

## Circular

30 January 2023

Circular No: 18

### **Subject: Regulations, related to “Tax Base and Tax Hike”, of Bill of Law presented to Grand National Assembly on January 27.**

Our explanations regarding provisions, related to tax base and tax hike, of “Bill of Law on Restructuring of Certain Receivables and Making Amendments on Certain Laws” presented to Speaker’s office of Grand National Assembly on January 23, 2023 are called to your attention below:

No tax inspection and assessment shall be made on their behalf in terms of years and taxes for which an increase is made provided that taxpayers pay the amounts calculated in case a tax base or tax increase is made for income and corporate tax, value added tax and income (withholding), corporate (withholding) tax.

#### **1. Tax base increase in income and corporate tax**

Income and corporate tax taxpayers may benefit from the regulation regarding tax base increase through increasing their tax bases, constituting basis on their respective declaration, at a rate of not less than 35%, 30%, 25% and 20% for 2018, 2019, 2020 and 2021 respectively.

20% of tax should be paid based on such increased tax bases. However, taxpayers which have declared their income and corporate tax returns in due time and paid such taxes in due time and have not benefited from such restructuring of tax liabilities shall pay taxes at a rate of 15%.

#### **2. Tax increase in terms of Income (withholding) and corporate (withholding) tax**

In the framework of article 94 of Income Tax Law and articles 15 and 30 of Corporate Tax Law, it is possible to increase taxes for the withholding tax to be calculated over wages, construction in progress payments, distributed dividends, rent and self-employment payments, and payments made to farmers and tradesmen who benefit from exemption.

#### **3. Tax increase in terms of Value Added Tax**

VAT Taxpayers can declare the value added tax as tax increase as long as it is not less than 3% for 2019 and 2020, 2.5% for 2020 and 2% for 2021 based on the annual total VAT calculated on their respective declaration submitted for each taxation period.

- Taxpayers who want to request a tax base and tax increase within the scope of the law must submit their applications until April 30, 2023 (including this date).

- It is possible for the calculated tax in cash or in installments. 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 addition, the amounts in question can be paid in 12 equal instalments at maximum on a monthly basis.

- 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.