

Tax Guide Turkey 2020



 Crowe
March, 2020

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INTRODUCTION

Welcome to the Crowe “TAX GUIDE Turkey”

This guide forms a part of the “Taxation System” of Turkey and provides a quick reference for those interested in investing in Turkey. While it is not exhaustive, this guide aims to explain some of the key subjects of taxes. When specific issues arise in practice, it will often be necessary to consider the relevant laws and regulations and to obtain appropriate professional advice.

«All lasting business is built on friendship.»

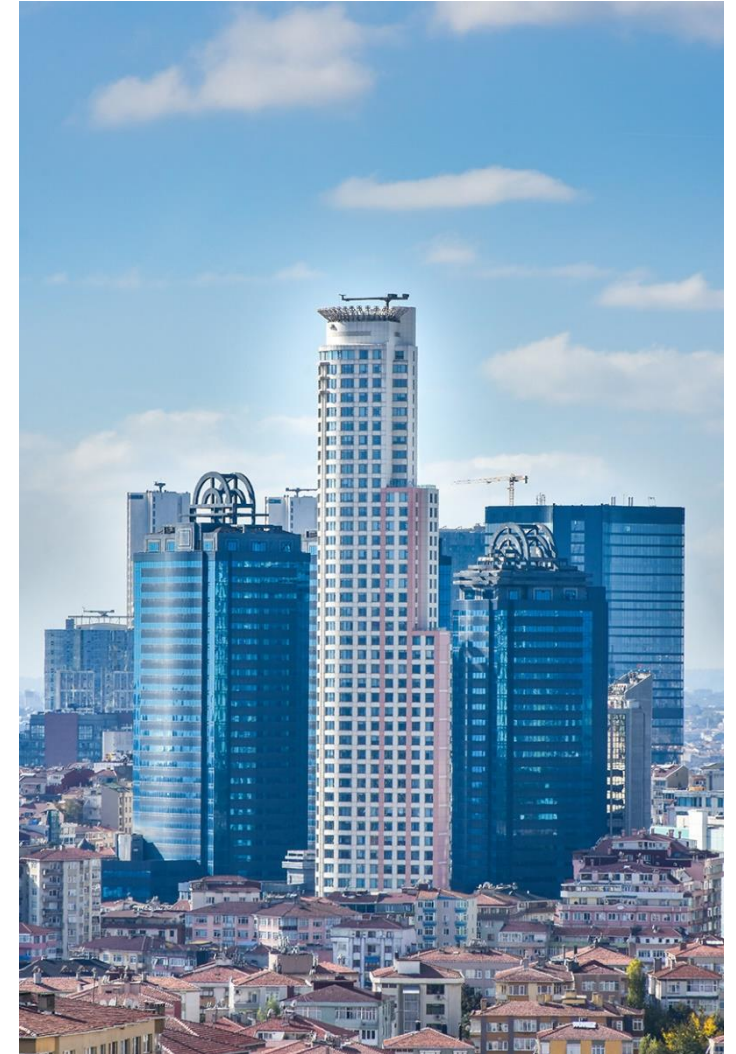
Alfred A. Montapert

1. Tax Information of Turkey

1.1 Taxes on Corporate Income

Companies Subject to Tax

- **Companies with Share Capital:** *Joint stock companies, limited liability companies and limited companies with shares which are founded under the Turkish Commercial Code and similar foreign companies.*
- **Co-operative Companies**
- **State Economic Enterprises**
- **Commercial, industrial and agricultural organizations**
- **Economic entities** owned by foundations and associations
- **Joint Ventures**



1.1 Taxes on Corporate Income

Territoriality

Those taxpayers whose legal or business centers are in Turkey, are subject to taxes on their worldwide income. If both of the legal and business centers are not in Turkey, then the company is qualified as non-resident and is subject to tax only on income generated within Turkey. The legal center is shown in the Articles of Association and the business center is the place where business activities are concentrated.

Taxable Income

Taxable income is defined as the difference between the net worth at the end of the year and the net worth at the end of the preceding year, with certain adjustments, mainly to eliminate capital items and to recognize special statutory allowances and disallowances. Turkish companies must compute their taxable income by starting with the balance sheet income included in their annual statements (so called commercial balance sheet) and then make the adjustments required by the tax laws. Non-deductible expenses are added, whilst the tax exempt income and losses carried forward are deducted.

1.2 Allowable Deductions

TAX DEDUCTIBLE

The net business income is determined by deducting expenses relating to the operating of the business from the gross income realized by the business. The tax law first provides that all general expenses incurred with the purpose of generating and maintaining commercial income are tax deductible. Then the deductibles are also separately determined.

- Charges to Turkish companies for management expenses by a parent or sister corporation are tax deductible as long as they comply with Turkish transfer pricing regulations.
- Taxes imposed on goods such as taxes on real estate, stamp tax, registration duties and municipal fees, are deductible.
- Payments of royalties for the use of patents, copyrights, know-how and trademarks are deductible.

1.2 Allowable Deductions

TAX DEDUCTIBLE

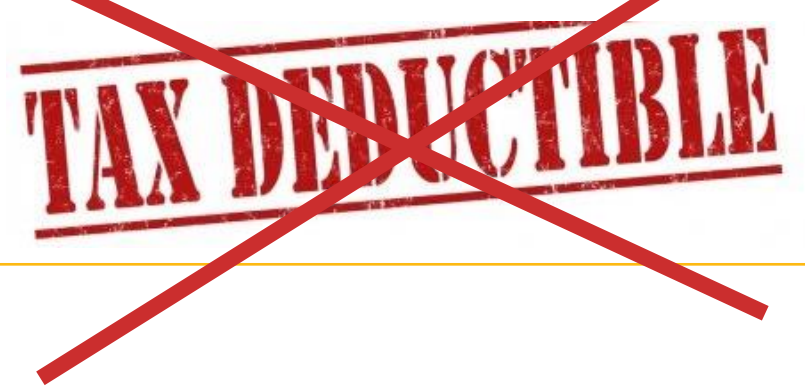
A specific bad debt reserve is allowed where :

- (a) The dispute on the receivable is under review by the Courts, or
 - (b) Miscellaneous receivables which have not been paid after a formal notarized or written request to pay,
 - (c) The Banking Law and related regulations have special reserve requirements for non-performing loans.
-
- Expenses incurred for business entertainment are deductible on condition that bills, which state the purpose and the names of the guests, support them.
 - Travel expenses (including meals and lodging) are deductible if they are incurred for business purposes and are reasonable as compared with the importance of business. By Budget Law each year per diem allowances are set out for government employees at each wage level. Payments by an employer to an employee in excess of the amount paid to government officials earning the same salary levels are subject to taxation as remuneration. However, if an employer pays actual meal and lodging expenses, based on receipts issued by the third parties, such payments are not taxable.
 - Employee salaries and payment to the chairman, directors and auditors are deductible. Payments may be in the form of allowances, fees, premiums and bonuses. Payments in kind are also tax deductible but are deemed as salary and taxed as such. Interest costs; either as a direct charge or as depreciation allowance when capitalized.

