

## Circular

13 March 2023

Circular No: 44

### **Subject: Regulations of the Law No. 7440 on additional corporate tax and exemptions and discounts for the earthquake zone.**

The following are our explanations regarding the additional corporate tax and the exemptions and discounts for those who suffered from the earthquake, which were established by the paragraph (27) of the 10th article of the Law No. 7440, which was published in the Official Gazette dated March 12, 2023 and entered into force on the same day:

- 10% of additional tax without being associated with period income based on exemption and deduction amounts and reduced rate of corporate tax subject to deduction from profit of the company is made by corporate tax taxpayers through being demonstrated in corporate tax return of 2022 while an additional tax of 5% is calculated based on exempted income certified to have a tax burden of at least 15% and gained from overseas according to exemption regulated under subparagraph (a) of paragraph one of article 5 of Corporate Tax Law and first installment of this tax is paid within the payment period of corporate tax and second installment is paid in the fourth month following this period.

- The following is applicable for locations in which force majeure has been announced:

a) In addition to the existing wages, premiums, bonuses, etc. made by employers between 6/2/2023 and 7/31/2023 2/6/2023, in-kind aids and cash aids not exceeding TRY 50,000 to the service personnel who were affected by the earthquake, such as their spouse, children or parents, the premium will not be included in the basic income and no income tax and stamp tax is levied on such aids.

b) The imputed rental price basis shall not be applied to be applied to 2023 incomes regarding the residences left to the use of individuals without charge for the purpose of residence.

c) Income tax withholding shall not be applied to the heirs of those who died in earthquakes over the payments made by insurance and pension companies and the private pension system.

**ç) Goods inherited to the heirs of those who died in earthquakes are exempt from inheritance tax.**

- **Taxpayers whose books and documents, which must be kept and certified, are lost due to earthquakes, may request a document from the competent court until Monday, July 31, 2023.** The document that the taxpayer in these locations will receive from the provincial or district administrative boards regarding the loss of their respective books and documents is also applicable as a document obtained from the competent court shall be deemed.

(23) Regarding the commercial enterprises, trade companies and branches; no fees shall be collected from the headquarters transfer, liquidation and cancellation transactions, as well as trade registry fees.

- Regarding the tradesmen and craftsmen who were damaged by the earthquake; no fees or fees shall be charged until July 31, 2023 from the registration and amendment and cancellation procedures within the borders of the same province and from the registration certificate.

- In locations where force majeure is announced; taxpayers who have receivables shall be able to make a provision for their receivables in liabilities, upon a declaratory lawsuit filed.

- Real estate tax, environmental cleaning tax and motor vehicle tax, and tax penalty, delay interest, late fee for buildings destroyed in earthquakes or heavily or moderately damaged, and vehicles that have become unusable due to severe damage shall be abandoned.

*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.