

Restriction application regarding expenses of personal cars

Regulations have been made in terms of article 13 and 14 of Law on Making Amendments on Digital Service Tax numbered 7194 and Certain laws and Statutory Decree numbered 375 and articles 40 and 68 of Income Tax Law.

In this context, some restrictions have been introduced regarding the deduction of expenses and depreciation of passenger cars from the tax base. In addition, restrictions have been imposed on the deduction of VAT incurred due to these expenses. It has been discussed how the expenses of passenger cars will be deducted from the tax base, how the VAT incurred will be deducted and how the depreciation expenses of passenger cars will be taken into account.

With the Income Tax General Communiqué Serial No. 323 published in the repetitive Official Gazette dated 30.12.2022, the limits to be applied in 2023 have been re-determined and presented to your attention below:

- The total amount of VAT and SCT that can be recognized as expense in the purchase of passenger cars has been increased to 440,000 TRY from 200,000 TRY,
- Amount limit in case it is preferred to make depreciation based on amount excluding VAT and SCT has been increased to 500.000 TRY from 230.000 TRY,
- Amount limit in case it is preferred to make depreciation based on total amount through adding VAT and SCT to the cost of passenger car has been increased to 950.000 TRY from 430.000 TRY,
- Amount which can be recognized as expense regarding leased passenger cars has been increased to 17.000 TRY from 8.000 TRY excluding VAT on a monthly basis.

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