1.2 Allowable Deductions

- Fees paid to the Employer's Union are deductible with the condition that monthly fees paid should not exceed the daily total payment of salaries.
- A loss incurred in any financial year can be carried-forward for 5 years against future profits for purposes of corporation tax. It cannot be carried back.
- In addition to the usual deduction of R&D expenses, 100% of R&D costs incurred for eligible projects can be entitled as a deduction from the tax able profits subject to certain conditions. The amount, which is not deducted in the relevant period due to the lack of sufficient taxable profits, can be carried forward to the following accounting periods provided that they are under the scope of Law number 5746 regarding with R&D activities.
- For companies that partially or completely rent or manage private cars as their main operation, a 5.500.-TL portion of the monthly rent for cars concerning activities that are not in the scope of their main operation can be counted as company expenses, and a total of 115.000 TL portion of the private consumption and value added tax can be counted as company expenses for private car acquiring if again it is not in the scope of their main operation for such companies.
- For companies that partially or totally rent or manage private cars as their main operation, 70% of the expenses related to private cars can be deduced for cars that are not in the scope of their main activity.

1.3 Non-Allowable Deductions



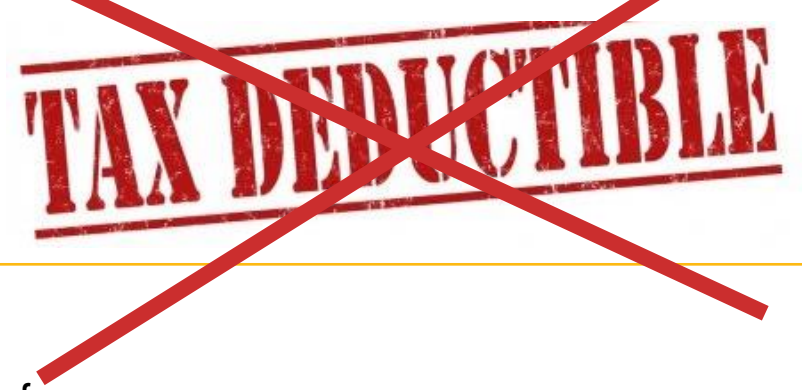
Disguised Profit Distributions through Transfer Pricing

If a taxpayer enters into transactions regarding sale or purchase of goods and services with related parties, where the prices are not set in accordance with arm's length principle, then related profits are considered to be distributed in disguised manner through transfer pricing. Such disguised profit distributions through transfer pricing are not accepted as tax deductible for corporate income tax purposes.

Legal Reserves

Any kind of reserves (including all kinds of reserves computed under the Turkish Commercial Code, Banking Law and special laws concerning corporations or their Articles of Associations) is not deductible.

1.3 Non-Allowable Deductions



Cost Allocation

Interest, commissions etc. paid to a parent company or branches outside Turkey for purchases and sales carried out on behalf of a non-resident company in Turkey and amounts allocated to meet the expenses and losses of the parent company and its branches outside Turkey, are not tax deductible with the exceptions of;

- Amounts related to the generation and continuation of income in Turkey and allocated in line with the cost allocation keys determined in accordance with the arm's length principle
- Travel expenses incurred by authorized persons sent from foreign countries in connection with the auditing and supervision of a branch in Turkey.

Thin Capital

Interest, foreign exchange losses and other similar expenses related to the borrowings from related parties which are regarded as thin capital are treated as non-deductible expenses for corporate income tax purposes.

The Corporate Tax Law imposes a specific debt/equity ratio of 3:1 for consideration of thin capital. If the borrowing obtained directly or indirectly from shareholders or persons related to shareholders exceed three times the shareholders' equity of the company at any time during the relevant year, the exceeding portion of the borrowing will be treated as thin capital.

1.4 Corporate Taxation

The CORPORATE INCOME TAX RATE

Withholding Tax on Dividends

When dividends are paid out, the company is required to make a withholding from the dividends. The rate of withholding tax is 15%. Dividends paid to a Turkish resident entity (i.e. Turkish holding company) or a Turkish branch of a foreign company is not subject to the withholding tax. A share capital increase by the company using the retained earnings would not be considered as. The bilateral income tax treaties provide special tax rates, therefore, the above rates needs to be confirmed with the signed bilateral treaties.



22%

Withholding Tax on Branch Profits

There would be a withholding tax on the branch profits of non-resident companies upon remittance of such profits to the headquarters. The rate of withholding tax is 15% effective which is applied on the amount after the deduction of corporate income tax from taxable branch profits. The bilateral income tax treaties provide special tax rates, therefore, the above rates needs to be confirmed with the signed bilateral treaties.

1.4 Corporate Taxation

Advanced Corporate Income Tax (ACIT)

All resident and non-resident companies, who earn commercial or Professional income and who are obliged to file annual corporate income tax return, are also required to file ACIT return at 22% on the basis of the actual quarterly profits. ACIT is not a requirement for the multi-year construction works being subject to taxation on the basis of completed project basis. ACIT paid during the year is offset against the final taxes calculated on the annual corporate income tax return. Any excess payment may be offset against other tax liabilities, and in the absence of such liabilities it is refundable upon the claim within one year.



1.4 Corporate Taxation

Tax Returns and Payments

The normal fiscal year-end is December 31st. Where the calendar year is not appropriate because of the nature of business, permission can be obtained from the Ministry of Finance for an alternative fiscal period. Annual corporate income tax returns must be filed, within the period from 1st to 30th days of the fourth month following the end of the fiscal year and corporate income tax is payable (after the offset of ACIT and other available tax credits) until the end of the month in which the tax return is filed. Advance corporate income tax return must be filed by the 17th of the second month following the quarter end and is payable on the 17th of the same month. Withholding tax on dividends has to be filed by the 26th of the month following the dividend payments to shareholders and paid on the 26th of the same month.



1.4 Corporate Taxation

Payments to Non-resident Entities

The following payments to non-resident companies are subject to withholding tax;

- Progress payments for the construction and repair works lasting more than one calendar year at 3%
- Professional fees at 20%,
- Rentals and royalties at 20%,
- Dividends and interest at 10%
- Sales proceeds of copyrights, patents, trademarks etc. at 20%.

The above rates need to be confirmed with signed bilateral income tax treaties.



1.5 Major Transaction Taxes

There are various transaction taxes in Turkey, as is the case in the other OECD member countries.

Value-Added Tax (VAT)

The Turkish tax system levies value added tax on the supply and the importation of goods and services. The Turkish name for Value Added Tax is 'Katma Deger Vergisi', abbreviated to KDV.

Liability for VAT arises:

- When a person or entity performs commercial, industrial, agricultural or independent professional activities within Turkey
- When goods or services are imported into Turkey.

VAT is levied at each stage of the production and the distribution process. Although liability for the tax falls on the person who supplies or imports the goods or services, the real burden of VAT is borne by the final consumer. This result is achieved by a tax-credit method where the computation of the VAT liability is based on the difference between the VAT liability of a person on his sales (output VAT) and the amount of VAT he has already paid on his purchases (input VAT).

1.5 Major Transaction Taxes

Special Consumption Tax

There are four main product groups that are subject to special consumption tax at different tax rates:

- Petroleum products, natural gas, lubricating oil, solvents and derivatives of solvents
- Automobiles and other vehicles, motorcycles, planes, helicopters, yachts
- Tobacco and tobacco products, alcoholic beverages
- Luxury products

Unlike VAT, which is applied on each delivery, this tax is charged only once.

1.5 Major Transaction Taxes

Stamp Tax

Documents within the scope of stamp tax are papers which are legally valid and exercisable, bearing a signature (or a sign replacing signature, or electronic signature) and prepared for the purpose of proving any legal subject. In this sense, stamp tax applies to a wide range of documents including written agreements.

Stamp tax is calculated on the highest value stated or calculable from the taxable paper or on the maximum amount stated on the paper.



