

VAT practices in regions where force majeure has been announced due to earthquake

It is mentioned in the Communiqué on making amendments on Serial No:45 Value Added Tax General Practices that a state of force majeure was declared by the Ministry of Treasury and Finance in Adana, Adıyaman, Diyarbakır, Gaziantep, Hatay, Kahramanmaraş, Kilis, Malatya, Osmaniye, Şanlıurfa and Elazığ provinces and in Gürün district of Sivas province, which were affected by the earthquake regarding the earthquake occurred in Kahramanmaraş province on 06.02.2023.

In this context, it has been accepted that the taxpayers who have a liability record in the mentioned places as of the earthquake date are in a state of force majeure between 06.02.2023 and 31.07.2023 (including this date) in terms of the implementation of tax laws due to these obligations.

The following periods have been extended during force majeure period:

- The deadlines for the tax returns and notifications to be submitted,
- Payment periods of taxes accrued on these declarations and notifications,
- Payment period of all kinds of taxes, penalties and delay interest accrued before the earthquake date, whose payment period coincides with the period declared as force majeure,
- The second installment payment period of 2023 motor vehicle tax,
- Payment period of all kinds of taxes, penalties and delay interest which are completed before the earthquake date, ex officio or levied by the administration and whose due dates coincide after the start of force majeure.

Accordingly, the declarations and notifications that must be submitted during the force majeure period can be submitted until the end of Tuesday, 15.08.2023, and the taxes accrued on these declarations and notifications, as well as the other taxes, penalties and delay interests mentioned above, can be paid until the end of Thursday, 31.08.2023.

However, advance tax returns for the first advance tax period of 2023, which must be submitted within the period of force majeure, will not be submitted by the taxpayers located in the said places.

In addition, tax debts of taxpayers in these places will be paid in installments up to 24 months without any interest, provided that they apply until the end of Monday, 02.10.2023 and meet the necessary conditions.

There is no limitation on the nature and amount of in-kind aid in the aid in kind to the earthquake zone. In case the total amount of cash aids exceeds TRY 50,000, the exceeding amount will be taxed as a fee.

VAT withholding will not be applied between 6 February 2023 and 31 July 2023 (including this date) for the purchase of goods/services within the scope of partial withholding by taxpayers located in provinces and districts where force majeure has been declared. In cases where only the seller's or both the buyer's and the seller's liability records are located in the provinces and districts where force majeure has been declared, the

withholding invoice will continue to be issued by acting within the framework of the general principles.

In the delivery of prefabricated buildings and containers, the VAT rate will be applied as 1% until 31.12.2023, regardless of who is the invoice addressee, the intended use of the said goods and where they are used.

For taxpayers who have taken an additional period of less than three months due to force majeure or unexpected circumstances, in case the date of the additional period coincides between 06.02.2023 and 31.07.2023 (including these dates), the said additional period will also be completed to three months without the need for an application.

Some arrangements have also been made in VAT refund practices in places where force majeure has been declared.

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