

## Circular

**Istanbul, 26 March 2019**

**Circular No: 47**

**Subject: The rate for banking and insurance transaction tax to be calculated from the periodical yields of asset backed securities issued by the banks and purchased by themselves set as 1 %.**

Asset backed and mortgage backed securities are issued by collateralizing the assets to be taken over by the asset financing funds, housing finance funds or mortgage financing institution.

Pursuant to the Article 9 of the Communiqué for asset backed or mortgage backed securities, with the money collected from investors following the issuance of asset backed and mortgage backed securities, a fund portfolio is created in line with the principles under the fifth chapter of the same Communiqué and the payments to be made to the investors within the scope of the issuance are covered from the cash flow obtained through these assets in the fund portfolio.

Pertaining to the Article 15 within the same Communiqué's fifth chapter, asset financing funds are able to include guaranteed securities issued domestically or abroad by a bank or mortgage finance institution provided that it's indicated in the statement or issuance certificate. In such a situation, investor money will be covered from the cash flows obtained through these securities.

Pertaining to the Article 10/1 within the same Communiqué, the source entity or the founder is liable to buy 5 % of the nominal value of asset backed or mortgage backed securities and required to hold it until the end of maturity. Within that context, the 5 % of the nominal value of asset backed securities issued by being collateralized with mortgage guaranteed securities by the asset financing fund should be bought by the source entity or the founder.

In this transaction, under the circumstance that the source entity or the founder (issuer) is a bank, the rate of banking and insurance transaction tax (BSMV) for periodical yields obtained from asset backed securities bought up to its nominal value's 5 % by the bank has been set as 1 % through the Presidential Decision no.842 published in the Official Gazette dated 21 March 2019.

This rate will not be applicable on the yields corresponding to the portion exceeding the mortgage guaranteed securities amount collateralized for the asset backed security.

*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.