

Tax Amnesty Law (Law No. 6736)

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TAX

NEW TAX AMNESTY LAW

A. INTRODUCTION

The Law regarding the Restructuring of Certain Receivables (Law No.6736) (the “**Tax Amnesty Law**”) has become effective with its publication in the Official Gazette dated August 19, 2016 and No. 29806.

The Tax Amnesty Law brings several opportunities to taxpayers such as i) easy terms of payment for taxes and other public receivables which are past due, ii) certain benefits in case of increasing tax principal and tax base for previous fiscal periods, iii) the correction of enterprise records in relation to commodities, machinery, equipment and inventories without being subject to any tax penalty, iv) the correction of cash balance and receivables from shareholders without being subject to any tax penalty and paying interest, v) the payment of public receivables which are currently in dispute by settlement procedure, vi) the declaration of certain assets situated in foreign countries or in Turkey without being subject to tax, vii) the declaration of incomes and revenues which have not been declared so far or deficiently declared without paying a delay interest and late payment surcharge, viii) the restructuring of public receivables payment periods of which are still continuing in accordance with Law No. 6552 (“Former Tax Amnesty Law”).

Please find below detailed information and our explanations in relation to the application of the abovementioned topics for taxpayers in light of the Tax Amnesty Law provisions.

B. THE RESTRUCTURING OF PUBLIC RECEIVABLES

1. The Scope of Public Receivables that are subject to the Restructuring

Under Article 1 of the Tax Amnesty Law, public receivables which can benefit from the restructuring provisions are clearly stated. They are as follows:

- Direct and indirect taxes falling under the Scope of Tax Procedural Law (Law No.213) such as individual income tax, corporate income tax, value added tax, stamp tax, motor vehicles tax, banking and insurance

transaction tax, special consumption tax and all other taxes, duties, charges and fees and secondary receivables such as delay interests, late payment surcharges tied to those tax principals,

- Customs duties , customs penalties, delay interests and late payment surcharges collected by the Ministry of Customs and Trade in accordance with the Customs Law,
- Social security premiums, pension deduction, unemployment insurance premium, voluntary insurance premiums, delay interests and late payment surcharges tied to such principal amounts,
- Administrative fines, water and waste water rates, solid waste fees and any other fines, fees and penalties imposed by Metropolitan Municipalities and other Municipalities
- Other public receivables collected as per the Law on Collection Procedure of Public Receivables and such as those imposed under the specific regulation.

2. The Restructuring of Public Receivables which have already become due

2.1. Tax Principals and Tax Penalties

Tax Amnesty Law includes tax principals and tax penalties, delay interests, late payment surcharges tied to such tax principals that have been accrued before June 30, 2016 (including this date). For the taxes that accrue depending on the declaration of taxpayers (i.e.; income tax, corporate income tax, inheritance and transfer tax and etc.); such taxes must be in relation to the tax returns which shall be submitted until June 30, 2016 in order for benefiting from the restructuring provisions.

In this respect, with regard to taxes which have been already due and falling under the scope of Tax Amnesty Law as described above, providing that;

- The whole amount of a tax principal,
- The amount which is updated and calculated based on the YI-UFE rates instead of a delay interest and late,
- 50% of a tax penalty which is not tied to the tax principal (i.e.; irregularity and special irregularity penalties) are paid;
- The collection of undermentioned amounts will be waived by tax authorities.
- The whole amount of a tax penalty (i.e.; tax loss penalty) which is directly tied to the tax principal,
- 50% of a tax penalty which is not tied to the tax principal (i.e.; irregularity and special irregularity penalties),
- The whole amount of secondary receivables such as delay interests and late payment surcharges.

2.2. Administrative Fines

The Administrative Fines which have been imposed against taxpayers before June 30, 2016 by public authorities fall under the scope of restructuring.

