

Refund of taxes withheld

Refund procedures and principles of taxes paid through withholding within the period and advance taxes have been established under serial no. 252 general communiqué on income tax, which has been in force since 2004. In this letter, we shall point out certain amendments to be made on refund application of prepaid taxes which has similar rules in terms of income and corporate tax taxpayers.

At first on the tax return

Taxes withheld during the year are deducted from the tax calculated based on income or profit of the company declared on the annual tax return. It is sufficient for the taxpayers to add a statement, including information in the communiqué, on their annual return for the deduction of taxes withheld during the year from annual income or corporate tax.

Crediting to tax liabilities

It is possible to credit portion of taxes withheld during the year upon their deduction from tax calculated on annual return to other tax liabilities. Such crediting transaction is carried out upon applying with a crediting petition regardless of its amount, inspection report and guarantees. Crediting requests are fulfilled as of the submission date of annual return provided that deduction documents are complete.

Cash refund

Cash refund requests are required to be made through a petition. Refund request is fulfilled without requiring any inspection report and guarantees in case cash refund related to taxes paid through deduction does not exceed 10 thousand liras.

In case a cash refund request exceeds 10 thousand liras, the exceeding portion is refunded based on the report to be issued upon inspection executed by those having tax inspection authorization.

Full certification report

There is an advantage for taxpayers signed a full certification agreement with a sworn-in certified public accountant. Cash refund requests of such taxpayers up to 100 thousand liras are fulfilled based on full certification report. Portion exceeding 100 thousand liras is refunded based on tax inspection report issued by those authorized for a tax inspection.

Letter of guarantee

It is also possible for tax refunds exceeding both 10 thousand liras and 100 thousand liras in scope of full certification report to be received without waiting for the conclusion of a tax inspection through submitting a guarantee at the beginning.

Refund of advance tax

Advance taxes, paid on a quarterly basis, can be deducted from the tax calculated based on annual return primarily. Remaining amount, if any, can be credited to other tax liabilities of the taxpayer. If there is an advance tax amount despite such deduction, such

amount is refunded to taxpayer in case a written request is made until the end of related year.

There is no restriction in terms of amount for both cash and on account refund of advance tax and it is sufficient that the advance tax is paid. Guarantee and inspection report are not sought in terms of refund requests regarding advance tax.

What's new

A draft communiqué is included on website of Turkish Revenue Administration. It was uploaded on the website at the end of June. It is foreseen to make certain amendments on serial no.252 communiqué through the communiqué in question.

It is primarily mentioned in the draft communiqué that it is required to use standard petitions attached to serial no. 429 on TPL instead of petitions attached to serial no.252 communiqué in terms of refund requests.

It also foreseen in the draft communiqué to increase the limits in terms of above amounts which are applicable for cash refund. In this framework, it is set forth in the draft communiqué that 10 thousand liras of limit in cash refund requests which shall be fulfilled without requiring any inspection reports and guarantees shall be increased to 50 thousand liras. It is also foreseen to increase the limit of taxes to be refunded based of full certification report to be issued by sworn-in certified public accountant signed a full certification agreement with the taxpayers from 100 thousand liras to 500 thousand liras.

If the draft communiqué is published identically, refund requests regarding portion exceeding 500 thousand liras for taxpayers concluded a full certification agreement with a sworn-in CPA and 50 thousand liras for other taxpayers shall be fulfilled by those authorized for tax inspections. No amendment is foreseen for receiving refund through a guarantee without waiting for conclusion of an inspection in the draft communiqué.

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