

Circular

14 January 2023

Circular No: 12

Subject: Procedures and principles regarding establishment of a revaluation appreciation fund at entities using a different accounting technique other than determined according to General Communiqué on Account System Practices.

Procedures and principles of revaluation practices have been determined according to Serial No 537 General Communiqué on Tax Procedure Law (TPL) and paragraph (Ç) of repeating article 298 of TPL and provisional article 32.

The section titled "Establishment of an appreciation fund account in entities that use different accounting techniques than determined by the General Communiqué on Accounting System Practices" has been added to the Serial No 547 Communiqué and Serial No 537 General Communiqué on TPL published in the Official Gazette dated January 14, 2023.

In this framework; it will be possible to meet the obligation to establish a special fund account under the liabilities of balance sheet in scope of paragraph (Ç) of repeating article 298 until the submission date of corporate tax declaration of accounting period in which the revaluation transaction is made at the latest through making a revaluation in scope of provisions of above Law however, in case it is not possible to reflect the revaluation process in the records as stipulated in this Communiqué in accordance with the legislation to which they are subject, and therefore, it is not possible to create a direct value increase fund account for the calculated value increase, within the framework of the accounting and financial reporting standards rules (regarding economical assets which can be subject to revaluation in scope of provisions in question of TPL) to which they are subject and in the event that they have made an appraisal by giving a share from the fund account and/or reserve funds they monitor the value increases calculated as a result of this transaction.

Serial No. 547 Communiqué has entered into force on its 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.