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## Turkey's General Directorate of Customs issues letter clarifying the Special Consumption Tax base

The Turkish General Directorate of Customs issued a letter on 4 March 2022 (the Letter) to clarify the treatment of warehousing service fees, including the Value Added Tax (VAT) and the calculation of the Special Consumption Tax (SCT) base.

The March 2022 Letter refers to the Turkish Revenue Administration's (TRA) letter of 6 January 2022 which states that the SCT should be calculated on the amount after including the Turkiye Radyo Televizyon (TRT) Banderol fee imposed on the VAT base. The recent letter clarifies that the warehousing service fee, before the import of goods mentioned in List numbered (IV) attached to the SCT Law should also be included in the SCT base during the importation, whether such fee is exempt from VAT or not.

The Letter also refers to the TRA's letter dated 1 March 2022 which states that the aforementioned opinion should be applied **for all situations where a tax base during an importation is to be calculated under the procedures mentioned in VAT Law No. 3065.**

Based on the 4 March Letter, corporations performing importation should analyze their past and future transactions with respect to their payments which are not included in the SCT and TRT Banderol base. Specifically, if any expenditures and payments related to the following products were taxed or not, they must be added to the SCT and TRT Banderol base.

- Products included in the list No. IV and A schedule of (II) and (III) whose SCT base is calculated based on VAT base excluding SCT
- All products subject to TRT Banderol fee

As a result of the analysis, it may be necessary to take action with respect to the company's current customs practices.

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