Therefore, with regard to the administrative fines (imposed before June 30, 2016) which have been already due or the last payment date of which has not been expired yet, providing that;

- The whole amount of an administrative fine,
- The amount which is updated and calculated based on the YI-UFE rates instead of a delay interest and late payment surcharge are paid,

The collection of delay interests and late payment surcharges shall be deleted and waived by tax authorities.

2.3 Other Public Receivables Collected by Public Authorities in accordance with the Law on Collection Procedure of Public Receivables (Law No.6183)

Other public receivables which are collected in accordance with the Law No.6183 and falling under the Public Finance and Debt Management Law (Law No.4749) may also benefit from the restructuring provisions regulated under the Tax Amnesty Law.

In this respect, with regard to abovementioned public receivables which have not been already paid or the last payment date of which has not been already expired as of the publication of Tax Amnesty Law, providing that;

- The whole amount of a principal amount,
- The amount which is updated and calculated based on the YI-UFE rates instead of a delay interest and late payment surcharge are paid,

The collection of secondary receivables such as delay interests and late payment surcharges shall be deleted and waived by tax authorities.

3. Public Receivables the payment period of which continues under the Law No.6552

In cases where taxpayers who have already structured their debts under the Law No. 6552 (“Former Tax Amnesty Law”) makes an application in accordance with the Tax Amnesty Law for the restructuring of the part of such debts the payment period of which are still continuing, such taxpayers may have the opportunity to:

- Benefit from the relevant provisions of Tax Amnesty Law for the rest of instalments,
- Make the payments within the periods specified under the Tax Amnesty Law,
- Benefit from the cash discount defined under the Tax Amnesty Law.

4. Public Receivables that are currently subject to a Lawsuit

Public Receivables that are subject to a lawsuit pending before the First Instance Court or the Council of State/the District Administrative Court can benefit from the restructuring provisions of the Tax Amnesty Law. Depending on the stage of a lawsuit or the conclusion of a judgement, such receivables may have the opportunity to benefit from a discount up to the rate of 80% and thus such lawsuits can be settled through the Tax Amnesty Law.

4.1 Tax Principals and Tax Penalties that are subject to a Lawsuit

4.1.1. In cases where the statute of limitations for filing a lawsuit has not expired yet or the lawsuit is currently pending before the First Instance Tax Court

- 50% of the tax principal and
- The amount which is updated and calculated based on the YI-UFE rates instead of a delay interest and late payment surcharge shall be paid.

Providing that the abovementioned conditions are fulfilled;

- 50% of the tax principal,
- Tax penalties (i.e.; tax loss penalty) which are tied to the tax principal and
- Secondary receivables such as delay interest and late payment surcharge will be waived by tax authorities.

4.1.2. In cases where the lawsuit is currently pending before the Council of State or the District Administrative Court

In the course of the restructuring of taxes which are subject to a lawsuit currently pending before the Council of State or the District Administrative Court, the last decision rendered by the first instance court shall be considered in terms of applying the relevant restructuring provision.

In this regard, if the last decision of a first instance court has been rendered for the cancellation of taxes;

- 20% of the tax principal and
- The amount which is updated and calculated based on the YI-UFE rates instead of a delay interest and late payment surcharge shall be paid.

Providing that the abovementioned conditions are fulfilled;

- 80% of the tax principal,
- Tax penalties (i.e.; tax loss penalty) which are tied to the tax principal and
- Secondary receivables such as delay interest and late payment surcharge will be waived by tax authorities.

On the other hand, if the last decision of a first instance court has been rendered for totally or partially approval of taxes imposed by tax authorities;

- The whole amount of approved tax principal,
- 20% of the tax principal's cancelled part,
- The amount which is updated and calculated based on the YI-UFE rates instead of a delay interest and late payment surcharge shall be paid.

Providing that the abovementioned conditions are fulfilled;

- 80% of the tax principal's cancelled part,
- Tax penalties (i.e.; tax loss penalty) which are tied to the tax principal and
- Secondary receivables such as delay interest and late payment surcharge will be waived by tax authorities.

