

May 17, 2022
2022-5488

Turkey publishes Communiqué on inflation adjustment for revaluation purposes

Turkish Law No. 7338, published in the *Official Gazette* dated 26 October 2021, introduced additional provisions (Paragraph (Ç) of the Repeated Article 298 and Temporary Article 32 of Tax Procedural Code No. 213 (TPC)) regulating the inflation adjustments in Turkey. For details, see EY Global Tax Alert, [Turkey enacts new tax Law](#), dated 5 November 2021.

On 14 May 2022, the General Communiqué of the Tax Procedural Code (the Communiqué), which contains the procedures and principles regarding the implementation of the above-mentioned provisions, was published in the *Official Gazette* and entered into force on the date of publication.

The Communiqué provides:

- In accordance with Paragraph (Ç) of the Repeated Article 298 of the TPC; the income or corporate taxpayers, including the collective, ordinary limited partnership and ordinary companies, who are subject to full liability and keep books on the balance sheet basis, will be able to re-value their depreciable financial assets (except those subject to sale-lease-repurchase transactions or issuance of lease certificates as long as they maintain these qualities) that are recoded in their balance sheet and the depreciation shown in the liabilities of the balance sheet in the periods in which they cannot apply inflation accounting because the conditions for implementing inflation accounting did not take place in that period.
- In accordance with Temporary Article 32 of TPC; prior to the revaluation adjustment to be made as per Paragraph (Ç) of the Repeated Article 298 of the TPC, taxpayers who would like to make a revaluation, will have the ability to re-value their immovables and other economic assets subject to depreciation that are recoded in the balance sheet, under certain conditions, by the end of fiscal period prior to the fiscal period in which they will be revalued for the first time.
 - As a result of the revaluation under Temporary Article 32 of TPC, the increase in the value of immovables and other economic assets subject to

depreciation will be shown in a special fund account in the liabilities of the balance sheet.

- A tax of 2% must be calculated on the value increase amount shown in this special fund account. This tax will be declared to the relevant tax office in terms of income or corporation tax with a declaration until the end of the month following the date of revaluation. The first installment of the tax must be paid in three equal installments, within the filing period, and the following installments in the second and fourth months following the filing period.

Paragraph (Ç) of the Repeated Article 298 of the TPC is a continuous application whereas Temporary Article 32 of TPC will only be used temporarily once prior to the application of Paragraph (Ç) of the Repeated Article 298 of the TPC for the first time.

For additional information with respect to this Alert, please contact the following:

Kuzey Yeminli Mali Müsavirlik A.S., Istanbul

- Ates Konca, *International Corporate Tax Advisory Leader* | ates.konca@tr.ey.com

Ernst & Young LLP (United States), Turkish Tax Desk, New York

- Gamze Durgun | gamze.durgun1@ey.com

The information contained herein is general in nature and is not intended, and should not be construed, as legal, accounting or tax advice or opinion provided by Ernst & Young LLP to the reader. The reader also is cautioned that this material may not be applicable to, or suitable for, the reader's specific circumstances or needs, and may require consideration of non-tax and other tax factors if any action is to be contemplated. The reader should contact his or her Ernst & Young LLP or other tax professional prior to taking any action based upon this information. Ernst & Young LLP assumes no obligation to inform the reader of any changes in tax laws or other factors that could affect the information contained herein.

Copyright © 2022, Ernst & Young LLP.

All rights reserved. No part of this document may be reproduced, retransmitted or otherwise redistributed in any form or by any means, electronic or mechanical, including

by photocopying, facsimile transmission, recording, rekeying, or using any information storage and retrieval system, without written permission from Ernst & Young LLP.

Any U.S. tax advice contained herein was not intended or written to be used, and cannot be used, by the recipient for the purpose of avoiding penalties that may be imposed under the Internal Revenue Code or applicable state or local tax law provisions.

"EY" refers to the global organisation, and may refer to one or more, of the member firms of Ernst & Young Global Limited, each of which is a separate legal entity. Ernst & Young Global Limited, a UK company limited by guarantee, does not provide services to clients.

[Privacy](#) | [Cookies](#) | [BCR](#) | [Legal](#) | [Global Code of Conduct](#)