1.5 Major Transaction Taxes

Withholding Tax



Under the Turkish tax system, certain taxes are collected through withholding, for example in the hands of the service recipient tax-registered entities making the payments in Turkey in order to secure the collection of taxes. These include income tax on salaries of employees, lease payments to individual landlords, independent professional service fee payments to resident individuals; and royalty, license and service fee payments to non-residents. Companies in Turkey are responsible for withholding such taxes on their payments and declaring them through their Withholding Tax returns. However, please note that local Withholding Tax rates may be eliminated based on the provisions stipulated in more than 70 effective bilateral tax treaties, where Turkey is a party.

2. Salary

2. Salary

Minimum Salary

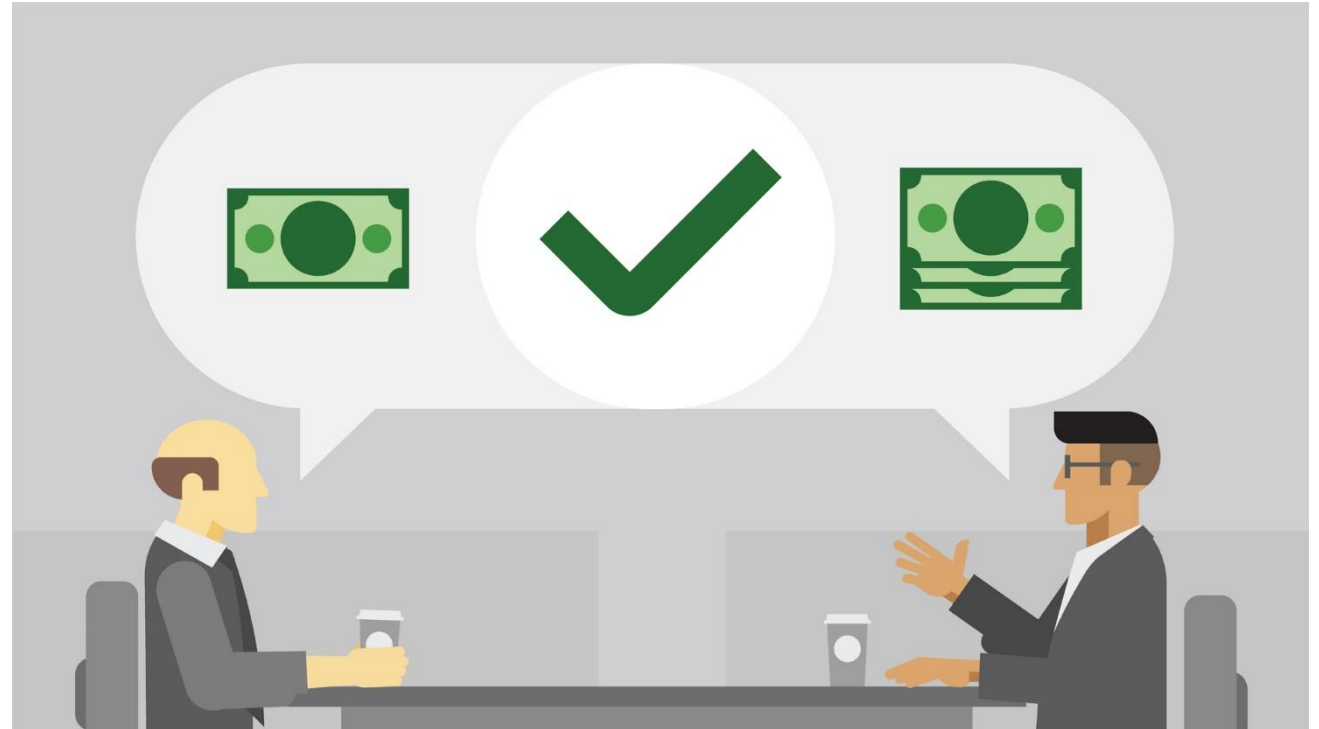
TRY 2.943,00

O.G. Date-Number

27.12.2019 – 30991

Validity

01-01-2020 – 31.12.2020



3. Income Tax

3.1 Income Tax Tariff (I.T.L. Article 103)



Rates to be applied to all incomes beside salaries for year 2020;

Up to TRY 22.000 TL	15%
For 22.000 TL out of 49.000 TL – 3.300 TL, and above	20%
For 49.000 TL out of 120.000 TL - 8.700 TL, and above	27%
Above 120.000 TL out of 600.000 TL – 22.870 TL and above	35%
Above 600.000 TL, for 600.000 TL – 195.870 TL	40%

Rates to be applied to only salaries for year 2020;

Up to TRY 22.000 TL	15%
For 22.000 TL out of 49.000 TL - 3.300 TL, and above	20%
For 49.000 TL out of 180.000 TL – 8.700 TL and above	27%
For 180.000 TL, out of 600.000 TL – 44.070 TL and above	35%
Above 600.000 TL, for 600.000 TL – 191.070 TL	40%

3.2 Income Tax Withholding Rates (I.T.L. Article 94 & Temp. Article 67-68-72)

ARTICLE	DESCRIPTION	RATE (%)
2.a.	Payments for freelance business (copyrights) including into scope of I.T.L Article 18	17
2.b.	Payments from others (Income and Corporate Taxpayers) to self-employed (CPA, Lawyer, Doctor, Engineer etc.)	20
5.a.	Rental Payments, rental payments for goods and rights written in I.T.L Article 70	20
6.a.	Dividends from taxpayer corporate to non-taxpayers according to I.T.L Article 75-2/1,2,3 (Capitalizing the profit is not considered as dividend)	15

4. Severance and Notice Payments

4.1 Statutory Cap for Severance Payment

Statutory Cap

TRY 6.730,15

Period

01.01.2020 – 30.06.2020

Statutory Cap

TRY 6.730,15 TL



4.2 Notice Payment



SERVICE LENGTH	NOTICE	AMOUNT
Less than 6 months	2 weeks	14 days salary
Between 6 months- 1,5 years	4 weeks	28 days salary 4 weeks salary
Between 1,5 years - 3 years	6 weeks	42 days salary 6 weeks salary
More than 3 years	8 weeks	56 days salary 8 weeks salary

5. Social Security

5.1 Minimum and Maximum Limits of Social Security Premium Base

Maximum Limit

TRY 22.072,50

Minimum Limit

TRY 2.943,00

Period

01.01.2020 – 31.12.2020



5.2 Social Security Premium Rates

Rates for Employees Working within The Scope of 4/a (SGK)

INSURANCE TYPE	EMPLOYEE SHARE(%)	EMPLOYER SHARE (%)	TOTAL(%)
Short Term Insurance Premium	-	2	2
Disability, Old Age and Death Insurance Premium	9	11	20
General Health Insurance Premium	5	7,5	12,5
Unemployment insurance premium	1	2	20
TOTAL	15	22.50	37.50

Rates for Retires Working within the Scope of 4/a (SGK)

INSURANCE TYPE	EMPLOYEE SHARE(%)	EMPLOYER SHARE (%)	TOTAL(%)
Social Security Support Premium	7.5	22,5	30
Short Term Insurance Premium	-	2	2
TOTAL	7.5	24.50	32

6. Various Rates

An infographic titled "6.1 VAT RATES" featuring large wooden letters spelling "VAT" on a desk with coins and a glass jar. The background is a blurred office setting. The infographic is divided into three columns, each with a yellow circular icon containing a number (01, 02, 03).