4.2 Lawsuits with regard to Irregularity and Special Irregularity Penalties

Providing that the following conditions are fulfilled, the remaining part of irregularity and special irregularity penalties (i.e.; the part of such penalties which do not benefit from the restructuring) will be waived by tax authorities.

- If the statute of limitations for filing a lawsuit has not expired yet or the lawsuit is currently pending before the first instance court, 25% of the tax penalty,
- If the last decision of first instance court has been rendered for the cancellation of tax penalty, 10% of the cancelled tax penalty,
- If the last decision of first instance court has been rendered for totally or partially approval of tax penalty, i) 50% of the approved tax penalty ii) 10% of the tax penalty's cancelled part shall be paid.

Furthermore, instead of a delay interest and late payment surcharge which have been accrued over such penalties, the amount which is updated and calculated based on the YI-UFE rates shall be paid by taxpayers benefiting from restructuring provisions.

4.3 Lawsuits with regard to Administrative Fines

Providing that the following conditions are fulfilled, the remaining part of administrative fines (i.e.; the part of such fines which do not benefit from the restructuring) will be waived by tax authorities

- If the statute of limitations for filing a lawsuit has not expired yet or the lawsuit is currently pending before the first instance court, 50% of the administrative fine,
- If the last decision of first instance court has been rendered for the cancellation of administrative fine, 20% of the cancelled administrative fine,
- If the last decision of first instance court has been rendered for totally or partially approval of administrative fine, i) the whole amount of the approved administrative fine ii) 20% of the administrative fine's cancelled part shall be paid.

Furthermore, instead of a delay interest and late payment surcharge which have been accrued over such fines, the amount which is updated and calculated based on the YI-UFE rates shall be paid by taxpayers benefiting from restructuring provisions.

5. Opportunities provided under the Amnesty Law for Taxpayers whose Legal books and Documents are currently under Tax Inspection

Tax inspections and taxation procedures (i.e.; valuation, assessment or accrual of taxes) pertaining to periods before June 30, 2016 and which have been initiated before August 19, 2016 but not completed so far will continue and will not be subject to any restructuring provisions save for the provisions in relation to the tax base and tax principal increase provided for under the Tax Amnesty Law.

In this regard; tax principals and tax penalties which are imposed by tax authorities after the completion of such tax inspections and taxation procedures will benefit from the restructuring provisions. In order to benefit from restructuring provisions, taxpayers shall apply to the relevant tax office within 30 days as of the receipt of tax/tax penalty notification after the completion of tax inspection and valuation.

Providing that the following amounts are paid:

- 50% of the tax principal,
- The amount calculated based on YI-UFE rates for the period before the publication of the Tax Amnesty Law instead of a delay interest,
- The delay interest calculated for the period after the publication of the Tax Amnesty Law,
- 25% of the tax penalty which is not tied to the tax principal (irregularity and special irregularity penalty)

The following amounts will be waived by tax authorities:

- 50% of the tax principal (i.e.; the remaining part of tax principal),
- The whole amount of tax penalty tied to the tax principal (i.e.; tax loss penalty),
- 75% of the tax penalty which is not tied to the tax principal (i.e.; irregularity and special irregularity penalties),
- The whole amount of delay interest.

Payments shall be made in cash or in 6 equal instalments as they start from the month which follows the one in which the tax/tax penalty is received by the taxpayer. In order to benefit from this provision, taxpayers are obliged not to file any lawsuit for the cancellation of taxes/tax penalties which will be subject to the restructuring.

6. Submission of a Tax Return with Repentance

Incomes and revenues (e.g.; title deed fees, rental income, capital gains and etc.) pertaining to periods June 30, 2016 and which have not been declared yet may be declared through the repentance or through the submission of tax return by taxpayer's own accord within the scope of Tax Amnesty Law.

