Problems regarding certification of transferring of service export fees to Turkey

Regulations regarding export transactions and export exemption are widely covered in Articles 11 and 12 of the Value Added Tax Law. Since the exceptional transactions arising from the export of goods are documented with the customs exit declarations, there is no significant problem as to whether the exception will be applied or not while there may be different interpretations and practices regarding whether the conditions for the service export exemption are fulfilled or not.

Transferring the fee to Turkey, which was previously accepted as a condition of the exemption application, has become one of the conditions of refund subsequent to the amendment made in the Communique. Accordingly, the VAT incurred in relation to the declared transactions related to the export of services and which cannot be compensated through deductions, cannot be refunded until the service fee is transferred to Turkey in foreign currency or TRY.

Problems towards practice such as transferring of fee to Turkey in TRY, the company receiving the service and the company making the payment are different, the service fee is collected in advance in cash or as a deduction to the current account have been resolved through regulations of the communique and administrative opinions given with respect to the case.

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