6.1 VAT RATES

01

Transactions subjected
to VAT excluding Lists

18%

02

For goods and
services at List (I)

1%

03

For goods and
services at List (II)

8%

6.2 Stamp Tax Rates

SOME OF STAMP TAX RATES AND AMOUNTS	RATES/AMOUNTS
Charges (Including advance payments)	7,59 per thousand
Receipts and Quittance Given To Government Offices	9,48 per thousand
Contracts, Letter Of Undertakings and Letter of Conveyances (Containing Specific Sum)	9,48 per thousand
Rental Contracts (Over the amount according the rental period)	1,89 per thousand
Bailments, Warranties and Pledge Certificates (Containing Specific Sum)	9,48 per thousand
Bond of Arbitration and Negotiated Settlements (Containing Specific Sum)	9,48 per thousand
Certificate of Annulments (Including the documents containing specific sum)	1,89 per thousand
Annual Income Tax Return	TRY 89,10
Corporate Income Tax Return	TRY 119,00
Withholding Tax Return	TRY 58,80
VAT Returns	TRY 58,80
Other Tax Returns (Excluding Stamp Tax Returns)	TRY 58,80
Declarations to Municipalities and Provincial Special Administrations	TRY 43,70
SGK Declarations to Social Security Institution	TRY 43,70
Declarations to Customs	TRY 119,00
Balance Sheets	TRY 68,70
Income Statements	TRY 32,90



7. Other Taxations

7.1 Provisional Tax

The ones that has commercial gain and self-employment pay quarterly provisional tax which will offset from fiscal year taxation. Self-employed taxpayers pay 15% provisional tax. Corporates pay 22% provisional tax.

Taxpayers liable to Provisional Tax;

- Commercial Gainers
- Self-Employed Earners
- Corporate Income

Earning that are not subject to Provisional Tax

- Gains determined by single entry,
- Gains from Long Term Construction Contracts (I.T.L Article 42)



Provisional Tax Periods (For those who has standard fiscal year)

PERIODS	FILING	PAYMENT
January-February-March	May 17th	May 17th
April-May-June	August 17th	August 17th
July-August-September	November 17th	November 17th
October-November-December	February 17th	February 17th

7.2 Taxation of Joint-Stock Company Share Transfer Profit

In terms of Income Tax;

If share certificate or interim certificate printed; Profit is exempt from income tax for the shares that held for more than 2 years.

If share certificate or interim certificate is not printed; Profit from share transfer is subject to income tax as capital gain (Income Tax Law. Dup. Article 80/4) To calculate the profit, the acquisition cost of shares is subjected indexing and the tax-exempt amount deducted.

In terms of Corporate Tax;

75% of profit of share transfer is exempt from tax if the share held for more than 2 years. This exemption will be applied in the year of sale. (Corporate Tax Law Article Nr.5/1-e)

The exempted part of the profit should be kept in special fund account for at least 5 years. Also, the amount of sale should be collected till the end of 2nd year.

The taxes that are not accrued because of exemption will be a loss of tax if the exempted part drawn from company or transfer to abroad before 5 years end (except adding the fund to capital).

7.3 Capital Gain Exemption and Calculation (Income Tax Law. Dup. Article 80)

1- Profit from sales of securities and other capital market instruments (Shares acquired without charge and shares held more than 2 years belongs to legally obligated companies excluded)

2- Profit from sales of real estate within 5 years after acquisition no matter the type of acquire (Acquired without charge excluded)

As from **01.01.2020 TRY 18.000** is exempt from income tax and exceeded part is subject to income tax for the capital gains in one fiscal year.

Limited liability company shares are always subject to income tax as “capital gain” no matter when it’s sold. To calculate the profit, the acquisition cost of shares is subjected indexing and the tax-exempt amount deducted.

ITL G.C Nr.310	For 2020	TRY 18.000
ITL G.C Nr.305	For 2019	TRY 14.800
ITL G.C Nr.302	For 2018	TRY 12.000
ITL G.C Nr.296	For 2017	TRY 11.000
ITL G.C Nr.290	For 2016	TRY 11.000
ITL G.C Nr.287	For 2015	TRY 10.600
ITL G.C Nr.285	For 2014	TRY 9.700

7.4 Special Irregularity Fines T.P.L GENERAL COMMUNIQUE NR. 513 (FOR 2020)

T.P.L Article 353	NOT RECEIVING AND ISSUING AN INVOICE AND SIMILAR DOCUMENT / NOT COMPLYING WITH OTHER PROVISION OF PRODECURES	TRY
353/1	Not receiving and issuing invoice, note of expenses, producer receipt, freelance receipt	350
353/1	Total fine can be imposed in one fiscal year for each document type	180.000
353/2	Not issuing, using and providing retail receipt, cash register receipt, passenger receipt, packin glist, passenger list and other documents that are obligated by Ministry of Finance	350
353/2	Total fine for each type of document, for each determination	18.000
353/2	Total fine can be imposed in one fiscal year for each document type	180.000
353/3	Not receiving invoice, note of expenses, producer receipt, freelance receipt, retail receipt, cash register receipt, passenger receipt by final consumer	350
353/4	Absence, not recording on Daily basis, not presenting to authorities of the legal books that are obligated by Ministry of Finance	350
353/6	Not complying with determined accounting standarts, uniform chart of accounts, procedures and principles related to financial statements and rules and standarts of producing a software concerning accounting	8.500

353/7	Not using the tax ID obligated to use in government offices	420
353/8	Print offices that are obligated to inform tax authority but not performing about printed legal documents	1.300
353/8	Total fine can be imposed in one fiscal year in compliance with this article	260.000
353/9	Not performing the obligated inform tax authority duty within the time limits and with the determinated standarts about transactions in compliance with Law Nr.4358	1.800
T.P.L Dup.Article 355	FINE FOR THE ONES THAT ARE ABSTAINING TO INFORM AND DISOBEYING THE ARTICLE 256,257 AND DUP.257	
Dup.Art. 355/1	First Degree Traders and Self-Employed	2.300
Dup.Art. 355/2	Second Degree Traders, Bookkeeper farmers, Single entry bookkeepers	1.200
Dup.Art. 355/3	The one that beside above	600
	Total fine can be imposed within one fiscal year to the ones that are obligated but not documenting the payments and collections via banks and suchlike finance corporations.	1.800.000

7.4 Special Irregularity Fines T.P.L – G.C. Nr. 460 (FOR 2020)

TAXPAYERS	FIRST DEGREE	SECOND DEGREE
	2020	2020
1- Companies with share capital	TRY 220,00	TRY 120,00
2- First Degree Traders and Self-Employed	TRY 130,00	TRY 67,00
3- Second Degree Traders	TRY 67,00	TRY 30,00
4- Income Taxpayer with Return beside above ones	TRY 30,00	TRY 18,00
5- Single Entry Bookkeepers	TRY 18,00	TRY 8,50
6- Craftmen exempt from tax	TRY 8,50	TRY 4,70

7.5 Tax Over Internet Advertisement Services

According to the 19th December 2018 dated and the 476 numbered Presidential announcement, declared on the 30630 numbered official journal, concerning providing or intermediating advertisement services online;

- %15 from payments made to real person whether or not the person is tax liable or not,
- %15 from payments made to limited taxpayer corporations
- %0 from corporations that are obliged to corporate tax

Withholding tax payment is obligated as of 01.01.2019

Provisions that stand out from the rescript

- This regulation, is applied for payments made as of the date 01/01/2019 and for services given as of the law's declaration date (19/12/2018), including this date.
- In the regard of the tax cut mentioned, if a businesses that gives or intermediates online ad services, has received payment before 01/01/2019, no additional tax cuts will be applied after 01/01/2019 on payments that concerns the main subject of these payments.
- The mentioned tax cut is required to be made for companies that give or intermediate online advertisement services, with no regard to whether or not they are tax obligant.



