

Circular

26 October 2022

Circular No: 97

Subject: Certain amendments have been made on VAT General Practices Communiqué.

According to Serial No. 43 General Communiqué on VAT, published on Official Gazette dated October 25, 2022 and including amendments on VAT General Application Communiqué, the following regulations have been amended:

- In transactions subject to partial withholding, it has been explained that the part of the VAT calculated over the transaction price, declared after the legal period as reverse charge VAT, can be deducted in the VAT declaration no.1. (Effective Date: October 25, 2022)
- The rate of withholding applied in the delivery of products made of iron-steel and its alloys has been increased from 4/10 to 5/10. It has been announced that withholding will be applied on the delivery of products made of iron and steel and its alloys by companies whose shares are traded in Borsa İstanbul A.Ş. (Effective Date: November 01, 2022)
- Cash refund facility was introduced for VAT refund receivables arising from the delivery of foodstuffs subject to reduced rate. Accordingly, refund receivables arising from deliveries subject to reduced rates in the taxation periods between January and June of the calendar year can be refunded in cash, provided that it is requested as of June of the relevant year at the earliest and November of the relevant year at the latest. (Effective Date: November 01, 2022)
- After the realization of the transaction within the scope of the full exemption, explanations have been made about how the VAT calculated due to the exchange rate differences related to the purchase of goods and services related to the transaction will be included in the return account. (Effective Date: October 25, 2022)
- In accordance with Article 24 of the Law No. 7417 published in the Official Gazette dated 1 July 2022, the “indefinite and unconditional surety bonds given by insurance companies” are accepted as collateral in Article 10 of the Law No. 6183 on the Procedure for Collection of Public Claims. The relevant sections of the VAT General Implementation Communiqué have been updated in accordance with the amendment made. (Effective Date: November 01, 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.