

Turkey sets out tax practices for taxpayers under force majeure

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On 18 March 2020, Turkey announced the Economic Stability Shield Package to tackle the impacts of COVID-19.¹

The Economic Stability Shield Package brings tax-related measures which can be divided into two categories:

- a. Tax measures for taxpayers that are directly impacted and considered to be under force majeure conditions
- b. General measures

Accordingly, Turkey is introducing legislation to implement the measures announced within the scope of the Economic Stability Shield Package. Most recently, Turkey introduced General Communiqué No. 518, which was published in the *Official Gazette* dated 24 March 2020 and entered into force, to set out the principles to benefit from the force majeure conditions stipulated under the Tax Procedural Code No. 213 (TPC).

Measures for taxpayers within the scope of force majeure conditions

According to General Communiqué no. 518, there are two groups of taxpayers that are deemed to be under force majeure conditions.

A. The following group of taxpayers are deemed to be under force majeure conditions from 1 April 2020 to 30 June 2020:

1. Taxpayers who are liable for income tax in terms of commercial, agricultural and professional earnings.
2. Taxpayers whose main field of activity is directly affected by the coronavirus (COVID-19) outbreak and that operate in the following sectors; retail trade and shopping centers, health services, furniture manufacturing, iron and steel and metal industry, mining and quarrying, construction services, industrial kitchen equipment, manufacture of parts and accessories for the automotive industry, car rental, logistics-transportation including storage activities, artistic services such as cinema and theater, publishing activities of books, newspapers, magazines and similar printed products, accommodation activities including tour operators and travel agencies, food and beverage services including restaurants and coffee houses, textile and apparel manufacturing and trade, event and organization services including public relations.
3. Taxpayers operating in the sectors where workplaces are temporarily suspended within the scope of the measures taken by the Ministry of Internal Affairs in terms of their main field of activity.

The following measures are taken in relation to the taxpayers described above:

- ▶ The deadline for Withholding Tax (WHT) Return and Value-Added Tax (VAT) Return filings, which are to be filed by 27 April 2020, have been extended to 27 July 2020. The period for the "Form Ba" and "Form Bs" notifications to be submitted and the creation and signing of the Electronic Ledgers and the upload of the Electronic Book Statements to be made by 30 April 2020 has been extended to 27 July 2020. The payment period of these returns has been extended to 27 October 2020.
- ▶ The deadline for WHT Return and VAT Return filings, which are to be filed by the end of 27 May 2020 have been extended to 27 July 2020. The period for the "Form Ba" and "Form Bs" notifications to be submitted and the creation and signing of the Electronic Ledgers and the upload of the Electronic Book Statements to be made by 1 June 2020, has been extended to 27 July 2020. The payment period of these returns has been extended to 27 November 2020.

- ▶ The deadline for WHT Return and VAT Return filings, which are to be filed by the end of 26 June 2020 have been extended to 27 July 2020. The period of the "Form Ba" and "Form Bs" notifications to be submitted and the creation and signing of the Electronic Ledgers and the upload of the Electronic Book Statements to be made by 30 June 2020 has been extended to 27 July 2020. The payment period of these returns has been extended to 28 December 2020.

B. The second group of taxpayers that are deemed to be under force major conditions as of 22 March 2020 are as follows:

1. Taxpayers and professions who are under curfew based on age (65 and over) or having chronic illness.
2. Declarations/notifications given by members of professions as per the "Intermediary and Responsibility Agreement" valid as of the date of publication of this Communiqué.

The following measures are taken in relation to the taxpayers described above:

- ▶ For taxpayers age 65 and older who are under curfew, the period between the beginning of the curfew and the date when it ends will be considered as a force majeure; the declaration and payment period for taxes will be extended until the end of the 15th day following the date of prohibition and there will be no need for an application to the tax offices.
- ▶ For taxpayers with chronic illness who are in curfew, proof and authentication is needed with valid documents from health institutions. The period extension within this scope will be made based on the written application that the taxpayer will submit via the Internet Tax Office, which includes the statement that he/she has chronic illness. Documents received from the health institution must be submitted to the tax office within 30 days after the curfew ends.

General measures introduced for all taxpayers

- ▶ The filing date of the annual income tax return for individuals and the first installment payment date of the same have been extended to 30 April 2020. (TPC Circular No. 125)

- ▶ The period of the VAT Tax return and the payment for the 2020/February period to be made by the end of 26 March 2020 have been extended to 24 April 2020. (TPC Circular No. 126)
- ▶ The deadline for the “Form Ba” and “Form Bs” notifications for the 2020/February period which was to be submitted by 31 March 2020 has been extended to 30 April 2020. (TPC Circular No. 126)
- ▶ The period for the creation and signing of the Electronic Ledgers and the upload of the Electronic Book Statements to be made by 31 March 2020 have been extended to 30 April 2020. (TPC Circular No. 126)
- ▶ The VAT rate for domestic flights has been lowered from 18% to 1% for three months. (Presidential Decree No. 2278)
- ▶ From 22 March 2020 to 30 April 2020, the following activities have been suspended:
 - All enforcement and bankruptcy proceedings in progress
 - Any party transactions or follow-up proceedings
 - New enforcement and bankruptcy proceedings
 - Enforcing or executing precautionary distraint decisions
 - Enforcement proceedings regarding alimony receivables (Presidential Decree No. 2279)
- ▶ The Short-time Working Payment system has been implemented to provide temporary income support.
- ▶ Non-Turkish citizens will be able to make their Potential Tax ID requests through the web application (ivd.gib.gov.tr).
- ▶ All petitions to the tax office that need to be submitted by 10 April 2020 will be submitted electronically via the website (ivd.gib.gov.tr), mobile application (GIB Mobil).
- ▶ Until 10 April 2020, declarations will be made only on the Ready Declaration System (Hazir Beyan Sistemi) for income from immovable property, income from movable property, wages and other earnings and returns. As is known, the submission date of the income tax return for individuals to be submitted by 31 March 2020 has been extended to 30 April 2020, and the submissions will be made through Ready Declaration System (Hazir Beyan Sistemi) (hazirbeyan.gib.gov.tr) or mobile applications or sent by post.
- ▶ Payments for taxes, legal charges and administrative fines and valuable paper charges that can be paid by credit card through the Internet Tax Office or through contracted banks will be made through the Internet Tax Office or through contracted banks instead of tax office pay desks until 10 April 2020.
- ▶ Corporation taxpayers' tax payments will be made through alternative payment channels (Internet Tax Office, contracted banks and Post and Telegraph Organization) instead of tax office pay desks.

Endnote

1. See EY Global Tax Alert, [Turkey introduces Economic Stability Shield Package to reduce the impact of COVID-19](#), dated 19 March 2020.

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