

Circular

27 March 2023

Circular No: 49

Subject: Communique regarding explanation of provisions of Law numbered 7440 towards those suffering from earthquake has been announced.

In accordance with article 10 of Law numbered 7440 (OG: 12.03.2023), the following exemptions and discounts are introduced towards those suffering from earthquake:

- In addition to the existing wages, premiums, bonuses, etc. made by employers between 6/2/2023 and 7/31/2023, in-kind aids and **cash aids not exceeding TRY 50,000** to the service personnel who were affected by the earthquake at locations in which force majeure has been announced, 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.
- The arm's length 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 at locations in which force majeure has been announced.
- 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 at locations in which force majeure has been announced.
- Inheritance and gift tax for the goods inherited to the heirs of those who died in earthquakes in places where force majeure was declared, and for the aid made by employers to the spouses, children, parents of the deceased service person between 06.02.2023 and 31.07.2023 (including these dates) will not be paid.
- **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 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.
- Taxpayers, who have receivables arising before the date of the earthquake in places where force majeure has been declared, will be able to make provision for doubtful receivables for their receivables, in case the court decides that the debtor has lost at least one third of his assets, following the determination lawsuit filed.
- Real estate tax and environmental cleaning taxes for buildings destroyed in earthquakes or with heavy or medium damage, motor vehicle taxes for vehicles that have become unusable due to severe damage, and tax penalties, delay interest and delay hikes for these receivables will be waived.

Detailed and exemplary explanations are made regarding the provisions summarized above with the "General Communique of Law No. 7440 on the Restructuring of Certain Receivables" published in the Official Gazette dated March 25, 2023.

The communique has entered into force on its publication date (March 25, 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.