In this regard, the whole amount of tax principal and the amount which is updated and calculated based on the YI-UFE rates instead of a repentance interest shall be paid. Then tax penalties, late payment surcharge and delay interests will be waived by tax authorities.

7. Application and Payment

7.1 Application Method and Period

Taxpayers wishing to restructure their public debts within the scope of the Tax Amnesty Law shall submit their application petition i) via the official website of Revenue Administration (www.gib.gov.tr) or ii) to the affiliated tax office in person or by post.

Taxpayers who are being indebted to more than one tax office shall make their application to an each claimant tax office separately.

Applications shall be made until October 31, 2016 at the latest.

7.2 Payment in Cash or by Instalments

Public receivables which are subject to the restructuring may be paid in cash or by instalments depending on the preference of taxpayers. Cash payments shall be made until November 30, 2016 (including this date) which is also the payment due date of the first instalment. For the payments which will be made in cash, there will be no interest or index applied on public receivables that are subject to the restructuring. In addition, a discount at the rate of 50% will be applied on the amount calculated over the YI-UFE rates for payments made in cash. Restructured public receivables can be paid via the official website of Revenue Administration (www.gib.gov.tr) by credit card or to tax offices' cash desks or to authorized banks' branches.

In order to continue to benefit from the restructuring provisions, first two instalments (in case of payment by instalments) shall completely be paid until the due date.

8. Other Legal Conditions for Benefiting from the Tax Amnesty

In cases where the undermentioned taxes are included amongst the public receivables which will be subject to the payment in instalments in accordance with the restructuring provisions, regarding those taxes the ones which will be ordinarily declared and accrued (except for the ones that are subject to the restructuring) must be paid in due course during the payment period of instalments.

- Annual income or corporate income tax,
- Income withholding or corporate income withholding tax,
- Value added tax,
- Special consumption tax.

On the other hand, in cases where the amounts which will be declared and accrued regarding the abovementioned taxes will not be paid in due course more than two times within a calendar year, the restructuring provisions will be considered as being violated by the respective taxpayer.

The other legal condition is that taxpayers shall not file any lawsuit and shall withdraw their lawsuits in relation to the public receivables which are subject to the restructuring. In this regard, taxpayers are obliged to declare that they will not file any lawsuit and will withdraw their lawsuits (which they already filed) and will not also apply for the other legal remedies for the cancellation of public receivables subject to the restructuring.

C. TAX INCREASE AND TAX BASE INCREASE

On the condition that taxpayers voluntarily increase or pay certain tax /tax base for certain taxes which they have declared between the fiscal years of 2011 and 2015 at the rates specified under the Tax Amnesty Law, they will no longer be subject to a further tax inspection for such taxes and fiscal periods. In other words, it will be possible for such taxpayers to avoid previous period tax risks by increasing their tax bases and paying tax principals.

Taxes for which taxpayers will be able to benefit from the tax/tax bases increase provisions are stated as follows:

- Income Tax
- Corporate Income Tax
- Income Withholding/Corporate Income Withholding Tax
- Value
- Added Tax

1. Increase on Income Tax Base and Corporate Income Tax Base

Income tax payers and corporate income tax payers, for the fiscal years between 2011 and 2015 (including these years), may increase their tax bases which they have already declared within their annual tax returns as the increase rate will not be fewer than the rates stated under the below charts.

50% of losses pertaining to years in which the tax base increase is made can be deducted from the profits of 2016 and the following years.

On the other hand, taxpayers engaging activities only in a certain period of the year and persons who have not already registered as a taxpayer may also benefit from the tax base increase provisions.

Income/corporate income tax at the rate of 20% shall be paid over the increased tax base. However, such tax rate shall apply at the rate of 15% for taxpayers who,

- Has timely declared and paid the taxes pertaining to the year in which the tax base increase is made,
- Has not benefited from the provisions of Tax Amnesty Law in relation to the accrued liabilities and disputed receivables for taxes which are subject to the tax base increase.

