

Circular

13 February 2023

Circular No: 27

Subject: Explanations regarding tax position of earthquake donations have been made by Turkish Revenue Administration.

The following explanations re made on its official website (<https://www.gib.gov.tr/>) by Turkish Revenue Administration:

- It has been stated that all of the cash donations and aids made to the accounts announced by the AFAD Presidency for the disaster victims affected by the earthquakes can be subject to deductions by the income and corporate taxpayers. Likewise, all cash donations made to the accounts announced by the Turkish Red Crescent will be subject to deduction as well. Bank receipts for the payment will be sufficient for the donations to be deducted.

- Income and corporate taxpayers will be able to donate the supplies available in their businesses or obtained from outside, to the public institutions and organizations directed by AFAD as well as the AFAD Presidency itself. All in-kind donations made within this scope can be subject to deduction, provided that a document is issued regarding the content of the goods subject to donation and receipt by the relevant institutions.

VAT will not be calculated for these donations and aids, and the VAT incurred on the goods subject to donation may also be subject to deduction by companies.

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.