

Circular

7 November 2022

Circular No: 102

Subject: Regulations of Law numbered 7420 regarding Tax Procedure Law and other certain laws.

The regulations regarding TPL and other certain laws of the Law No. 7420, which was adopted at General Assembly of Parliament on November 3, 2022, are summarized below:

As of August 15, 2022, receivables whose enforcement proceedings have been initiated, whose debtor is an individual and whose follow-up amount included in the follow-up request on the date of commencement of the enforcement proceedings, including the principal receivables and their associates, does not exceed 2,000 Turkish liras shall be deemed as worthless debts in scope of article 322 of Tax Procedure Law provided that creditors ceases their respective enforcement proceedings through renouncing with a petition stating that they waive their rights regarding receivables in question until the end of 6th month following the entry into force of this article. (Effective Date: Publication date.)

- For the receivables whose enforcement proceedings have been waived in the scope above, the fee required for waiving the enforcement proceedings pursuant to Article 23 of the Law on Fees and the fee regulated in Article 1 of the Law No. 2548 will not be charged. (Effective Date: Publication date.)

- In case the enterprise owners, who are obliged to pay Treasury share or universal service contribution, abandon the follow-up of their receivables within the scope of the above, the Treasury share and universal service contributions in the conditions and rate specified in the Law, the Treasury share to be paid starting from the month/first period following the waiver date and will be refunded by deducting from the universal service contributions. (Effective Date: Publication date.)

Half of the principal follow-up balance of banks as of August 15, 2022 (including this date) which is transferred and assigned by Asset management companies as of the effective date of this Law and the principal follow-up balance is 2,500 Turkish lira or less, arising from all kinds of individual loan agreements; such amount shall be paid from the amount transferred to Saving Deposits Insurance Fund from the budget of Ministry of Treasury and Finance by the subsidiary asset management company of the Fund. (Effective Date: Publication date.)

- Pursuant to Article 15 of the Postal Services Law, the obligation of service providers to "notify and pay 4 times in total within the scope of advance corporate tax in quarterly periods in the current year" regarding universal service contributions has been reduced to once a year. (Effective Date: January 01, 2023)

- Universal service contributions, calculated by service providers as 2 percent of the amount corresponding to the net sales revenue obtained from postal services in the October-November-December period of 2022, will be notified to the Ministry until the end of March 2023 and will be paid within the same period. (Effective Date: January 01, 2023)

“Tourism share” received from combined facilities and accommodation facilities, Ministry-certified food and beverage and entertainment facilities, and marine tourism facilities has been reduced to 5 per thousand from 7,5 per thousand while “tourism share” received from travel agencies and airlines has been reduced to 5 per ten thousand from 7,5 per ten thousand. (Effective Date: January 01, 2024)

Tourism share, received as 7,5 per thousand in terms of marine tourism vehicles, which are registered on the Ministry, shall be applicable until 31.12.2022. (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.