

Circular

17 July 2024

Circular No: 52

Subject: Regulations, including amendment on tax legislation, of Bill of Law presented to Grand National Assembly of Republic of Türkiye on July 16.

Regulations, including amendments on tax legislation, of Bill of Law presented to Grand National Assembly Speakers Office on July 16, 2024 are called to your attention below.

- According to the provisions of Law No. 6563 on the Regulation of Electronic Commerce, payments made by intermediary service providers and electronic commerce intermediary service providers to service providers and electronic commerce service providers due to their activities within the scope of the Law are included in the scope of income and corporate tax withholding. (Effective Date: Beginning of the 2nd month following its publication)
- "Domestic minimum corporate tax" practice is being introduced. Accordingly, the corporate tax calculated cannot be less than 10% of the corporate income before deductions and exemptions. (Effective Date: 2025 and Subsequent period income)
- Regulations related to "Local and global minimum complementary corporate tax" are being added to the Corporate Tax Law
- With the build, operate and transfer model, the corporate income tax rate to be applied to income obtained within the scope of public-private cooperation projects is being increased to 30%. (Effective Date: 2025 and Subsequent period income)
- The precious metals that taxpayers have held in their assets for the purpose of saving, as well as the receivables and debts related to precious metals will be valued with the fair value of the stock exchange. (Effective Date: Publication date)
- Irregularity and special irregularity fines are being increased. (Effective Date: Publication date)
- Tax principal is excluded from the scope of reconciliation. (Effective Date: Publication date)
- VAT exemption will not be applied for the vehicles used in activities such as sightseeing, entertainment, sports and amateur fishing, as well as services provided in ports for private boats and yachts. (Effective Date: Publication date)
- Services performed at ports and airports for sea and air transport vehicles are excluded from the exceptions granted the right of return (full exemption) and are included in the scope of partial exemption. (Effective Date: Beginning of the month following its publication)
- Value added tax, which cannot be eliminated by means of a deduction for five calendar years, will not be deductible. VAT amounts deferred for five calendar years or more will be transferred into a special account by omitting from deductible VAT accounts and may be taken into account as an expense in determining income or corporate tax according to the result of the tax inspection to be conducted depending on the taxpayer's request. (Effective Date: January 1, 2030)

- The exemption granted in scope of income of entities engaged in production activities in free zones from their domestic sales is being removed. (Effective Date: Income obtained as of January 1, 2025)
- Departure fee is increased from 150 TRY to 500 TRY. (Effective Date: 10th day following its publication).

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.