

A new declaration in indirect taxes VAT Declaration No.3

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As technology and the internet developed, a new economy is emerged named as digital economy or platform economy. However, the financial regulations prepared according to the traditional economy and the pillars of the Value Added Tax Law, such as the tax assessment, taxpayer, and tax liability, were insufficient in the face of factors such as the globalizing world and the growth of the digital economy. Also, since there are difficulties in determining and auditing the services provided online by the administrations, these services were not subject to taxation for a long time and Turkey's VAT base continued to erode.

In this context, to resolve the issue, "Law on the Amendment of Certain Tax Laws and Some Other Laws" numbered 7061, was published in the Official Gazette No. 30261 on 5 December 2017 and the electronic service providers, who do not have a residence, workplace, legal center or business center, are designated as the tax responsible in services provided to real persons in Turkey.

By determining those who provide such services as tax responsible, it is been aimed both to prevent confusion and to advance the follow-up system more regularly. To determine the procedures and principles for the amendment made in Article 9 of the VAT Law, the Communiqué Amending the Value Added Tax General Implementation Communiqué (Serial No: 17) was published in the Official Gazette dated 31 January 2018 and numbered 30318.

To ensure the continuity of these conditions, necessary steps should be taken such as updating and improving the tracking systems for the e-services provided and providing audit mechanisms that can operate effectively. It is of great importance to establish a data pool and to identify risky service sectors by conducting sector-based research to determine non-taxed services.

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