8. Fines and Penalties

8.1 Loss of Tax Penalty (T.P.L. Article 344)

Loss of tax penalty is imposed to infractors and it's 1 time of the loss of tax amount . Causing loss of tax with actions mentioned in Article 359 needs to impose a 3 times penalty of the loss of tax amount, attendants to these actions imposed 1 time penalty of loss of tax amount. For the returns that are filed after due time before tax inspections start, penalty is %50 of the loss of tax amount.

Amount adjusted to agreed amount after negotiation.
(T.P.L Article 344)



8.2 Discount on the Loss of Tax and Special Irregularity Penalties (T.P.L Article 376)

(Anecdote change by the 26 article of the 7194 numbered law: Effective date: 07/12/2019)

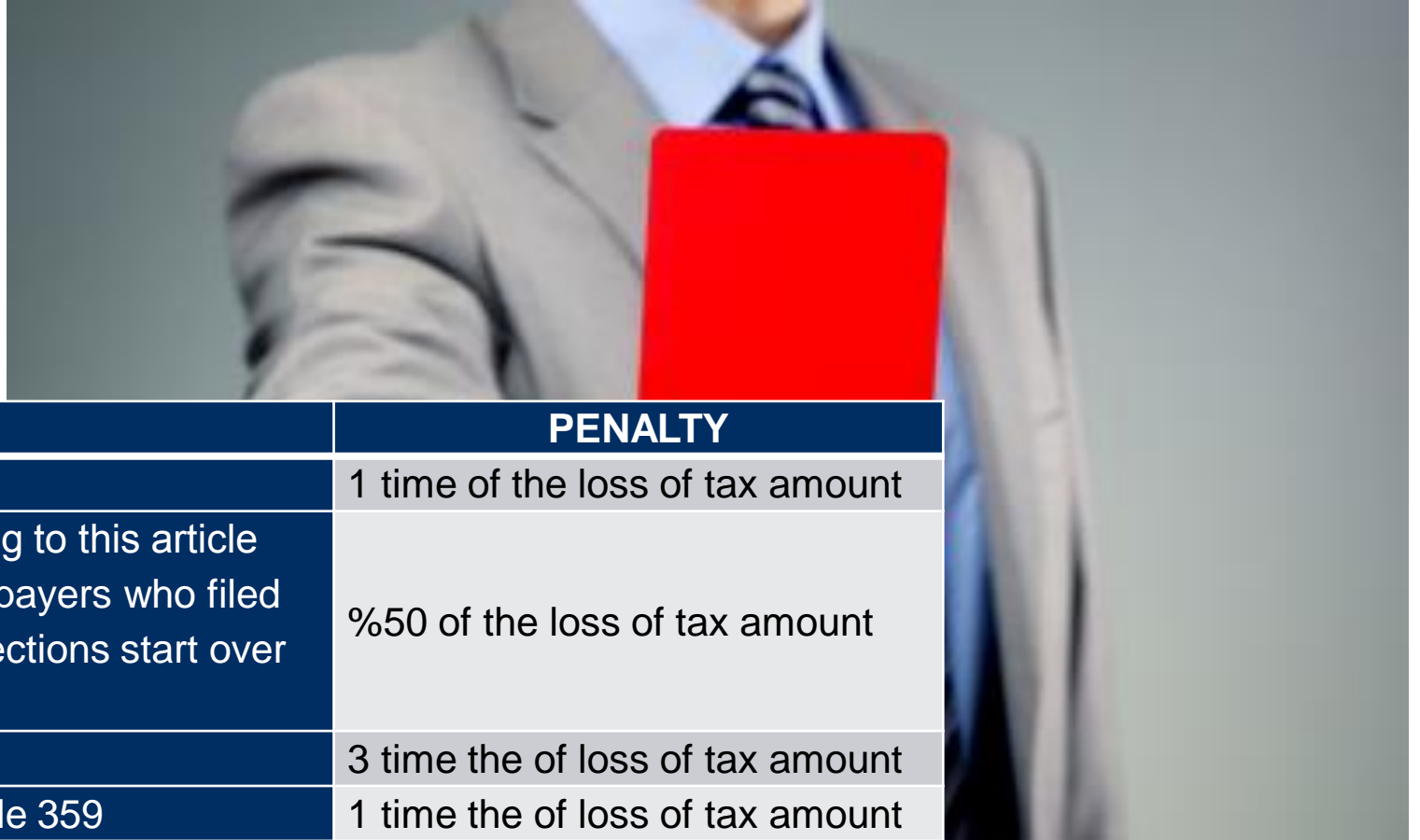
Tax payer and tax responsible party;

1. Complementary tax assessment, tax difference and tax loss levied by the administration, irregularity fine and also special irregularity fine can be reduced into half by applying to the relevant tax office within thirty days from the notification date of the notice and/or within three months from the term of the term by showing the collateral in the required type which specified in the Law No. 6183.

2. In conditions where compromise is in place, if the %75 of tax, tax difference or tax loss fine that is compromised upon, is paid in the duration according to 8th articles, first anecdotes, first clause, % 25 of the fine, can be reduced. If the tax payer and/or tax responsible party; declares payment and does not make the payment in the durations mentioned above or takes it to the court, they cannot benefit from this article. The provisions above are not only tax based and are applied to irregularities as well.



8.3 Tax Penalties



ACTION	PENALTY
Actions as for T.P.L Article 341	1 time of the loss of tax amount
Last Clause of T.P.L. Article 344 “According to this article penalty will be imposed 50% to those tax payers who filed the returns after due date before tax inspections start over them”	%50 of the loss of tax amount
Actions as for T.P.L Article 359	3 time the of loss of tax amount
Attendants to the actions as for T.P.L Article 359	1 time the of loss of tax amount

8.4 Late Payment Interests and Fees

Late Payment Fee

It is the amount that calculated over the date of tax payment after the due date.

Late Payment Interest

It's the amount that calculated over the deferring duration between effective date of assessment and normal due date of additional, ex officio, administrative assessments.

Late payment fee and late payment interest is calculated on daily basis.

EFFECTIVE DURATION	RATE	C.M.D/ G.C.
From 28.09.2018	%2,50	President D / 1266
From 05.09.2018	%2,00	President D / 62
From 19.10.2010	%1,40	C.G.C. / C-2



8.5 Filling of Ba-Bs Forms and Imposing Penalty

Sıra No	Soyadı/Adı veya Unvanı	İlkesi	Vergi Kimlik Numarası	TC Kimlik Numarası	Belge Sayısı	Mal ve Hizmetlerin Toplam Bedeli (KDV Hariç)
1	B LTD.ŞTİ.	TÜRKİYE			10	150.000
2	C ANONİM ŞİRKETİ	TÜRKİYE			5	35.000
3	D LIMITED ŞİRKETİ	TÜRKİYE			7	180.000
Toplam						365.000
Diğer Mal ve Hizmet Bedel Toplamı						55.000
Genel Toplam						420.000

YALNIZ DÖRTYÜZYİRMİBİN YTL .dir
YALNIZ DÖRTYÜZYİRMİLYAR TL .dir

Taxpayers should declare “Purchases of Services and Goods (Form BA) and “**Sales of Services and Goods (Form BS)**” above a certain limit on a monthly basis.

Taxpayers are liable to declare the purchases/sales of services and goods above TRY 5.000,00 (VAT Excluded) starting from the following month’s 1st day to last day’s evening.

For 2020, TRY 2.300,00 special irregularity fine will be imposed to taxpayers who is not declared within the time limit/declared incomplete or incorrect information.

