

What is changing in terms of tax procedure?

Law numbered 7338 has been published on Official Gazette dated October 26, 2021. We are focusing in this article on certain amendments made regarding Tax Procedure Law (TPL) with the abovementioned law.

Expense note

Utilization field of expense note has been expanded according to new Law as of November 1. From now on, expense note may be issued for not only tax-exempt tradesman but also for goods and services obtained from those which do not have the obligation to issue documents in scope of TPL.

Previously, there was not time limitation with respect to issuing of such document in the law. From now on, issuance of such documents within a maximum period of 7 days as of the date on which the delivery of good or service is made has been added to the law. Expense note, which is not issued within above period shall be deemed as never been issued and special irregularity fine shall be imposed upon determination.

In accordance with another amendment, on the condition that including information required on expense note, in case payment made to seller is documented with papers issued by the bank, payment entity and PTT (Post Office Directorate), such documents shall be deemed in place of an expense note.

Doubtful receivables

A cap (upper limit) has been established for minor receivables which may not worth litigation and execution proceedings according to the newly introduced law. Accordingly, receivables that do not exceed TRY 3,000 that have not been paid by the debtor despite the protest or written request more than once, may be deemed as doubtful receivables without resorting to lawsuits and enforcement.

Daily depreciation

Except for passenger cars subject to pro-rata depreciation, taxpayers have been given the opportunity to depreciate on a daily basis for depreciable economic assets that will be newly recorded in operating assets. In this case, useful life period on basis of days shall be calculated through the multiplying of useful life periods established and announced on the basis of years by the Ministry of Treasury and Finance with 365.

Depreciation period can be extended

Depreciation periods are already established according to Serial No.333 Communique of TPL of Ministry of Treasury and Finance. With the new law, taxpayers are given the right to extend their depreciation periods by considering longer useful lives, provided that they do not exceed 50 years and twice the useful life in this communique, and the same ratio is applied for each year.

Taxpayers will use these preferences as of the end of the provisional tax period when the economic asset is recorded into the inventory. The depreciation period and rate determined in this way cannot be changed in the following periods.

Penitence

One of the conditions for benefiting from the penitence provisions was that no tax inspection had been initiated for the taxpayer before the penitence application. Within the scope of this provision, the taxpayer, which was inspected for any tax type, could not benefit from the penitence provisions for other tax types. With the new law, it is possible to file a tax return with penitence for a tax type different from the tax type related to the ongoing tax inspection.

Irregularity fines

Irregularity fines and special irregularity fines was not in scope of conciliation. According to new law, irregularity fines and special irregularity fines exceeding TRY 5 thousand have been covered. On the other hand, 50% of discount rate mentioned under article 376 of TPL in terms of irregularity fines and special irregularity fines not exceeding TRY 5 thousand has been increased to 75%.

Tax inspections

Tax inspection commencement minute is abrogated according to new law. In former practice, such tax inspection commencement minute, issued by the tax inspector, had been signed mutually before starting an inspection. Instead, tax inspection shall be deemed to be commenced upon the notification of a letter, including the subject of inspection, to the taxpayer. This regulation shall be applicable as of the beginning of July 2022.

Additional time for CPA report submission and penalty

A special irregularity fine shall be imposed for the taxpayer in case of untimely submission of the report for cases to be benefited upon the submission of certification report issued by certified public accountants (CPA). Such penalty shall be imposed as 5% of amount, not less than TRY 50 thousand and more than TRY 500 thousand, to be benefited upon the submission of certification report.

In addition, another regulation has been introduced with the new law in terms of granting additional period to the taxpayer in case certification report cannot be submitted on a timely manner. Additional period shall be 60 days and if certification report cannot be submitted within such period, taxpayers shall not benefit from the right associated with certification.

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