

TAX NEWS NO: 2017/6

December 12, 2017



Subject: Various amendments have been introduced in tax legislation with the Law no 7061.

“The Law Introducing Amendments to Certain Tax Laws and Some Other Laws” No. 7061 has been published in the Official Gazette dated December 5, 2017 and has come into force, except for certain articles with different dates.

The prominent provisions are provided below in brief.

1. Corporate income tax rate

The provisional article 10 has been added to the Corporation Tax Law with the Article 91 of the Law No. 7061.

The provisional article mentioned above increases the corporate income tax rate for all companies from 20% to 22% for the 2018, 2019 and 2020 fiscal years.

According to the recent change, the increased rate will be applied on the income acquired following January 1, 2018. (It will be applied in the first temporary tax period of 2018)

2. The %75 exemption rate applied over the income derived by corporate taxpayers from the sales of immovable property has been reduced to 50%.

The article 5/1-e of Corporate Tax Law has been amended through the Article 89 of the Law No. 7061.

Accordingly, the 75% exemption rate applied over the income derived by corporate taxpayers from the sales of immovable property held for at least 2 years has been reduced to 50%.

The regulation has come into force as from December 5, 2017.

3. 2018 rates for investments with incentive certificates

The provisional article 9 of Corporate Tax Law has been amended through the Article 90 of the Law No. 7061.

Accordingly, the additional tax incentives (additional investment contribution rate and corporate income tax reduction) which have been applied in 2017 for investments made by companies having investment incentive certificates will also be implemented in 2018.

The regulation has come into force as from December 5, 2017.

4. VAT arising from services provided electronically to real persons by the service providers who do not have any residence, workplace, legal center and business center in Turkey

The article 9 of Value Added Tax Law has been amended through the Article 41 of the Law No. 7061. Accordingly, the Value Added Tax (VAT) arising from services provided electronically to real persons who are not taxpayers of VAT will be declared and paid by the service providers who do not have any residence, workplace, legal center and business center in Turkey.

This article will enter into force as of January 1, 2018.

The Communiqué of the Ministry of Finance regarding this topic above is expected to be published within the shortest time.

Yours sincerely,
Deloitte Turkey

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee, and its network of member firms, each of which is a legally separate and independent entity. Please see www.deloitte.com/about for a detailed description of the legal structure of Deloitte Touche Tohmatsu Limited and its member firms.

These materials and the information contained herein are provided by Deloitte Turkey and are intended to provide general information on a particular subject or subjects and are not an exhaustive treatment of such subject(s).

Accordingly, the information in these materials is not intended to constitute accounting, tax, investment, consulting, or other professional advice or services. The information is not intended to be relied upon as the sole basis for any decision which may affect your personal finances or business, you consult a qualified professional adviser.

These materials and the information contained therein are provided as is, and Deloitte Turkey makes no express or implied representations or warranties regarding these materials or the information contained therein. Without limiting the foregoing, Deloitte Turkey does not warrant that the materials or information contained therein will be error-free or will meet any particular criteria of performance or quality.

Deloitte Turkey expressly disclaims all implied warranties, including, without limitation, warranties of merchantability, title, fitness for a particular purpose, non-infringement, compatibility, security and accuracy.

Your use of these materials and information contained therein is at your own risk, and you assume full responsibility and risk of loss resulting from the use thereof. Deloitte Turkey will not be liable for any special, indirect, incidental, consequential, or punitive damages or any other damages whatsoever, whether in an action of contract, statute, tort (including, without limitation, negligence), or otherwise, relating to the use of these materials or the information contained therein.

© 2017 Deloitte Global Services Limited