If the declarations that are filed in normal time limit amended within 10 days, special irregularity fine will not be imposed. If the amendment filed within 15 days following the 10th day, special irregularity fine would be (For 2020, TRY 460,00 which is 1/5 of TRY 2.300,00)

8.6 Penalties to be Imposed in Case of Not Filled E-Return

As a penalty for those taxpayers whom not filed the returns within time limit before tax inspections start over them, 2 times of first degree irregularity fine and 50% of loss of tax fine will be compared on a amount basis and the one which is more will be imposed. If the returns filed with repentance, then only first degree irregularity fine will be imposed.

Besides, special irregularity fine stated in Tax Procedure Law Dup. Article 355 will be imposed to taxpayers who did not fill the returns electronically within statutory time limit.

Accordingly;

If the returns filed within 30 days starting from the due date of return, 1/10 of special irregularity fine,

Following next 30 days after first 30 days over, 1/5 of special irregularity fine would be imposed.

Amendments are not subject to fine.



9. Documenting....How-To ?

9.1 Documenting of Payments and Collection

Following taxpayers are obligated to document the payments and collectings and advances over TRY 7.000 via banks and suchlike finance corporations with receipts and account statements after 01.08.2003;

- First and Second Degree Traders,
- Single Entry Bookkeepers,
- Bookkeeper Farmers,
- Self-Employed,
- Craftsmen exempt from tax



Partially payments to avoid the documenting will not be accepted and each payments to each person or corporation in one day will be considered as whole.

Special irregularity fine will be imposed to taxpayers that are not documenting the payments and collections via banks and such like finance corporations.

9.2 Revaluation, Depreciation and Amortization

Revaluation Rate

%22,58

For 2020 (T.P.L G.C Nr.512)

Depreciation and Amortization

If the value of good wills, equipment and fixtures are less than Depreciation Limit (TRY 1.400,00 for 2020) can be booked as directly expense. For those that has economical and technical integrity, the limit is considered as a whole. (Tax Procedure Law Article Nr.513)



9.3 Deduction From the Tax Base of the Expenses and Amortizations of Private Cars

a) In case rental prices exceed the maximum amount for the relevant year, condition of VAT for the exceeded portion

For 2020, a portion up to 5,500 Turkish Liras of monthly rental price, which can be considered as an expense, is the VAT excluded price.

Pursuant to sub-paragraph (d) of paragraph one of article 30 of the VAT Law, VAT paid for the non-deductible expenses cannot be deducted from the calculated VAT in determination of the income subject to income tax and corporate tax. In this context, in case private cars are rented and the rental price exceeds the maximum amount determined for the relevant year, VAT for the exceeded portion shall not additionally be considered as an expense in determination of the income subject to income tax and corporate tax.

b) Payments made for the private cars acquired by way of financial leasing

No monthly rental expense limitation shall be in question for the payments made for the private cars acquired by way of financial leasing.

In this context, payments for the private cars which are included in the operating assets by way of financial leasing shall be separated into principal and interest payment, and the interest shall, for the first year, be included in the cost of the private car which is followed up in the “Rights” account, and for the subsequent years, it shall preferably be considered as an expense or cost.

9.3 Deduction From the Tax Base of the Expenses and Amortizations of Private Cars

c) Repair, maintenance, fuel and similar current expenses for private cars

Except for the ones used by those whose area of activity is in part or in whole the rental or operation by various means of private cars, for this purpose, maximum 70% of the expenses for private cars can be made subject to deduction as an expense in determination of the income subject to income tax and corporate tax.

Expenses in this context are generally the repair, maintenance, fuel, insurance and similar current expenses of cars.

Details of it are given in the examples contained in the Communiqué.

Accordingly; car park fees, bridge/highway tolls and the interest expenses paid for acquisition of the car (falling to the accounting period of 2020) are considered to be in this context.

Whether the expenses made are in relation to those private cars registered to the business or the inventory or acquired by way of rental, is not important.



9.3 Deduction From the Tax Base of the Expenses and Amortizations of Private Cars

d) Expense limitation in daily rental of private cars

Expense limitation in daily rental of private cars shall apply by calculating the daily rental price. In application of the daily expense limitation for rental expenses, the amount to be obtained by dividing the monthly maximum rental expense which can be considered as an expense on the date when rental was made into the number of days in that month, shall be taken into consideration.

Daily maximum rental price which can be considered as an expense, shall be found by dividing it into 30, which is the number of days in April.

5,500 / 30 = TL 183.33	(Maximum daily rental price which can be made subject to deduction as an expense in determination of the income)
183.33 X 10 = TL 1,833.33	(Maximum amount which can be considered as an expense in determination of net income for a ten days rental)
TL 2,500 – TL 1,833.33 = TL 666.67	(Rental expense which should be considered by the taxpayer as a non-deductible expense)



9.4 Conditions of Being Subject to Independent Audit

The conditions of identifying the companies subject to independent audit are determined with Council of Ministers Decision numbered 2018/11597 which changes the Council of Ministers Decision numbered 2016/8549 and published in the Official Gazette dated 26/5/2018

According to Council of Ministers Decision;

- a) Net Assets - TRY 35 Million and above
- b) Net Sales Revenue – TRY 70 Million and above
- c) Employee – 175 and above

Companies subject to independent audit at following fiscal year in case of 2 years continuously exceeded minimum 2 criteria out of 3 stated in the decision.



10. Invoicing

10. Invoicing

Invoicing

Delivery of goods or performance of services should be invoiced within 7 days. Moreover, recipients of the supplies must retain copies of the invoices. The limit to issue an invoice is TRY 1.400 for the year 2020.

Foreign-currency invoices

An invoice issued for a domestic sale must be issued in Turkish lira (TRY). The invoice may also show the invoiced amount in a foreign currency if the TRY equivalents are stated. However, an invoice issued for an export sale may be issued in a foreign currency.

The image shows a sample invoice form from Dopigo, titled "ÖRNEK FATURA". The form includes a header with the company logo and name, a tax identification number (Vergi No), and a circular stamp. Below the header is a table with columns for "Açıklama", "Miktar", "Fiyat", and "Tutar". The table contains several rows of data, with some cells highlighted in yellow. At the bottom of the table, there are fields for "Tutar" and "Tutar".

10. Invoicing

E-invoicing

The taxpayer groups mentioned below are obligated to switch to the application of e-invoicing.

- Taxpayers with gross sales revenues of more than 5 Million TL and above in 2018 and following financial periods.(Taxpayers that have yielded a gross sales revenue of 5 Million TL and above in the years 2018 or 2019, have to switch to E-invoicing as of 01/07/2020 and taxpayers that yield a gross sales revenue of 5 Million and above in 2020 or the successive financial periods are required to switch to E-invoicing on the 7th month following the related financial period.)
- Taxpayers that have taken a license from the Energy Market Regulatory Authority concerning the operation of goods on the (I) numbered list of the 4760 numbered Special Consumption Tax Law. (Taxpayers that have taken the license in 2019 are required to switch to E-Invoicing as of 01/07/2020 and those that have taken a license in 2020 or in the following financial periods are required to switch to E-Invoicing on the 4th month of the successive related financial period.)

