

Circular

14 November 2022

Circular No: 104

Subject: Law numbered 7421, introducing amendments in terms of Tax Procedure and Corporate Tax Law, has been approved at Grand National Assembly of Republic of Turkey.

The amendments made to the Tax Procedure Law and Corporate Tax Laws with the Law No. 7421 adopted at General Assembly of Parliament on November 16, 2022 are summarized as follows:

- According to article 1 of the Law, Ministry of Treasury and Finance is authorized to impose a guarantee obligation on taxpayers engaged in the "motor vehicle trade" defined in the Special Consumption Tax Law. The said guarantee can be up to 30 million TL, of the type listed in subparagraph (1), (2) and (3) of paragraph 1 of Article 10 of the Law No. 6183.
- In accordance with article 2 of the Law, taxpayers who do not comply with this requirement will be subject to a special irregularity fine of 3 per thousand of the gross sales of the previous accounting period, not less than 34.000 TL (for the year 2022) and not more than 1.300.000 TL (for the year 2022).
- According to article 20 of the Law, 50% of income, obtained exclusively from sales of goods, purchased from overseas exclusively in scope of this activity, at overseas again without transferring the goods in question to Turkey or acting as an intermediary for such trading of goods at overseas, of the entities carrying out their activities at Istanbul Finance Center through receiving participation certificate according to provisions of Istanbul Finance Center Law, shall be deductible from corporate tax base.

In order to benefit from this discount; it is required that the annual corporate tax return for the accounting period in which the income is earned has been transferred to Turkey by the due date, and the seller and buyer of the goods related to the intermediary activity must not be 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.