

Circular

Istanbul, 28 March 2019

Circular No: 48

Subject: Taxpayers trading in secondary vehicle market entitled to deduct the VAT they paid for the purchase of passenger cars.

The VAT Communique series no.26 published in the Official Gazette dated 28 March 2019 and enacted as of the same date contains the below statements and arrangements on implementation of VAT over the passenger car purchase and sale transactions of the taxpayers dealing with motor vehicles trade at secondary market:

“Within the scope of the Regulation on the Trade of Second Hand Motor Vehicles, taxpayers dealing with motor vehicles trade at secondary market will apply a VAT rate of 1 % in the delivery of passenger cars that they purchased with 1 % VAT and they will apply a VAT rate of 18 % in the delivery of passenger cars that they purchased with 18 % VAT as of 22 March 2019.

Those taxpayers should make a VAT deduction in line with the rate indicated in the purchasing document of the passenger cars bought for the purpose of trading after 22 March 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.