10. Invoicing

E-invoicing

- Those who manufacture, build and/or import goods that are on the (III) numbered list of the Special Consumption Tax Law.
- (Those who practice these operations in 2019 are required to switch to E-Invoicing as of 01/07/2020, and those who start practicing these operations as of 2020 and on the following financial periods are required to switch to E-Invoicing on the 4th month of the successive related financial period)

10. Invoicing

E-invoicing

- Corporate bodies or real people that are intermediaries in selling, renting or distributing goods or services which fall into the category of electronic commerce in an online environment. (Taxpayers that have provided intermediary service in 2019 are required to switch to E-Invoicing as of 01/07/2020 and taxpayers that provide intermediary services in 2020 and on the following financial periods are required to switch to E-Invoicing on the 3rd month following the beginning of operations.)
- Online add service intermediaries, that act as intermediaries concerning online add services for the owners or managers of websites, on which real estate or motor driven vehicles belonging to real people or corporate bodies are rented or sold. (Those that are taxpayers in 2019 are required to switch to E-Invoicing as of 01/07/2020 and those we provide intermediary services in 2020 or the following financial periods are required to switch to E-Invoicing on the 3rd month following the beginning of their operations.)

10. Invoicing

E-invoicing

- Under the provisions of the 5957 numbered law, taxpayers that engage in the commissioning or tradesmanship of vegetables and fruits concerning the coordination of trade for the vegetables and fruits and other goods that possess sufficient depth of demand and supply.(Those that are taxpayers in 2019 are required to switch to E-Invoicing as of 01/01/2020 and those that begin operations in 2020 or the following financial periods are required to switch to E-Invoicing as of the 3rd month as of the start of operations.)

10. E-Archive


E-Archive

Taxpayers that are involved in/implementing in E-Invoicing: Are obligated to switch to e-Archive invoice implementation as well until 01/01/2020 strict deadline.

- Taxpayers that achieved gross sales revenue of 5 Million TL and above on the year 2018 or the following financial periods:

Taxpayers that have yielded gross sales revenue of 5 Million TL and above in the years 2018 or 2019, have to switch to E-archive Invoicing as of 01/07/2020 and taxpayers that yield a gross sales revenue of 5 Million and above in 2020 or the successive financial periods are required to switch to E-archive Invoicing on the 7th month following the related financial period.

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eb Sitesi:
Posta:
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e-FATURA

AYIN
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İrgi Dairesi:
İN:

TN: 56648B27-5C22-4993-8F74-5DB64E53EC93

Özelleştirme No:	TR1.2
Senaryo:	TEMELFATURA
Fatura Tipi:	SATIS
Fatura No:	M012015000000087
Fatura Tarihi:	08-12-2015

İra o	Mal Hizmet	Miktar	Birim Fiyat	İskonto Oranı	İskonto Tutarı	KDV Oranı	KDV Tutarı	Diger Vergiler	Mal Hizmet Tutarı
	Elektrik Tüketimi	880 KWH	1,00 TRY	%0	0,00 TRY	%18,00	164,74 TRY	ELEKT. HVGAZI. TÜK. VER. (%1,00)=8,80 TRY ENERJİ FONU (%1,00)=8,80 TRY TRT PAYI (%2,00)=17,60 TRY	880,00 TL
Mal Hizmet Toplam Tutarı									880,00 TL
Toplam İskonto									0,00 TL
KDV Matrahı									915,20 TL
Hesaplanan KDV(%18)									164,74 TL
Hesaplanan ELEKT. HVGAZI. TÜK. VER. (%1)									8,80 TL
Hesaplanan ENERJİ FONU (%1)									8,80 TL
Hesaplanan TRT PAYI (%2)									17,60 TL
Vergiler Dahil Toplam Tutar									1.079,94 TL
Ödenecek Tutar									1.079,94 TL
Döviz Kuru									
Mal Hizmet Toplam Tutarı(TL)									
Vergiler Dahil Toplam Tutar(TL)									

10. E-Archive

E-Archive

Taxpayers that have taken the license in 2019 are required to switch to E-Archive Invoicing as of 01/07/2020 and those that have taken a license in 2020 or in the following financial periods are required to switch to E-archive Invoicing on the 4th month of the successive related financial period.)

Taxpayers that manufacture, build and/or import goods that are on the (III) numbered list annexed to the Special Consumption Tax Law:

Those who have practiced these operations in 2019 are required to switch to E-archive Invoicing as of 01/07/2020, and those who start practicing these operations as of 2020 and on the following financial periods are required to switch to E-archive Invoicing on the 4th month of the successive related financial period

10. E-Archive

E-Archive

Corporate bodies or real people that are intermediaries in selling, renting or distributing goods or services which fall into the category of electronic commerce in an online environment. Taxpayers that have provided intermediary service in 2019 are required to switch to E-archive Invoicing as of 01/01/2020 and taxpayers that provide intermediary services in 2020 and on the following financial periods are required to switch to E-archive Invoicing on the 3rd month following the beginning of operations.

Online add service intermediaries, that act as intermediaries concerning online add services for the owners or managers of websites, on which real estate or motor driven vehicles belonging to real people or corporate bodies are rented or sold. Those that are taxpayers in 2019 are required to switch to E-Invoicing as of 01/01/2020 and those we provide intermediary services in 2020 or the following financial periods are required to switch to E-Invoicing on the 3rd month following the beginning of their operations

10. E-Archive

E-Archive

Under the provisions of the 5957 numbered law, taxpayers that engage in the commissioning or tradesmanship of vegetables and fruits concerning the coordination of trade for the vegetables and fruits and other goods that possess sufficient depth of demand and supply. Those that are taxpayers in 2019 are required to switch to E-Invoicing as of 01/01/2020 and those that begin operations in 2020 or the following financial periods are required to switch to E-Invoicing as of the 3rd month as of the start of operations.)

10. Invoicing

Other Invoices That Were Made Obligatory As E-Archive Invoices

Concerning invoices from taxpayers which are not E-archive invoice obligated made to ones that are not taxpayers, if the tax included amount exceeds 30 thousand TL, the mentioned invoices need to be prepared as E-archive invoices as of 01/01/2020.

(Invoices prepared to the same person or corporation in the same day are interpreted together as one)

Concerning taxpayers that are not E-archive Invoice obligated
If the invoice amount exceeds 5 thousand TL for the invoices prepared to those that are not registered as E-Invoice taxpayers, mentioned invoices need to be prepared as E-archive Invoices as of



10. E-bookkeeping



E-Bookkeeping

The e-bookkeeping application will become a substitute for companies whose current obligation is keeping their journals and general ledgers as hardcopies. Accordingly, taxpayers will be expected to keep their ledgers in electronic format in accordance with the formats and standards established by the authorities in Communiqué Nos.1 and 2 on e-bookkeeping.

10. E- Bookkeeping



E-Bookkeeping

Taxpayers shall use a solution approved by the tax authorities to create their electronic ledgers in accordance with the established standards. Each month, ledgers shall be electronically stamped and the respective summary approval file must be uploaded to the Revenue Administration's e-bookkeeping portal by the end of the third following month.

According to aforementioned Communiqué No. 421, taxpayers who fall within the scope of e-invoicing are also obliged to start using the e-bookkeeping application by 1 January 2015. Taxpayers who are not within this scope may apply to use this application voluntarily.

10. E-Book

Obligation To Being Registered To E-Book

- Taxpayers that require to be switched to E-Invoicing
- Corporations subject to Independent Auditing

Have to switch to the e-book application and must keep their books as e-books. This requirement needs to be fulfilled for companies that information is given about as E-Invoice obligated companies in the duration in which the company switches to E-Invoice, and for companies that are subject to independent auditing, the requirement must be fulfilled as of 01/01/2020.

Tax authority, has the power to convey the obligation of switching a taxpayer to e-book as result of the analysis or examination on which the company shows risk or tax incoherency, independent from the taxpayers operations, sector and revenue, given that a 3 month preparation and declaration period is allowed in advance.

