

Turkey updates draft DST Communiqué

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Executive summary

On 5 February 2020, the Turkish Government published the *Draft General Communiqué on the Implementation of the Digital Services Tax* (Draft DST Communiqué).¹

The Draft DST Communiqué was updated on 28 February 2020 and republished on the website of the Turkish Revenue Administration.

This Alert summarizes the revisions (newly introduced exclusions) to the DST provisions.

Detailed discussion

Advertising services provided in a digital environment

There are no revisions to this section.

Services for sales of audio, visual or digital content and use of digital content

As revised, the following are not considered as digital content:

- ▶ Storage of digital data on online platforms

- ▶ Tickets sold in the digital environment that provide the right to use of services that are the subject of an actual presentation such as; cinema, theater, concert, museum, sporting competitions, bus, train, plane tickets.

In addition, the activation or download of the software, which is required for a sold product to operate and is incorporated by the seller within the product itself during the sale, is not considered as the sale of content made in the digital environment, provided that there is no separate fee for this operation.

Providing and operating a digital environment through which users can interact

The revenue generated from the sale of goods and services by the seller of such goods and service is not within the scope of the DST. However, in order to treat the transaction as a sale of goods and services, the sale transaction should be performed by these entities and responsibilities arising from the consumer rights should belong to these entities. Otherwise, such transaction will fall under the scope of DST.

The following are considered as **within** the scope of DST:

- ▶ Revenue generated from the delivery of this service by company (C), which mediates the sale of various culture, art, sports and similar event tickets and transportation tickets through its website.
- ▶ Company (D) who provides the digital environment for people to share information regarding their professional careers and professional interests.

Digital services that are provided in the digital environment by stock markets, clearing centers and deposit institutions resident in Turkey and abroad that operate within the scope of their duties and powers authorized under their relevant legislation, all kinds of games of chance arranged by institutions and organizations that are authorized and the sale of betting tickets or coupons that provide the right to participate in mutual betting under the capacity of a virtual dealer are not considered within the scope of DST.

Intermediary services to services offered in a digital environment

There are no revisions to this section.

Other considerations

- ▶ The date for the *Documentation and Notification Obligation Regarding Exemption* has been amended to 30 June instead of 31 May.
- ▶ For the implementation of the exemption article regarding Article 4 of the Banking Law, the exemption can be applied regardless of the residency of the bank or other financial institutions.
- ▶ There are also some explanations to clarify what kinds of research and development (R&D) products are not included within R&D exemption.

Endnote

1. See EY Global Tax Alert, [Turkey Publishes Draft General Communiqué on Digital Services Tax](#), dated 6 February 2020.

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