

Circular

4 July 2022

Circular No: 74

Subject: Regulations on “Cash Repatriation” of Law No. 7417, which have been adopted in the General Assembly of the Assembly on July 1, 2022.

The regulations regarding the Cash Repatriation of the Law No. 7417, which was adopted in the General Assembly of the Assembly on July 1, 2022, are summarized below:

- By real or legal persons, abroad; money, gold, foreign currency, securities and other capital market instruments can be reported to banks or intermediary institutions until 31 March 2023.

Banks and intermediary institutions, shall collect the following taxes in advance for notifications made:

- until September 30, 2022 (1%)
- between October 1, 2022 and December 31, 2022 (included) (2%)
- until March 31, 2023 (3%)

based on values of overseas assets notified to them. This tax will be declared to the relevant tax office with a declaration as tax responsible until the evening of the 15th day of the month following the notification and will be paid within the same period.

- If the declared foreign assets are transferred to accounts opened in banks or intermediary institutions in Turkey or are kept for at least one year from the date they are brought from abroad and deposited in these accounts, the tax rate will be 0%.

- Income or corporate taxpayers will be able to declare their money, gold, foreign currency, securities and other capital market instruments and immovables in Turkey, which are not included in the legal book records, to the tax offices until March 31, 2023.

- A tax of 3% will be levied on the value of the assets declared to the tax offices, and this tax will be paid until the end of the month following the month in which the assessment is made.

- These paid taxes cannot be recognized as expense and cannot be deducted from any other tax.

- The notified and declared assets will be recorded in the legal books as of the date of notification or declaration by the taxpayers who keep the books in accordance with the Tax Procedure Law.

- Assets can be withdrawn from the enterprise without being taken into account in the determination of taxable income and distributable income for corporations, provided that two years have passed from the date of notification or declaration.
- No tax inspection and tax assessment will be made regarding the amounts corresponding to the notified or declared assets.
- However, in order to benefit from this provision; the tax levied on the notified or declared amounts must be paid on due date and those who declare their assets abroad must bring these assets to Turkey within 3 months from the date of notification or transfer them to an account to be opened in a bank or intermediary institution in Turkey.

Regulation above shall enter into force on the publication date of related Law.

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.