10. VAT Taxpayer Status Specific for Electronic Service Providers

Those service providers who offer, against a fee, their services online to real persons who are not VAT taxpayers in Turkey and who do not have any residence, principal place of business, or statutory place in Turkey shall file a return for VAT for these services electronically by means of a VAT Return no. 3 and by way of establishing “VAT Taxpayer Status specific for Electronic Service Providers”. A real person or legal entity who hires services electronically and who is a resident taxpayer in Turkey shall file a VAT Return no. 2 and pay that VAT for these services by itself.

Those who are have the duty to demand a fee from the customer against electronic services and who are authorized to define general terms of, or under an obligation to provide, such services shall be deemed as electronic service providers.

11. Payment of Taxes through government banks

An announcement, regarding the tax collections to be made through banks as of 1.1.2020, has been released through the web page of the Revenue Administration (www.gib.gov.tr). Through the announcement, it is indicated that amendments have been made to the tax collection protocols signed with the Ministry of Treasury and Finance and banks, effective from 01.01.2020.

Accordingly; taxes, fees, penalties and other receivables, which are being monitored and collected by the tax offices, will continue to be collected through the following public banks:

- T.C. Ziraat Bankası A.Ş.
- Türkiye Halk Bankası A.Ş.
- Türkiye Vakıflar Bankası T.A.O.
- Ziraat Katılım Bankası A.Ş.
- Vakıf Katılım Bankası A.Ş.
- Türkiye Emlak Katılım Bankası A.Ş.
- Posta ve Telgraf Teşkilatı A.Ş. (PTT)

No collection will be made by cash, account, check, debit card, wire transfer and EFT by other banks other than these banks.

11. Payment of Taxes through government banks

However, collections that are acceptable by credit card; which are income tax (income tax on real estate/securities capital,

fees, other income and revenues), motor vehicle tax, traffic penalties and some other penalties and fees may be paid through

the following banks:

- T.C. Ziraat Bankası A.Ş.
- Türkiye Halk Bankası A.Ş.
- Türkiye Vakıflar Bankası T.A.O.
- Türk Ekonomi Bankası A.Ş.
- Akbank T.A.Ş.
- Şekerbank T.A.Ş.
- Türkiye Garanti Bankası A.Ş.
- Türkiye İş Bankası A.Ş.
- Yapı ve Kredi Bankası A.Ş.
- ING Bank A.Ş.
- QNB Finansbank A.Ş.
- HSBC Bank A.Ş.
- Alternatifbank A.Ş.
- Denizbank A.Ş.
- Aktif Yatırım Bankası A.Ş.
- Odea Bank A.Ş.
- Albaraka Türk Katılım Bankası A.Ş.
- Kuveyt Türk Katılım Bankası A.Ş.
- Türkiye Finans Katılım Bankası A.Ş.

12. Payment of Taxes through government banks

However, collections that are acceptable by credit card; which are income tax (income tax on real estate/securities capital,

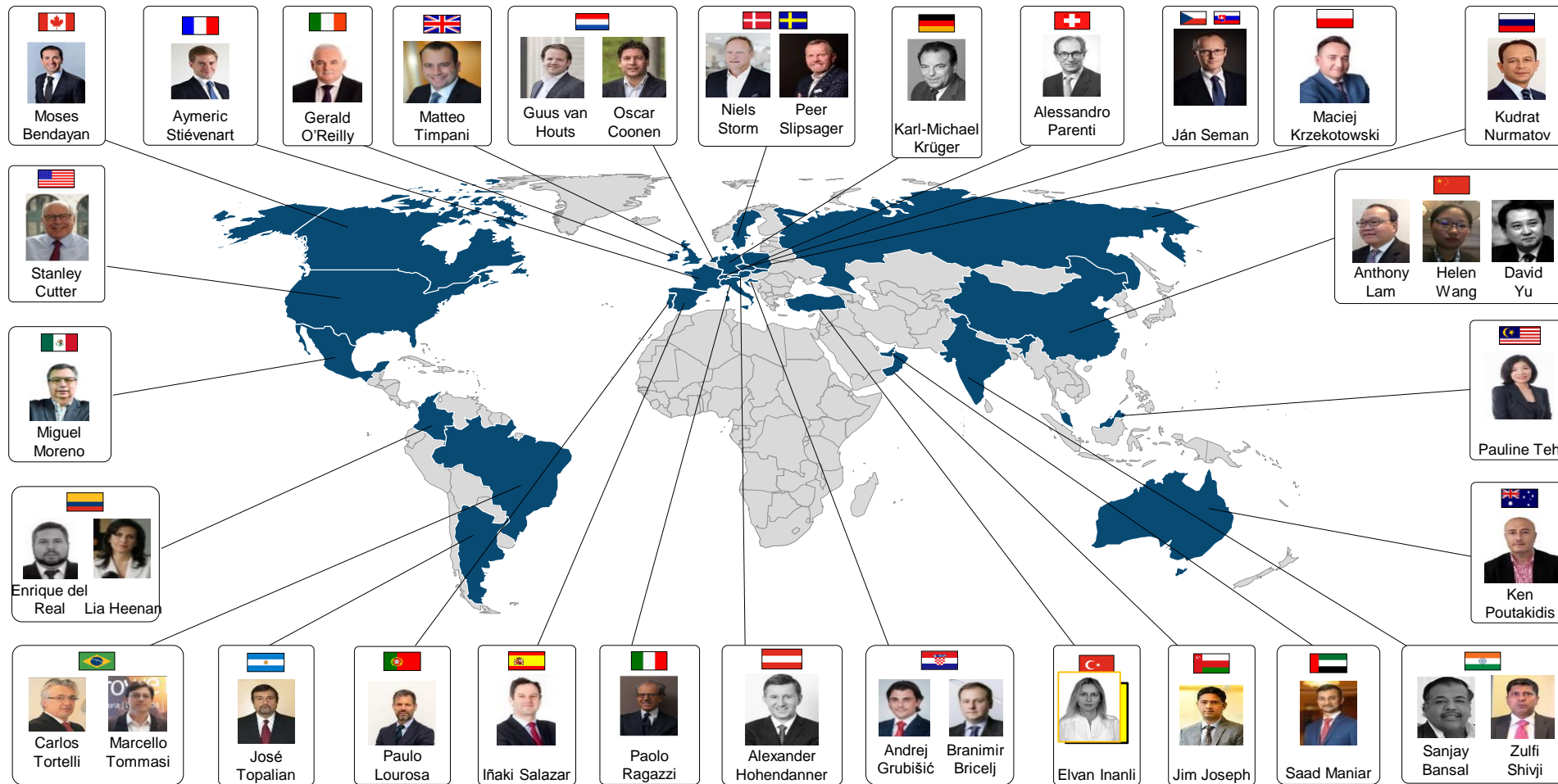
fees, other income and revenues), motor vehicle tax, traffic penalties and some other penalties and fees may be paid through

the following banks:

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- Türkiye Halk Bankası A.Ş.
- Türkiye Vakıflar Bankası T.A.O.
- Türk Ekonomi Bankası A.Ş.
- Akbank T.A.Ş.
- Şekerbank T.A.Ş.
- Türkiye Garanti Bankası A.Ş.
- Türkiye İş Bankası A.Ş.
- Yapı ve Kredi Bankası A.Ş.
- ING Bank A.Ş.
- QNB Finansbank A.Ş.
- HSBC Bank A.Ş.
- Alternatifbank A.Ş.
- Denizbank A.Ş.
- Aktif Yatırım Bankası A.Ş.
- Odea Bank A.Ş.
- Albaraka Türk Katılım Bankası A.Ş.
- Kuveyt Türk Katılım Bankası A.Ş.
- Türkiye Finans Katılım Bankası A.Ş.

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Thank You

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