

Circular

9 June 2021

Circular No: 51

Subject: Provisions of Law numbered 7326 regarding revaluation of immovables recognized on assets and depreciable other economic assets.

Law numbered 7326 has been published on Official Gazette dated June 9, 2021. Our explanations regarding the provisions of above Law allowing revaluation of immovables recognized on assets of the entity and depreciable other economical assets are called to your attention below:

- Resident income and corporate taxpayers keeping their legal books on balance sheet basis may revalue their immovables on their assets and depreciable other economical assets as of June 9, 2021 (except for those subject to sell-lease-buy back transaction or issuance of lease certificate) **until December 31, 2021.**

However, those carrying out activities in banking and finance sector, insurance and reinsurance companies, pension companies and pension investment funds, taxpayers carrying out exclusively buying-selling and production of processed gold and silver and those permitted to keep their books with another currency other than Turkish currency (art. 215 of TPL) cannot benefit from such opportunity.

- During revaluation, immovables and depreciable other economical assets and associated depreciations are taken into account with their book values as June 9, 2021.

- As a result of revaluation, value increases arising in values of depreciable economical assets and immovables are demonstrated under a special fund account under liabilities of balance sheet.

- Depreciation shall be allocated based on values of immovables and depreciable other economical assets based on their values calculated upon revaluation.

- It is required to calculate a **2% tax** based on value increase amount demonstrated in a special fund account under liabilities as a result of revaluation made.

- Such tax shall be declared to the related tax office in terms of income or corporate tax with a return which shall be submitted **until the end of month following the date on which the valuation transaction is made** and its first installment shall be paid within the declaration submission period and following installments shall be paid in three equal installments during the 2nd and 4th months following the declaration submission period.

- Tax paid cannot be deducted from income and corporate tax and accepted as expense for the determination of income and corporate tax base.

- Provisions of this article cannot be benefited in case of not making declaration and payment of accrued tax on due time.

- Portion, transferred to another account in any forms except for adding to capital or withdrawn from the enterprise, of value increase amount demonstrated under a special fund account is

subject to income or corporate tax in this period without being associated with the profit of the period in which such transaction is made.

The above provision has entered into force as of **the publication date of the Law (June 9, 2021)**.

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.