

Circular

6 July 2023

Circular No: 75

Subject: Regulations, including amendment on tax legislation, of Bill of Law presented to Grand National Assembly on July 5.

Regulations, including amendments on tax legislation, of Bill of Law presented to Grand National Assembly Speakers Office on July 05, 2023 are called to your attention below.

- Additional Motor Vehicle Tax is generated for vehicles subject to taxation according to tariffs numbered (I), (I/A), (II) and (IV) of Motor Vehicle Tax.

An additional tax will be paid for once only for vehicles registered and registered in the relevant registry on the date of publication of the Law, and for vehicles that will be registered and registered for the first time in the relevant registry from the date of publication of this Law until 31 December 2023.

Additional tax shall be identical to motor vehicle tax accrued for 2023 year for covered vehicles.

First installment of the additional tax regarding vehicles registered on related registration on the date of publication of the Law shall be paid until the end of month following the month in which the law is published and its second installment shall be paid until the end of November/2023.

Additional tax regarding vehicles which shall be registered for the first time from publication date until December 31, 2023 shall be paid in advance with motor vehicle tax of such vehicles. (Effective Date: Publication date)

- Corporate tax rate of 25% will be % 30 for companies within the scope of Law No. 6361, electronic payment and money institutions, authorized foreign exchange institutions, asset management companies, capital market institutions, insurance and reinsurance companies and pension companies while it has been increased from 20% to 25% for other corporate Taxpayers. (It will be applied to the income of corporations in 2023 and the following taxation periods, starting from the declarations that must be submitted as of October 1, 2023.)

- Corporate tax shall be applied with a reduction of 5 point to income, gained exclusively from export, of companies carrying out exportation. (It will be applied to the income of corporations in 2023 and the following taxation periods, starting from the declarations that must be submitted as of October 1, 2023.)

Exemption towards income obtained from other investment funds of entities is abolished except for exemption granted to income obtained from venture fund participation shares and share income from venture capital investment partnerships. (It will be applied on its publication date for investment fund participation shares acquired as of the date on which the law is published.

- The VAT exemption applied to the income obtained by the entities from the sales of real estate and the corporate tax exemption applied to the 50% of the income are abolished. The above provisions before amendments shall be applied for immovables included in assets of entities before the publication date of the Law. However corporate tax exemption rate shall be taken into account as 25% instead of 50%.

- Immovables are omitted from partial spin-off scope. (Effective Date: January 01, 2024)

Regulations are made for goods under list numbered (I) attached to SCT Law to update lump-sum tax amounts at the rate domestic producer price index (D-PPI) for the change rate occurred within last six months. (Effective Date: Publication date)

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.