In relation to the years for which the tax base increase is made, no annual income and corporate income tax inspection will be conducted and no more income/corporate income tax assessment will be made for such years.

1.1 Income Tax

TAX BASE INCREASE RATES AND TAX RATES FOR INCOME TAX

<i>Fiscal Year</i>	Tax Base Increase Rate	Tax Rate to be Applied	Reduced Tax Rate to be Applied
<i>2011</i>	35%	20%	15%
<i>2012</i>	30%	20%	15%
<i>2013</i>	25%	20%	15%
<i>2014</i>	20%	20%	15%
<i>2015</i>	15%	20%	15%

1.1.1. Minimum Amounts to be increased over the Tax Base for Income Tax Payers

Minimum Amounts to be increased over the Tax Base for Income Tax Payers

<i>Year</i>	Taxpayers keeping their books on the basis of operating accounts	Taxpayers keeping their books on the basis of balance sheet and Self-Employer Taxpayers	Taxpayers only being subject to the simplified taxation system	Taxpayers being subject to the income tax only over their real property income	Taxpayers submitting a tax return due to other types of incomes (e.g.; salary income, security and etc.)
<i>2011</i>	9.500	14.000	1.400	2.800	9.500
<i>2012</i>	9.890	14.820	1.482	2.964	9.890
<i>2013</i>	10.490	15.740	1.574	3.148	10.490
<i>2014</i>	11.160	16.740	1.674	3.348	11.160
<i>2015</i>	12.650	18.970	1.897	3.794	12.650

In cases where taxpayers being subject to the simplified taxation system and ones submitting a tax return over their real property income also derive incomes apart from those incomes (i.e.; commercial income and real property income) such as a salary income, security income, capital gains, such taxpayers will be considered as taxpayers keeping their books on the basis of operating accounts for the minimum tax base increase.

1.2. Minimum Amounts to be increased over the Tax Base for Corporate Income Tax Payers

CORPORATE INCOME TAX BASE INCREASE RATES AND MINIMUM AMOUNTS TO BE INCREASED OVER THE TAX BASE

Fiscal Year	Tax Base Increase Rate	Minimum Amount to be Increased	Tax Rate
2011	35%	28.000	20%
2012	30%	29.650	20%
2013	25%	31.790	20%
2014	20%	33.740	20%
2015	15%	37.940	20%

Income tax payers and corporate income tax payers who have not declared their business and operations to the tax authority or the ones who have never submitted a tax return or ones who have declared loss may increase their tax bases as the increase amount will not be less than the abovementioned amounts.

2. Increase on Income Withholding Tax and Corporate Income Withholding Tax

Taxpayers who are obliged to declare and pay withholding tax over certain kinds of payments may increase their tax bases and taxes which they have already declared for the years between 2011 and 2015. In case of the tax and tax base increase, no tax inspection and assessment will be made for such taxes in relation to the periods in which the tax/tax base increase is made. Withholding taxes declared over the following payments may be subject to the tax/tax base increase provisions under the Tax Amnesty Law:

- Salary Payments
- Professional Fees made to Self-Employers
- Rental Payments
- Payments in relation to long-term construction and repairs contracts
- Payments made to farmers
- Payments made to tradesmen who are exempt from the income tax.

INCREASE AMOUNTS ON THE SALARY, SELF-EMPLOYMENT AND RENTAL INCOME WITHHOLDING TAXES

<i>Year</i>	Tax Increase Rates over the Salary, Self-Employment and Rental Payments which have been already declared	The Increase to be made on Self Employment and Rental Income Withholding Taxes in case of Non-Declaration			
		Self-Employment Income Withholding Tax (15%)		Rental Income Withholding Tax (15%)	
		Tax Base to be Declared	Tax Amount to be Paid	Minimum Tax Base to be Declared	Tax Amount to be Paid
		<i>2011</i>	6%	7.000	1.050,00
<i>2012</i>	5%	7.410	1.111,50	2.964	444,60
<i>2013</i>	4%	7.870	1.180,50	3.148	472,20
<i>2014</i>	3%	8.730	1.255,50	3.348	502,20
<i>2015</i>	2%	9.845	1.422,75	3.794	569,10

