

Circular

15 April 2022

Circular No: 39

Subject: Law numbered 7394 including amendments in Income, Corporate and VAT Laws and Tax Procedure Law has been published.

The regulations of the Law numbered 7394, published in the Official Gazette dated April 15, 2022, including amendments in the tax legislation are as follows:

- Advertisements given to those who are subject to an advertising prohibition within the scope of additional article 4 of Law numbered 5651 will not be considered as an expense in the determination of commercial and corporate income. (Effective date: April 15, 2022)
- Physicians who carry out the practice of medicine by signing a contract with one or more private health institutions will be considered as self-employed. (Effective date: April 15, 2022)
- The corporate tax rate for banks, companies under the Law numbered 6361, electronic payment and money institutions, authorized foreign exchange institutions, asset management companies, capital market institutions, insurance and reinsurance companies and pension companies will be applied as 25%, as of 2022 income.
- Pursuant to Article 376 of the Turkish Commercial Code, it is ensured that the amounts transferred by the shareholders of the company, whose capital is decided to be completed, in an amount to cover the unrequited portion due to loss, are not taken into account in the determination of corporate income. (Effective Date: April 15, 2022)
- Income obtained by returning 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: April 15, 2022)
- In case the housing or workplaces delivered to foreigners as exempt from VAT are disposed of within one year, the tax not collected in related period is collected together with the deferred interest. The above 1 year period is increased to 3 years. (Effective date: May 1, 2022)
- Goods deliveries and services related to construction works within the scope of the certificate will be exempt from value added tax until 31 December 2025 for taxpayers holding investment incentive certificates for manufacturing industry and tourism. (Effective Date: May 1, 2022)
- Engineering services provided to taxpayers who manufacture electric motor vehicles, developed as a result of R&D activities in Turkey, for the development of these vehicles and within the scope of investment incentive certificate, will be exempted from VAT until 31 December 2023. (Effective Date: April 15, 2022)
- Those with an upper limit of 3 years prison sentence in Article 359 of the Tax Procedure Law are increased to 5 years while those having 5 years prison sentence are increased to 8 years. (Effective Date: April 15, 2022)
- In terms of the crimes listed in Article 359 of the TPL, it is possible to apply effective penitence provisions and to reduce prison sentences at certain rates. (Effective Date: April 15, 2022)

- A provision has been added to reduce the prison sentence by half in cases where there is no penalty imposed depending on the tax and tax base. (Effective Date: April 15, 2022)
- It is also ensured to apply provisions of “successive offence” included under article 43 of Turkish Penal Code (Effective Date: April 15, 2022).

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.