

## Circular

7 September 2023

Circular No: 91

### Subject: Certain amendments have been made on VAT General Practices Communiqué.

The VAT General Communiqué numbered 47, which includes the VAT exemption regarding the construction of houses to be donated to disaster victims and amendments to the VAT General Application Communiqué (GAC), was published in the Official Gazette dated 7 September 2023. In accordance with the above communiqué:

- In accordance with provisional article 44 added to VAT Law With article 9 of Law numbered 7456 (OG: 15.07.2023), regulations and explanations have been made regarding the exemption to be applied until 31 December 2024 for deliveries and services made to professional organizations that are public institutions due to the construction of houses to be donated to disaster victims within the scope of the protocol signed with the Disaster and Emergency Management Presidency in places that are considered disaster areas affecting general life due to the earthquakes that occurred on 6 February 2023.

- Since the VAT exemption application in transfers and deliveries realized through the sale of immovable properties in the assets of entities was abolished with the amendment made in paragraph (r) of paragraph (4) of Article 17 of the VAT Law with Article 7 of Law No. 7456, regulations and changes have been made in the relevant sections of the VAT General Application Communiqué.

In addition, in accordance with the provisional article 43 added to the VAT Law with Article 8 of Law No. 7456, since the VAT exemption will continue to be applied for transfers and deliveries made through the sale of immovable properties registered in the assets of institutions before July 15, 2023, regulations and amendments are made in the relevant sections of the VAT General Application Communiqué.

- The regulation stating that the VAT rates for the delivery or rental of goods subject to financial leasing agreements are the rates valid on the date of the contract and that there will be no change in these rates during the contract period has been removed from the VAT GAC text.

- A regulation has been made that those who have implemented a project with the VAT GAC, but who carry out transactions other than the project application carried out by obtaining an exemption certificate before the Communiqué comes into force or by first applying the tax and then refunding it, must also obtain an exception certificate within the scope of the project application as of January 1, 2024.

The communiqué has entered into force on its publication date (September 07, 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.