

## Circular

26 October 2021

Circular No: 95

### Subject: Regulations of Law numbered 7338, including amendments on Tax Procedure Law.

Amendments made in Tax Procedure Law through the Law numbered 7338 published on Official Gazette dated October 26, 2021 are summarized below:

- As a general rule, the principle of conducting tax inspections at the workplace of the taxpayer is transformed to the principle of being conducted at the tax office.
- The obligation to issue a report of initiation of the inspection is abolished, and instead, the practice of notifying the taxpayer of a letter containing the subject of the tax inspection and the starting point of the examination is commenced.
- If the report is not submitted on time, a special irregularity penalty will be imposed on the taxpayer and an additional 60-day period will be given in matters subject to the submission of a certification report issued by sworn in certified accountant.
- While it is possible to issue expense slips only to “tax-exempt tradesmen”, the scope of this application has been expanded and it is possible to issue expense slips on behalf of those who do not have to issue documents within the scope of TPL. The obligation to issue this document within 7 days from the date of delivery of goods and performance of service is added to the law. In some cases, documents such as receipts issued by banks, payment institution and PTT shall be deemed as expense slip.
- Some arrangements made on the basis of communiqués regarding the definition of the purchase price and the cost price, which are among the valuation measures, are added to the text of the Law.
- In periods when inflation adjustment conditions are not met, taxpayers are given the opportunity to reevaluate their depreciable economic assets in their balance sheets and the depreciation shown in the liabilities of their balance sheets.
- Except for passenger cars subject to pro-rata depreciation, taxpayers are given the opportunity to depreciate on a daily basis from the date they are ready for use, for depreciable economic assets that will be newly recorded in operating assets.
- It is possible for the taxpayers to extend the depreciation periods, provided that the useful life period determined by the Ministry of Treasury and Finance does not exceed 2 times and 50 years and the same ratio is applied for each year.
- Receivables that do not exceed TRY 3,000 (for the year 2021) that have not been paid by the debtor despite the protest or written request more than once, may be considered as doubtful receivables without resorting to lawsuits and enforcement.

- In case of non-compliance with the recording order in electronic record and ledger applications, a first degree irregularity penalty will be imposed.
- Penalties for irregularities and special irregularities exceeding TRY 5,000 are included in the scope of settlement and pre-assessment settlement.
- Provisions regarding mutual agreement procedure are added to the Tax Procedure Law.
- The practice of determining depreciation rates and periods by the Ministry of Finance by taking into account half of the useful life of new machinery and equipment for the purchase of new machinery and equipment to be used in the manufacturing industry exclusively by taxpayers holding R&D, innovation and design activities and industrial registration certificate within the scope of the relevant laws. It will be applicable between its date of entry into force and 31 December 2023.

Effective dates of regulations in question are called to your attention under related sections of our circular.

*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.