

Circular

30 May 2022

Circular No: 55

Subject: Explanations regarding amendments made in VAT Law with the Law numbered 7394 have been made.

Serial No. 42 VAT General Communiqué, which includes amendments to the VAT General Practices Communiqué (VAT GPC), was published in the Official Gazette dated 28 May 2022. The Communiqué includes explanations and regulations on the following subjects:

-With the Law No. 7394, a regulation was made regarding the inclusion of name of the Ministry of Interior instead of counting the Gendarmerie General Command, the Coast Guard Command and the General Directorate of Security, among the units within the Ministry of Interior, regarding the purchase of certain security goods and services for the national security and internal security needs of the units authorized with these duties. Necessary updates have been made in the Communiqué within the scope of this provision, which came into force as of May 1, 2022.

- In case the residences or workplaces delivered to foreigners as exempt from VAT are disposed of within one year, the tax not collected on time was collected together with the deferred interest. The one-year period was extended to 3 years as of 1 May 2022 with the Law No. 7394. Necessary updates on this subject were made in the Communiqué.

- With the Law No. 7394, goods deliveries and services related to construction works within the scope of the certificate made to taxpayers holding investment incentive certificates for the manufacturing industry and tourism, effective from May 1, 2022, were exempted from value added tax until December 31, 2025. In the Communiqué, the procedures and principles regarding the implementation of this provision are determined.

With the Law No. 7394, 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, were exempted from VAT until 31 December 2023. In the Communiqué, the procedures and principles regarding the implementation of this exemption provision, which entered into force on April 15, 2022, have been determined.

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.