3. Increase on Value Added Tax

For taxpayers increasing the Value Added Tax (“VAT”) which they are responsible for pertaining to years between 2011 and 2015, no tax inspection and assessment will be made in terms of VAT for the taxation years in which the tax increase is made. Such VAT increase shall be made until October 31, 2016.

VAT taxpayers who have submitted all of their VAT returns in past years may increase their output VAT over the total annual “Output VAT” amount of an each relevant year calculated by adding the amounts stated in the “Output VAT” line of an each VAT return. The VAT increase shall not be made over less than the rates which are shown in the below chart.

VAT INCREASE RATE

YEAR	RATE
<i>2011</i>	3,5%
<i>2012</i>	3,0%
<i>2013</i>	2,5%
<i>2014</i>	2,0%
<i>2015</i>	1,5%

VAT taxpayers shall increase their VAT amounts for all VAT taxation periods of the year in which the increase is made.

On the other hand, i) VAT taxpayers who have not submitted all of their VAT returns but submitted at least 3 VAT returns in a year and ii) VAT taxpayers who have never submitted a VAT return or submitted at most 2 VAT returns in a year and iii) VAT taxpayers who have submitted at least 3 VAT returns in a year but do not have any Output VAT or VAT taxpayers the Output VAT declarations of whom only consisting of the deliveries made within the scope of the deferment-written off application may benefit from the VAT increase provisions of the Tax Amnesty Law.

4. Common Provisions for Tax Increase and Tax Base Increase

- Any advance tax is not required to be declared and paid due to the increased tax bases under the Tax Amnesty Law.
- Any stamp tax is not required to be declared and paid over the tax returns submitted due to the tax or tax base increase made under the Tax Amnesty Law.
- In cases where tax inspections or appraisal procedures which have been already initiated before the publication of the Tax Amnesty Law against the taxpayers benefiting from the tax/tax base increase provisions will not be concluded within 1 month as of the beginning of the month which follows the publication date of the said Law, tax authorities will not anymore continue to conduct such tax inspections and appraisal procedures.
- Taxes paid in accordance with the tax/tax base increase provisions could not be considered as an expense or cost and will not be subject to a deduction, set-off and refund.
- Taxpayers erasing the record and documents or replacing the pages of legal books with other ones by erasing the originals or issuing forged documents instead of the original ones cannot benefit from the provisions of tax/tax base increase.
- Increasing the tax/tax base will not prevent the application of Tax Procedural Code provisions in relation to the retention of books and records.

5. Application and Payment

Taxpayers wishing to benefit from the provisions of tax base increase regulated under the Tax Amnesty Law are required apply to the affiliated tax office until the date of October 31, 2016 (including this date).

Taxes such as income tax, corporate income tax, VAT, income withholding tax and corporate income withholding tax which are calculated in accordance with the tax base and tax increase provisions may be paid in cash until November 30, 2016 (including this date) or may be paid in 6, 9, 12 or 18 equal instalments.

In cases where instalments are not paid at maturity, unpaid amounts will be collected in accordance with Article 51 of the Law No.6183 by applying a late payment surcharge as one fold of the ordinary rate (i.e.; monthly applied at the rate of 2,80%).

D. ADJUSTMENT OF BUSINESS RECORDS

1. Adjustment of Records in relation to Commodities, Machinery, Equipment and Inventories existing in the Business but are not included under Records

Taxpayers wishing to adjust their business records as those records will comply with the real situation, shall apply to the affiliated tax office until November 30, 2016 (including this date).

