

Taxation problems arising due to making certain goods, included under list numbered 1 attached to Special Consumption Tax Law, ready for reuse

Regulations regarding clauses of SCT Law in terms of cases which are subject of tax and generating tax causes certain hesitations against actual situations arising in recent periods. Advance rulings, on the other hand, given by the administration are related to general cases, insufficient number and detail and sometimes including broad interpretations which may damage principle of legality of the administration. Certain taxation problems arise due to subjecting goods, included under list numbered 1 attached to SCT Law, to reuse.

Reuse of goods subject to SCT can be based on processes involving manufacturing and refining, as well as processes that do not include any production formula or recipe to preserve the current form of the goods. Since no such distinction or detail is included in the SCT Law, transactions can be established in tax inspections based on general rulings given by the administration. Such situations are highly likely to cause disputes on the grounds of illegality.

In order to prevent such situations, it is necessary to make legal arrangements that will cover the actual situations related to the subject. In addition, in order for the administration to achieve the objective of efficiency in the audit, principle of legality of the administration should be practiced and the Advisory Commission, which was re-established within the Tax Inspection Board, should be more involved in such uncertain or controversial issues.

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