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Subject: Law on Amendments in Certain Laws No 7144

Law on Amendments to Certain Laws No 7144 entered into force by being published in Law No 30431 on 25.05.2018. Implementations on the Revaluation of Immovable Properties are introduced by this law.

Amendments Made in Protection of the Value of Turkish Currency Law

- An amendment was made in Protection of the Value of Turkish Currency Law by the Article 1 of the Law. Accordingly, based on the Protection of the Value of Turkish Currency Law, in matters, which are necessary to obtain an activity permit or a certificate of authority according to the regulations and communiqués as well as other general and regulatory procedures, those, who carry out commercial activities without obtaining the necessary permit or certificate, shall be punished with of administrative fine of fifty thousand Turkish Liras, and all activities at the workplace, where unauthorized activity is carried out, are suspended for one to six months, and in case it repeats, they are suspended permanently. However, if from the announcements and advertisements or the nature of the business of those carrying out unauthorised activities it is understood that they open or operate the workplace only to engage in activities, which require permission or authorization, the business at the workplace in concern is permanently suspended. Suspension procedures are carried out by governorships upon the request of the Undersecretariat of Treasury.
- The joint-stock companies authorized to operate and/or granted activity permit in accordance with the legislation issued on the basis of the Protection of the Value of Turkish Currency Law shall be considered as joint stock corporations subject to special laws within the scope of Article 330 of the Turkish Commercial Code dated 13/1/2011 and numbered 6102. These joint-stock companies shall be able to be established and operate only in accordance with the economic purpose and subjects specified in this Law and the decisions, regulations and communiqués issued based on this Law herein.

Amendments Made in the Tax Procedures Law No 213

- Through the Article 5 of the Law, it is given the chance to re-determine the values of the immovable properties included in the assets of the corporate taxpayers of full

taxpayers, who keep books on the basis of the balance sheet, by taking the increase in the YI-PPI value into consideration.

Implementation on Revaluation of the Immovable Properties

Through the Article 5 of the Law, it is possible re-determine the values of the immovable properties included in the assets of the corporate taxpayers of full taxpayers, who keep books on the basis of the balance sheet, by taking the increase in the YI-PPI value into consideration. This only enables the revaluation of the immovable properties.

Those, who operate in the finance and banking sectors, insurance and reinsurance companies, pension companies and pension investment funds, taxpayers engaged in the purchase, sale and manufacture of gold and silver continuously processed exclusively and those, who are allowed to hold their records in a currency other than the Turkish currency according to the Article 215 of the Tax Procedures Law, shall not benefit. Valuation procedures are foreseen to be made by 30/9/2018.

In revaluation, the values of the immovable properties and their depreciations, which are determined according to the valuation provisions contained in this Law and are included in the legal book records as of the enforcement date of this article, are taken into account. For the immovable properties subject to depreciation, in case the depreciation is not made in any year, the amount to be revaluated is determined assuming that the depreciation is fully reserved. The determined values of the immovable properties and their values after revaluation by multiplying the depreciations regarding to these with the revaluation rate are found.

The increase to be arise as a result of revaluation is shown in a special fund account in the liabilities of the balance sheet. Transferring the difference between the net balance sheet asset values after the revaluation of the immovable properties and the net asset value before revaluation into a special fund account in liability and the tax calculated at 5% on this amount are declared with a tax return until the evening of the 25th day of the month following the date of revaluation, are declared in accordance with the tax attached to the income or corporation tax and are paid within the same period.

The tax paid within this context, shall not be deducted from income and corporation tax, and shall not be considered as an expense in determining the basis of income and corporate tax. In case of failure to do the declaration in time or to pay the accrued tax in due time, the provisions of this article shall not be benefited from.

The part of the value increase amount shown in a special fund account in liability, which is transferred to another account or withdrawn from the company without being added to the capital, shall be subject to income or corporation tax in this period without being related to the period profit.

In case the immovable properties subject to revaluation are disposed, the value increases shown in a special fund account in liability shall not be considered in determining the profit.

The taxpayers, who revalue their immovable properties, shall continue to depreciate these assets over the revalued assets found after the revaluation process.

Amendment Made in the VAT Law No 3065

- In accordance with the provisions of the Tax Procedure Law, the Council of Ministers was given the authority to include the Income and Corporation Taxpayers, who keep books on the basis of balance sheet within the scope of "revenue-based taxation procedure", according to the annual business volumes to be determined depending on the sectors and professions.

Amendments Made in Relation with the Public Procurement Legislation

- In the Article 21 with the heading of Bargaining Procedure of the Public Procurement Law, the phrase "cases, which have importance in terms of construction technique, or the cases, which are determined by the administration to be urgently provided in terms of construction or life and property security" is added in cases where the bid should be urgently performed.
- In the Public Procurement Contracts Law No 4735, no amendment was made in the additional price difference in electricity purchase contracts. Accordingly, excluding the contracts, in which the authorized supply companies defined in Article 3 of Electricity Market Law No 6446 are contractors, from the Electricity purchase contracts, of which announcement and declaration are made before 24/2/2018 and which are tendered according to the Law No 4734 and whose price difference are to be calculated in the tender document are excluded, the Council of Ministers shall be authorised for the principles and procedures of determining those, whose acceptance is made without termination and liquidation before the enforcement date of this article, in order to pay or deduct additional price difference for the parts realized after the 1/1/2016 for those continuing as of enforcement date of this article.

Amendments Made in the Social Insurance and General Health Insurance Law No 5510

- To the Article 102 with the title of "Administrative fines to be imposed by the institution" the following statements were added: "In case the deficit is determined in the principal amount of earnings reported by the Institution provided that the notification, declaration, documents or books referred to in the first paragraph are fully informed of the number of working days and the insured persons, in a way not to exceed one third of the gross minimum wage on the date of the action and in a way not to exceed 1%, written notice is given to the person in concern in order to eliminate the deficiency within fifteen days. In case of failure in reporting the deficient amount determined at the end of this period to the Institution, administrative fine is imposed according to the relevant provisions of the first paragraph. In case the deficiency is determined by the employer, this period is fifteen days starting from the submission of the notification, declaration, document or books to the Institution.

Yours respectfully,

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