

Circular

28 March 2022

Circular No: 34

Subject: Regulations, including amendments in Income Tax, Corporate Tax and VAT Law, of Bill of Law presented to Grand National Assembly of Republic of Turkey on March 25.

Regulations, including amendments on Income and Corporate Tax Laws and Value Added Tax, of Bill of Law presented to Speaker's Office on March 25, 2022 are called to your attention below:

- Advertisements given to those who are subject to an advertising ban within the scope of additional article 4 of Law No. 5651 will not be taken into account as an expense in the determination of commercial and corporate income. (Effective Date: Publication date)
- By signing contracts with one or more private health institutions, it is ensured that physicians who carry out the practice of medicine are accepted as self-employed and their income are taxed according to the provisions of self-employment incomes. (Effective Date: Publication date)
- The corporate tax rate of 25% will be applied to companies within the scope of Law No. 6361, electronic payment and money institutions, authorized foreign exchange institutions, asset management companies, capital market institutions, insurance and reinsurance companies and pension companies. This provision shall be applicable in terms of 2022 income of above entities.
- In accordance with Article 376 of the Turkish Code of Commerce, it is ensured that the amounts transferred by the shareholders of the company, whose capital has been decided to be completed, in an amount to cover the uncovered portion due to loss, are not taken into account in the determination of corporate income. (Effective Date: Publication date)
- Income obtained by refunding mutual fund participation shares to the fund, which are included in the 3rd and 4th sub-paragraphs of Article 5/1-a of the Corporate Tax Law, are included in the scope of corporate tax exemption. (Effective Date: Publication date)
- Tax, which cannot be collected in due time, is collected with its deferred interest in case housing or workplaces delivered to foreigners as exempted from VAT are disposed within 1 year. It is foreseen to increase the above 1 year period to 3 years. (Effective Date: Beginning of the month following publication date)
- Delivery of goods and performance of services related to construction works within the scope of certificate for the taxpayers owning investment incentive certificate towards production industry and tourism shall be exempted from value added tax until December 31, 2025. (Effective Date: Beginning of the month following publication date)

- Engineering services, provided to taxpayers which are manufacturing electric motor vehicles, for the development of such vehicles as a result of R&D activities carried out in Turkey within the scope of investment incentive certificate will be exempted from VAT until December 31, 2023. (Effective Date: Publication date).

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.