

Turkey collects Digital Services Tax payments

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Executive summary

A Digital Services Tax (DST) has been levied for the first time in Turkey.

DST return filings and payments for the first taxation period (March 2020) have been made by taxpayers subject to the DST who exceed the thresholds in 2019 accounting period. Filings and payments were made through the following link: <https://digitalservice.gib.gov.tr> by the last day of April.¹

The website is still accessible for tax registrations, filings and payments for those who have not yet filed.

Detailed discussion

Consequences of failing to register for DST, file or make payments

Digital service providers or their representatives in Turkey who have not yet filed returns or made payments in accordance with Turkish Tax Procedural Law may be served a notice urging them to comply with their obligations. This notice will be issued based on information obtained through the communication instruments listed on their websites, domain names, IP addresses, and information obtained from similar sources through the notification methods listed under the Law, electronic mail, or any other communication instruments. The notice will also be announced on the Revenue Administration's website.

- ▶ If the obligation of declaration and payment are not met within thirty days following the announcement, the Ministry of Treasury and Finance may block access to the services provided by these service providers until the obligations are fulfilled. This decision will be sent to the Information and Communication Technologies Authority in order to notify the access providers. Decisions to block access would be executed 24 hours after the notification had been served to the access providers. In other words, the Treasury and Finance Ministry may block access to the digital services provided by the taxpayer until these obligations are fulfilled.
- ▶ Taxpayers who fail to register for DST, submit returns or make payments on time could also be subject to a tax loss penalty, late payment interest charge and irregularity penalties.

Steps to register post-deadline

If the service provider has not yet complied with the requirements, they can immediately complete their compliance requirements on a voluntary basis. If the payments are made within a specific period, penalties may be mitigated.

Requirements to claim exemption from the DST

Digital service providers whose revenue generated from services falling within the scope of the DST exceeds the local threshold (20 million Turkish Liras) in 2019, and claiming

to be exempt from the DST, must certify their status by submitting a report which is furnished in accordance with international auditing standards by independent auditors from at least five different countries, including Turkey, by 30 June following the relevant fiscal period.

This report should include the following information:

- ▶ Full name of the company contacts' information (address, phone, e-mail etc.) and partnership information and activities
- ▶ Domain(s) and IP(s) related to the digital services rendered
- ▶ Information (title, contact details etc.) about the authorized contact person (if any)
- ▶ Revenue amounts generated in Turkey for each type of taxable digital services
- ▶ Revenue amounts generated in the worldwide for each type of taxable digital services
- ▶ An assessment of the DST exemption status of the company

For the fiscal year 2020, the thresholds will be monitored by considering the three-month period, cumulatively.

EY can assist with analysis on the applicability of the DST, compliance for online registration and filing for taxpayers who fall within the scope and exceed the thresholds as well as the coordination of the independent audit report with five countries for exempt taxpayers.

Endnote

1. See EY Global Tax Alert, [Turkey launches website for Digital Services Tax](#), dated 17 April 2020.

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