

Circular

31 January 2023

Circular No: 21

Subject: Taxpayers to be taxed according to revenue principle as of February 1 and respective tax rate has been established.

According to Law No. 7104, "revenue-based taxation" was established for small-scale taxpayers.

In accordance with the Presidency Decree numbered 718 (OG: 07.02.2019) in scope of the authorization granted by the Law, it is stipulated that bus companies which renders such service and collects all their income through electronic fee collection systems may select revenue based taxation in their public transportation activities carried out exclusively within the boundaries of the province by buses (which has at least 18 seats including the driver) in the event that the public transportation service is fulfilled by means of purchasing services, which rents the public transportation lines licensed by the municipalities. Tax rate to be applied on the revenues of such taxpayers has been established as 1,5%.

In accordance with paragraph 1 of Presidency Decree numbered 6775 and published on Official Gazette dated January 28, 2023, tax rate to be applied by *dolmush enterprises* (except for municipalities and companies owned by municipalities directly or indirectly at a rate of 51% or more), which are carrying out intra-city passenger transportation activities and collecting all their income arising from such activities on electronic fee collecting systems on their revenues according to revenue based taxation mentioned under article 38 of VAT Law regarding their public transportation activities carried out exclusively within the boundaries of province is established as 1,5%.

This regulation has entered into force on its publication date to be applicable for transactions made as of February 1, 2023.

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.