

Circular

Istanbul, 15 October 2019

Circular No: 83

Subject: Amendments announced on certain exemptions within Article 13 of the VAT Law and cancellation of ITUS/HIS certificates.

Through the Communique series no.27 published in the Official Gazette dated 15 October 2019, the following amendments have been made to the VAT General Implementation Communique:

-In addition to buses to be acquired by the municipalities and special provincial administrations, their affiliates and companies that they entirely own within the scope of investment incentive certificate to be used in urban passenger transport, minibuses will also be benefitting from the exemption provision within Article 13 / d of VAT Law.

-Delivery of required facilities for research-development and testing activities related to scanning, recognition and tracking systems, radar systems and exempted vehicles, weapons and their systems used by national security organizations for national defence and internal security needs including urban security and license plate recognition systems will be considered within the scope of exemption under the Article 13/f of the VAT Law.

-Within the coverage of VAT exemption to housing and workplace deliveries to the non-resident Turkish citizens and limited taxpayers, the rules for which cases should be considered foreign currency brought into Turkey have been determined regarding the foreign exchange transfers to the seller accounts by natural or legal persons through banks.

-Delivery and services to the concerning donor foundation for the construction of places of worship and religious education allocated to the Presidency of Religious Affairs in a non-refundable, indefinite and non-return manner by the Religious Foundation of Turkey will be considered within the context of the exemption under sub-clause (k) of Article 13 within the VAT Law.

-Taxpayers whose certificates of ITUS (reduced assurance implementation system) and HIS (accelerated refund system) are cancelled due to non-payment of tax debts at maturity or having a negative report for issuing or using false or misleading documents will be regaining their certificates within the framework of the judicial decision without waiting for the final judicial decision if they had resorted to court.

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.