

Circular

Istanbul, 19 March 2020

Circular No: 36

Subject: Tax regulations in the package announced by the President to reduce the impacts of Covid-19 outbreak.

Turkish President Recep Tayyip Erdoğan announced that a set of resources totalling TL 100 billion has been put in place to reduce the impacts of Covid-19 outbreak with a package called "Economic Stability Shield", following the "Coronavirus Coordination Meeting" dated 18 March 2020. Amendments to the tax legislation within the text of the speech are as indicated below:

1. April, May and June payments of the withholding, VAT withholding and Social Security Institution (SSI) premiums will be postponed for 6 months for retail, shopping mall, iron-steel, automotive, logistics-transportation, cinema-theater, accommodation, food-beverage, textile-garment and event-organization sectors.
2. Accommodation tax will not be applied until November. (the relevant tax would start to apply as of 1 April. Rate; 1% until 31.12.2020, and then it is 2%.)
3. In domestic air transportation, the VAT rate will be reduced from 18 percent to 1 percent for 3 months.
4. The period of withholding tax return containing the payments of deductions made at the source will be delayed for 3 months.

We will provide information as arrangements are made regarding the above issues.

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.