

Circular

9 June 2021

Circular No: 49

Subject: Regulations of Law numbered 7326 regarding restructuring of tax receivables related to “Tax base and Tax Hike”.

Law numbered 7326 has been published on Official Gazette dated June 9, 2021. Our explanations on provisions of the Law in question entered into force on its publications date related to tax base and tax increase (article 5) are called to your attention below:

No tax inspection and assessment shall be made on their behalf in terms of years and taxes for which an increase is made provided that taxpayers pay the amounts calculated in case a tax base or tax increase is made for income and corporate tax, value added tax and income (withholding), corporate (withholding) tax.

1. Tax base increase in income and corporate tax

Income and corporate taxpayers can benefit from the regulation regarding tax base increase through increasing their respective tax base on the basis of their declarations not less than 35% for 2016, %30 for 2017, 25% for 2018, 20% for 2019 and 15% for 2020.

20% of tax should be paid based on such increased tax bases. However, taxpayers which have declared their income and corporate tax returns in due time and paid such taxes in due time and have not benefited from such restructuring of tax liabilities shall pay taxes at a rate of 15%.

2. Tax increase in terms of Income (withholding) and corporate (withholding) tax

In accordance with article 94 of Income Tax Law and articles 15 and 30 of Corporate Tax Law, it is possible to make tax increase for withholdings which are required to be calculated based on payments made related to construction works extending to years progress payments, lease and self-employment payment and to those benefiting from craftsman exemption.

3. Tax increase in terms of Value Added Tax

VAT taxpayers may declare as tax increase the value added tax which shall be determined not less than 3% for 2016, 3% for 2017, 2,5% for 2018, 2% for 2019 and 2% for 2020 based on annual total of value added tax calculated in their returns submitted regarding each taxation period.

- Taxpayers intending to make a tax base and tax increase in scope of the Law are required to make their applications **until August 31, 2021 (including this date)**.

- It is possible for the calculated tax in cash or in installments. If it is requested to pay in cash, it is required to pay complete amount of such liabilities within the payment period of first installment (until September 30, 2021). In addition, it can be paid based on 6 equal installments on a bi-monthly payment basis.

- In case such calculated taxes are not paid accordingly, it is continued to make collection with late interest however, it is not possible to benefit from provision of this article.



Our explanations provided above include general information on the issue. No responsibility can be claimed against EY and Kuzey YMM ve Bağımsız Denetim A.Ş. due to the implications arising from the context of this document or emerging with respect to its context.

Best Regards,

KUZEY YMM VE BAĞIMSIZ DENETİM A.Ş.