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Turkiye implements Accommodation Tax

- *Turkiye has introduced a 2% Accommodation Tax, effective 1 January 2023.*
- *The tax applies to overnight services provided in accommodation facilities and related services.*
- *Accommodation operators will collect the tax either from their guests or from travel agencies.*

Executive summary

Accommodation Tax started to be applied as of 1 January 2023 in Turkiye.

Accommodation Tax is imposed on:

- Overnight services provided in accommodation facilities.
- All other services such as eating, drinking, activity, entertainment services and the use of pool, sports, thermal and similar areas, which are sold together with the overnight service and provided at the accommodation facility.

Accommodation operators are required to collect a 2% accommodation tax either from their guests or agencies over the service fees. The tax is to be paid by declaring it to the Revenue Administration within the following month.

Detailed discussion

Scope

Accommodation Tax was first introduced into the Turkish tax legislation in 2019, but its implementation was postponed until 1 January 2023, largely due to the pandemic.

Following the promulgation of the General Communiqué on Accommodation Tax Application on 14 December 2022, this tax entered into force on 1 January 2023.

The subject of the Accommodation Tax is basically overnight services provided in accommodation facilities.

There is no restriction in terms of accommodation facilities in the relevant legal regulations. Overnight services provided in all facilities providing accommodation services, regardless of the type, class, quality of the facility, and whether it has a tourism operation certificate and/or a business establishment/operation certificate according to the relevant legislation are taxable.

Accordingly, overnight services offered in hotels, holiday villages, boutique hotels, private accommodation facilities, motels, hostels, apart hotels, thermal facilities, wellness facilities, farmhouses, village houses, and camp sites, among others, are subject to the tax.

All other services such as eating, drinking, activities, entertainment, use of pool, sports, thermal and similar areas, etc. are also subject to the tax if they are sold with overnight services and are provided at the accommodation facility. In this context, all services provided within the scope of the concepts such as bed & breakfast, half pension, full pension, all-inclusive, ultra-all-inclusive and similar are subject to the tax.

Rate and base of tax

The applicable rate is 2%. This tax will be calculated over the service fees falling into the scope of tax.

Liable party

Accommodation facility operators are subject to the tax. They will calculate and collect the tax either from their guests or travel agencies and will pay it by declaring it to the Revenue Administration within the following month.

Liabilities

The main responsibilities of accommodation facility operators are as follows:

- Establishing Accommodation Tax Liability prior to the commencement of operations, after the accommodation facility is fully or partially ready for operation.
- Calculating and showing the tax amount on invoices and other similar documents
- Filing the Accommodation Tax Declaration for each month by the 26th day of following month.
- Paying the collected tax amount to the Revenue Administration during the same time period.
- Retaining and upon request submitting information and documents proving the scope of the service provided and the concept in which the guest receives the

service in question such as announcements, advertisements, pre-contracts, offers, reservations, contracts, and similar documentation.

Penalties

Penalty provisions stated in the Tax Procedural Law are applicable for those who do not comply with the provisions regulating the Accommodation Tax.

In accordance with the legal regulations regarding the Accommodation Tax, if the following cases are determined by the Revenue Administration, unforeseen costs such as tax assessment, delay interest, tax loss penalty or irregularity penalties may be imposed on the taxpayer:

- Failure to establish Accommodation Tax liability
- Failure to submit the Accommodation Tax Declaration on time or an incomplete declaration of the tax base in the declaration
- Failure to comply with obligations such as certification, preservation and submission determined by the Tax Procedure Law

Next steps

Further legislation or arrangements regarding the Accommodation Tax have not been published yet as of publication of this Alert. Thus, additional legislative information or arrangements are expected to be published to determine the additional details on its application, such as liability establishments and declarations.

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

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