%
for the year 2017	1.5%

the annual total amount existing in the lines for the “Value Added Tax” of VAT returns no.1 submitted concerning each taxation period within the related years, as proposed by the Law.

The VAT to be paid cannot be considered as expense or cost item during the detection of income or corporate tax bases; deducted from the VAT that should be paid or made subject to any sort of refund.

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