Income and corporate taxpayers may register the commodities, machinery, equipment and inventories existing in their business but not existing in their records to their books with their current market value. Taxpayers wishing to

benefit from this application are required to notify the affiliated tax office with an inventory list until the end of third month following the publication date of the Tax Amnesty Law.

In order to record commodities, machinery and equipment which are subject to the general VAT rate of 18%, taxpayers shall declare and pay 10% VAT over their current value.

On the other hand, in order to record commodities, machinery and equipment which are subject to discounted VAT rate (1% and 8%), half of the discounted VAT rate shall apply over the current value of such assets.

The VAT calculated in accordance with above principles shall be declared under an individual VAT return and paid until November 30, 2016 (including this date).

The VAT calculated and paid over declared commodities can be subject to a VAT deduction based on the general VAT principles. However, the VAT paid for the declaration of machinery, equipment and inventories cannot be subject to the VAT deduction, but can be considered as an expense during the determination of annual income and corporate income tax bases of the year in which such VAT is paid.

2. Registration of Commodities existing under Records but not existing in the Business

Income and corporate taxpayers may register the commodities currently existing in their records but not existing in their business through drafting an invoice by considering the gross profit rate and fulfilling all their tax obligations.

The transaction of registration of commodities currently existing under records but not existing in the business does not have any difference from ordinary sale transaction.

Therefore, under the sales invoice to be issued for such transaction, the ordinary VAT rate which the relevant commodity is subject to shall apply. The VAT to be paid in accordance with this provision shall be paid in three equal instalments; the first one within the period for submitting tax returns and the remaining ones in the second and fourth months following that period.

Sales proceed will also be considered during the calculation of the annual income/corporate income tax base.

3. Declaration of Cash Balance and Receivables from Shareholders which are included under Records but not existing in the Business

Corporate income tax payers keeping their books on the balance sheet principle may adjust their registries through notifying the affiliated tax office on i) the cash balance ii) the net receivable amounts from shareholders due to the transactions other than the core business (arising from lending or other reasons) and iii) the transactions existing under other accounts related to those which do not exist in their business despite seen on their balance sheets drawn up as of December 31, 2015.

Corporate income tax payers may adjust their records (including this date) until November 30, 2016 by making the above declaration to the affiliated tax office.

Such taxpayers shall calculate and pay tax 3% tax over the declared amount within the submission period of tax return.

Declared amounts and paid taxes shall not be considered as an expense. No tax assessment will be made for the declared amounts.

E. WEALTH AMNESTY

1. Cash Repatriation

In cases where individuals and legal entities bring their money, gold, foreign currency, securities and other capital market instruments from abroad into Turkey until the date of December 31, 2016, they will have the right to freely dispose of such assets.

Assets brought from abroad into Turkey may be included under the enterprise of taxpayers keeping legal books. However, such transaction will not be considered during the calculation of annual profit of the enterprise and then withdrawn of those from the enterprise will not also be regarded as a dividend distribution. Due to those transactions, any taxes are not required to be declared and paid by taxpayers.

On the other hand, prior to the transfer of assets into Turkey, such assets may also be used for the payment of loans obtained abroad.

In cases where the capital advances used by legal corporations and recorded in their legal books before August 19, 2016 are met through the transfer of money, gold, foreign currency, securities and other capital market instruments from abroad into Turkey, such corporations will benefit from the cash repatriation provision providing that such capital advances are written off.

2. Declaration of Assets situated in Turkey

Income or corporate income taxpayers will be able to register (under their legal books) the money, gold, foreign currency, securities, other capital market instruments and immovable properties owned in Turkey until December 31, 2016.

Such transaction will not be considered during the calculation of annual profit of the enterprise and then withdrawn of those from the enterprise will not also be regarded as a dividend distribution

No inspection, examination, investigation or prosecution will be handled; no tax principal, tax penalty and administrative fine will be imposed against the taxpayers due to the utilization of the provisions in relation to the cash repatriation and declaration of assets situated in Turkey.

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