

Circular

20 August 2021

Circular No: 77

Subject: Transition principles of taxpayers, subject to special principles, to general principles upon making tax base increase in terms of VAT have been announced.

In accordance with the Serial No.37 Communique on VAT entered into force on August 20, 2021 through being published on Official Gazette dated August 20, 2021, taxpayers having the following negative issues regarding December/2020 and previous taxation periods in scope of General Application Communique on VAT,

- negative report on using counterfeit document or misleading document in nature and
- using counterfeit document or misleading document in nature,
- Not making any declarations,
- Not being found on its address,
- Not submitting any legal books and documents,

And therefore which are subject to special principles, shall be omitted from the scope of special principles provided that making VAT base increase in scope of article 5 of Law numbered 7326 with respect to whole periods in which they have carried out activities in 2016, 2017, 2018, 2019 and 2020 calendar years as of the date on which they pay whole tax base increase amounts.

Those having special principle due to reasons out of the above reasons shall not be covered by general principles even though they make VAT base increase.

Taxpayers benefiting from installment application shall be covered by general principles without requiring payment of all installments in case related taxpayers submits a guarantee equivalent to whole amount calculated and 10% of one installment amount through bank letter of guarantee (not including any limiting conditions), government bonds or treasury bonds.

Taxpayers which has made VAT base increase even though they are not in scope of special principles, shall not be covered by special principles due to findings to be made in negative terms in terms of taxpayers from which they have made acquisitions during years in which they have made tax base increase.

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.