

Circular

İstanbul, 1 September 2020

Circular No: 90

Subject: Communique containing explanations on the "Country-by-country report" required to be prepared within the scope of transfer pricing provisions published.

Through the Presidential Decision no.2151 published in the Official Gazette dated 25 February 2020, certain amendments had been made to the Decision on Disguised Profit Distribution through Transfer Pricing. Accordingly, within the framework of transfer pricing documentation liabilities, for the 2019 accounting period; corporate taxpayers should be submitting a general report, annual transfer pricing report and a country-by-country report.

In that context; Turkish resident ultimate parent company of the multinational group of companies with a total consolidated group revenues of 750 million euro and over according to the consolidated financial statements of the fiscal year prior to the reported (2019) accounting period is required to prepare a country-by country report until the end of the twelfth month after the reported accounting period and submit it to the Revenue Administration electronically. The relevant documentation liabilities will be valid for the 2019 accounting period.

In addition, information on whether they are the ultimate parent company or a proxy business, which business will report on behalf of the group and the accounting period should be submitted electronically via the Internet Tax Office by filling the "notification form for country-based reporting" until the end of June of the year following the reporting period by the members of the multinational business group within the scope every year. The concerning notification form should be submitted electronically via the Internet Tax Office until 30/10/2020 exclusively for the 2019 accounting period.

The Decision has been enacted as of its publication date (25 February 2020) and the Communique for the Amendment (series no.4) of the General Communique on Disguised Profit Distribution through Transfer Pricing (series no.1) explaining the details of the matter has been published in the Official Gazette dated 1 September 2020.

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.