

Circular

Istanbul, 22 February 2019

Circular No: 32

Subject: Amendments to the tax legislation through the Law no.7166 published on 22 Feb 2019.

Amendments to the VAT and SCT laws through the Law no.7166 published in the Official Gazette dated 22 Feb 2019 are indicated below:

-The exemption that was introduced by the Law no.7161 solely for the publishers' deliveries of books and periodicals is extended through the Law no.7166 and the deliveries of books and periodicals at every stage have been exempted from VAT. So that, the deliveries of books and periodicals to the final consumer besides the publishers' deliveries will be considered as exempt from VAT as well.

-Through the 10th article of the Law, different brackets based upon SCT bases were established for setting the tax rates of wireless telephone devices (Cellular) with HS Code 8517.12.00.00.11 while any change was not applied to the rate (25%).

The President is authorized for the goods under HS Code 8517.12.00.00.11 to increase the legal rate up to 50 % and reduce one fourth or increase up to four folds regarding the SCT base threshold and ceiling essential to the SCT rate, through the Article 9 of the Law.

Regulations indicated above are enacted as of the Law's publication date (22 Feb 2019)

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.