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Subject: Amnesty Law no 7143, Social Security Institution Receivables

Finalized Social Security Institution Receivables

The finalized Social Security Institution Receivables are related to March 2018 and previous months in accordance with the Article 7 of the Law no 7143. The insurance premium, the pension deduction and the corporate provision, the unemployment insurance premium, the social security support premium, community insurance premium and the optional insurance premium debts, which are not paid as of 18.06.2018 even though they were accrued before 18.05.2018 which is the date when the Law No 7143 was published, are structured. The insurance premium calculated over the deficient workmanship amount found as a result of preliminary evaluation, research or determination made with respect to the special quality constructions and the works subjecting to the procurement which are completed until 31.03.2018 and the related delay penalty and delay increase debts are structured. The administrative fines regarding the actions taken and applied pursuant to the relevant laws until 31.03.2018 and including this date and the related delay penalty and delay increase debts are structured.

The premium principals, the amount to be calculated by taking the YI-CPI monthly exchange ratios as basis for the period from the date when the payment period of the premium principals is expired until 18.05.2018, 50% of the administrative fine principals and the amount to be calculated by taking the YI-CPI monthly exchange ratios as basis for the period from the date when the administrative fine payment period is expired until 18.05.2018 shall be paid.

The collection of all of the secondary receivables such as delay penalty and delay increase applied to the Premium Debts is waived. 50% of the administrative fine principals and the amount to be calculated by taking the YI-CPI monthly exchange ratios as basis for the period from the date when the administrative fine payment period is expired until the date when this Law was published shall be cancelled.

The interests of the general health insurance premium debts of those who are taken under the general health insurance because they have no insurance within any scope for April 2018 and the previous period are cancelled, a period is given for the payment of the principal until 31.12.2018, a period is given for them to have income test performed until 30.11.2018 and

they can take advantage of the medical benefits until 31.12.2018 regardless of their previous debts.

Deficient Workmanship Premium Amounts and Unfinalized Administrative Fines at the Preliminary Evaluation, Research or Determination Stage

The works which are related to the special building constructions and the works subjecting to the procurement which are completed until 31.03.2018, but the examination, research and preliminary evaluation process of which cannot be completed until 31.07.2018 shall be continued. The debts arising as a result of the completion of the mentioned processes shall be notified to the employer and the debts calculated shall be paid within the installment periods determined in accordance with the Law starting from the second month following the notification of the initial installment to the employer, provided that the debtors will have been applied until 31.07.2018. All of the premium principal and the YI-CPI amount instead of the delay increase and delay penalty regarding these receivables are collected and the collection of all of the secondary receivables such as delay penalty and delay increase applied to these receivables is waived.

If the real persons who are turned 18 and who are not turned 29 open a workplace so as to be deemed as insured for the first time as of 01.06.2018, Bag-Kur premium that they have to pay over the lower limit of earning forming the basis of the premium is covered by the Treasury (700 TL monthly, 8.400 TL annually) for one year. Only one shareholder in the shareholders of ordinary partnerships and private companies can take advantage of this incentive.

The premium debts and service periods of the insured of Bag-Kur for the period before 31.05.2018 shall be frozen if they request and these debts shall not be followed up. These service periods frozen can be revived if requested. The insured of Bag-Kur who cannot take advantage of the medical benefits due to the premium debt shall start to take advantage of the medical benefits by requesting that their services are frozen or by structuring their debts and paying the initial installment.

Application Process and Durations

Save for the provisions in the relevant sections of the Law, the debtors who want to take advantage of the Law provisions should make a written application to the relevant office until 31.07.2018. It is possible for the taxpayers applied to pay their debts in 18 equal installments in two-month periods in general. On condition that if the debts are paid at once within the initial installment payment period, no additional financial sanction will be applied to the debts structured in accordance with the relevant articles and the debts structured for the purpose of incentivizing prepayment are fully paid within the initial installment payment period, a discount at the rate of 90% is separately made from the YI-CPI amount calculated instead of the secondary receivables and 25% discount is made from the administrative fines. If all of the debts are paid within the initial two installments payment period, the coefficient is not applied. A discount at the rate of 50% is separately made from the YI-CPI amount calculated instead of the secondary receivables and 12,5% discount is made from the administrative fines.

The initial installment of the amounts to be paid to the collection offices associated to the Social Security Institution shall be paid in two-month periods starting from the third month following 18.05.2018.

Installment Opportunity

The debtors can make a preference about the payment of the taxes to arise under the Law in advance or in installments. Those who prefer paying in installments shall be given a term up to 36 months. During the application, one of the options for payment in 6, 9, 12 or 18 equal installments should be selected. The amount structured depending on the selected payment period is collected by being increased at a specific coefficient.

NUMBER OF INSTALMENTS	INSTALMENT PERIOD	COEFFICIENT TO BE APPLIED IN THE PAYMENTS TO BE MADE
6	12 months	1,045
9	18 months	1,083
12	24 months	1,105
18	36 months	1,150

- On condition that the initial two installments are paid, if up to 2 installments are not paid in time within one calendar year, the structuring is not cancelled. If 3 installments are not paid within one calendar year, the structuring is cancelled. If the taxpayers who take advantage of the provisions regarding tax base/tax increase do not pay their installments in time, they may not take advantage of the provisions regarding tax base increase. However, the declared taxes are collected by compulsorily in accordance with the provisions of the Law no 6183. On condition that the structuring will not be cancelled, the installment which is not paid in time can be paid until the end of the month following the last installment. If the installment is not paid in time, it is collected with the late payment increase at the rate of the delay increase.
- For the finalized and unfinalized debts to be structured, the current period tax payment liabilities should be fulfilled in time. The current liabilities can be violated for twice at most within one calendar year. The deficient payments made up to 10 TL are not considered as violation, provided that it will not exceed the amounts of the current period or 10% of the installment amounts.
- The receivables structured and paid under the Laws no 6552, 6736 and 7020 are not within the scope of the Law no 7143. However, if all of the installments payable of the debtors the payments of which are ongoing under the Laws no 6552, 6736 and 7020

are paid in advance within the initial installment payment period determined with the Law no 7143, the collection of 90% of the YI-CPI amounts included in these installments is waived. If all of the installments payable of the debtors the payments of which are ongoing under the Laws no 6552, 6736 and 7020 are paid in advance within the initial two installments payment period determined with the Law no 7143, the collection of 50% of the YI-CPI amounts included in these installments is waived.

- **Receivables to be cancelled**

- Primary receivables not exceeding 100 liras and secondary receivables depending on this receivable and secondary receivables not exceeding 200 liras the principal of which has been paid, which are followed up by the tax offices and the term of which is before 31.12.2013; primary receivables not exceeding 100 liras and secondary receivables depending on this receivable, administrative fines not exceeding 150 liras and secondary receivables not exceeding 200 liras the principal of which has been paid, which are followed up by the collection offices associated to the Ministry of Customs and Trade and the term of which is before 31.12.2013; premium principals and administrative fines not exceeding 100 liras and secondary receivables depending on these receivables and secondary receivables not exceeding 200 liras the principal of which has been paid, which belong to the workplaces excluded from the Law no 5510 and the term of which is before 31.12.2015 shall be cancelled. No separate application shall be made to the Offices.

Yours respectfully,

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