

Circular

28 January 2023

Circular No: 17

Subject: Regulations, related to “Restructuring of Tax Receivables”, of Bill of Law presented to Grand National Assembly on January 27.

Our brief explanations on the provisions of the "Bill of Law on Restructuring Certain Receivables and Making Amendments on Certain Laws" related to restructuring of tax receivables and transactions under inspections/assessment phase submitted to the Speaker's Office of the Grand National Assembly of Turkey on January 27, 2023 are called to your attention below:

1. Finalized Tax Receivables

In case of payment of whole of the unpaid portion of taxes which are overdue but not paid or which are still due as of publication date (including this date) of the Law and the amount to be calculated based on domestic PPI monthly change rates, the collection of accessory public receivables such as delay interest, late fee, and all tax penalties due to such penalties and default interest to these penalties are waived.

2. Not Finalized or In Litigation Tax Receivables

In case of payment of 50% of the original tax in the assessments that have been filed before the first-instance judicial authorities or the period of filing a lawsuit has not yet expired and the amount to be calculated on the basis of the monthly D-PPI change rates over this amount, the remaining 50% of the original tax amount and the default interest, late fee, and the tax penalties imposed depending to original tax and all of the late fees due to these penalties are waived.

3. Transactions in inspection and assessment phase

Tax inspections and valuation, assessment and accrual procedures that could not be completed even though it was commenced before the publication date of the Law, are continued. Upon the completion of above transactions, collection of remaining 50% of assessed tax, default interest applied to such taxes until the publication date of this Law and whole of the penalties associated with tax principal shall be renounced if 50% of assessed taxes and the amount to be calculated based on domestic PPI monthly change rates and whole default interest which shall be calculated until the deadline of filing a lawsuit determined following the delivery date of notification are paid in 12 equal installments on a monthly basis for which first installment starting from the month following the delivery of notification through making a written application within thirty days as of the delivery date of such notification.

Except for the special application period in article 3 above, taxpayers who request the restructuring of their tax liabilities within the scope of the Law must apply until 30 April 2023.

Receivables restructured in scope of the Law can be paid in cash or with installments except for the special payment periods mentioned under article 3 above. If it is intended to be paid in installments, it is possible to pay in maximum 48 equal installments in the following monthly periods starting from May 31, 2023.

If it is requested to pay in cash, it is required to pay complete amount of such liabilities within the payment period of first installment (until May 31, 2023). In this case, 90% of Domestic PPI difference is also renounced.

The above provisions shall enter into force in the publication date in case the Bill of Law is identically enacted.

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.