

NOTIFICATION

Treasury and Ministry of Finance (Revenue Administration) from :

**VALUE ADDED TAX IN GENERAL APPLICATION COMMUNIQUE
COMMUNIQUE ON CHANGE
(SERIAL NO: 36)**

ARTICLE 1 – In the subparagraph (b) of the third paragraph of the Value Added Tax General Implementation Communiqué (I/C-2.1.3.1.) published in the Official Gazette dated 26/4/2014 and numbered 28983, public institutions and organizations,” line “- Public institutions and organizations established by law or Presidential Decree other than those listed above ,” has been changed to “- Insurance and reinsurance companies,” line “- Insurance, reinsurance and pension companies.”

ARTICLE 2 – The phrase “public institutions and organizations established by law” in the section of the same Communiqué (I/C-2.1.3.2.13.) is replaced by “public institutions and organizations established by law or by Presidential Decree”, “insurance and reinsurance companies, The phrase "insurance, reinsurance and pension companies" has been changed to "insurance, reinsurance and pension companies," and the following parenthetical provision has been added after the phrase "in their performance" in the same section.

“(excluding health services provided by health service providers and invoiced to the Social Security Institution)”

ARTICLE 3 – The phrase “1.000 TL” in the third paragraph of the same Communiqué (I/C-2.1.3.4.1.) has been changed to “2.000 TL”.

ARTICLE 4 – The following paragraphs have been added to the end of the section of the same Communiqué (I/C-2.1.4.1.).

“Apart from the public administrations within the scope of the general budget, the correction is made as follows in the transactions in which the buyers who are not VAT payers apply withholding .

A return document (invoice, receipt, etc.) is drawn up by the buyer by showing the transaction price and the VAT part that has not been withheld . The amounts shown in the said document are recorded by the buyer and the seller in a way that shows the relevant return process in accordance with the legislation. Based on the proof that the correction has been made in this way, the VAT withheld regarding the transaction is returned to the buyer who pays by declaring this tax to the tax office.

On the other hand, after the seller's request for the refund arising from the withholding application is finalized, in case of a need to correct the transaction that reveals the VAT refund, the following is done:

- In the taxation period when the need to make a correction arises, if the taxpayer who made the correction as stated above applies to the tax office in writing after making the correction in the relevant declaration and returns the amount that he previously received, this amount is taken back from the taxpayer without applying the penalty of delay interest and tax loss .

- If the taxpayer does not make the correction in this way, the VAT refunded due to the withholding is sought from the taxpayer together with the penalty for loss of tax by applying a delay interest from the period when the change occurred to the period when the correction was made .

ARTICLE 5 – The first sentence of the second paragraph of the same Communiqué (II/B-7.2.1.) has been changed as follows.

“National security institutions that want to provide goods and services within the scope of the exemption shall receive a declaration of conformity from the Revenue Administration that the said goods and services are within the scope of the exemption. Upon the positive opinion received, the contractor issuing the invoice is given a document to which the stamp and signature of the authorized unit chief in (Annex: 11A) will be applied, in order to document the operation carried out within the scope of the exception .”

ARTICLE 6 – The first sentence of the fourth paragraph of the same Communiqué (II/B-7.2.2.) has been changed as follows.

“The national security agency examines this list in terms of whether it consists of goods and services to be consumed for the production of the final goods or services, and makes the necessary changes on it. In addition, it receives a declaration of conformity from the Revenue Administration that the final goods or services and the goods and services in the said list are within the scope of the exception. Upon the positive opinion received, the national security agency approves the list as in the example (Annex: 11B).

ARTICLE 7 – The phrase “painting and activity books with International Standard Book Number (ISBN)” has been added after the phrase “legislation set books” in the fourth paragraph of the chapter (II/B- 17.1 .) of the same Communiqué The phrase "Coloring notebooks, book" has been changed to "Book".

ARTICLE 8 – The following sentence has been added to the end of the fifth paragraph of the section (III/A-4.9 .) of the same Communiqué .

“Real estate investment funds and real estate investment trusts operating within the scope of Law No. 6362 are considered as taxpayers engaged in immovable trade, without seeking a certificate of authorization.”

ARTICLE 9 – The following paragraphs have been added after the second paragraph of the “ç)” clause in the section (III/C- 2.1 .) of the same Communiqué .

“However, the regulation stating that the deduction of some of the expense and cost elements in the first paragraph of the 41st article of the Income Tax Law No. 193, subparagraph 9 of the first paragraph and the item (i) of the first paragraph of the 11th article of the Corporate Tax Law no. not in line with the provision. The fact that the VAT incurred for these expenses, which are directly related to the activities of the enterprise, cannot be deducted, also contradicts the principle of not staying on the taxpayer for the business-related expenses, which is the basic principle of VAT.

Within the framework of the authority given by Article 29/5 of the Law No. 3065, the part that is not accepted as a deduction from the expense and cost elements within the scope of subparagraph 9 of the first paragraph of the article 41 of the Income Tax Law no. It was deemed appropriate that the provision of article 30/d of Law No.

ARTICLE 10 – The following paragraph has been added to come after the fourth paragraph of the section (IV/D-1.) of the same Communiqué.

“However, it is possible that taxpayers who have the right to return in more than one subject or type of transaction in the same taxation period may not use the right of return for some of them.”

ARTICLE 11 – This Communiqué;

- At the beginning of the month following the publication of Articles 1, 2, 3, 5 and 6 ,
- other articles on the date of publication enters into force .

ARTICLE 12 – The provisions of this Communiqué are executed by the Minister of Treasury and Finance.

