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May 31st, 2017
Ref. 17/18

CIRCULAR NOTE 17/18

Subject: Law on the Restructuring of Certain Receivables and Law on the Amendment of a Statutory Decree

“Law on the Restructuring of Certain Receivables and Law on the Amendment of a Statutory Decree” No. 7020 has been published in Official Gazette No. 30078 dated May 27th,2017.

With this Law, a new opportunity is given to public debtors who have not been able to apply under the previous debt restructuring. The structured debts beneficiaries and those who continue to pay installments are excluded from the scope before the restructuring.

Debts Restructured within the Scope of Law

Finalized receivables as of March 31, 2017 are included in the scope of the Law. Accordingly;

- Based on March 31, 2017, including this date; Taxes and tax fines (not including the 2nd installment of the income tax to be paid in July 2017 and the 2nd installment of the motor vehicle tax accrued in 2017) and accessory receivables such as customs taxes, Administrative penalties, insurance premiums, community insurance premiums, retirement pension, unemployment insurance premium, social security support premium, administrative fines applied in accordance with the laws such as the insurance premiums on demand, the Military Service Law, the Road Traffic Law, the Road Transportation Law, administrative fines and water, wastewater, solid waste fee receipts of the municipalities, receivables of solid waste fees of metropolitan municipalities and water and waste water fee receivables of water and sewerage authorities affiliated to metropolitan municipalities and every kind of interest, price increase, default interest are put under the scope of the debt restructuring.

Debt Not Covered by Law

Those being uncovered by law are; finalized and receivables those under the phase of case, taxes in the scope of investigation and assessment, penitence or voluntary statements, tax base or tax increase, stock or record collections and regulations on Cash Repatriation.

Amounts to be Paid

With this law, it is aimed to pay the whole amount of Tax / Customs Tax Basis and 50% of fines not subject to tax basis (irregularity fine and special irregularity fine) and 50% of fine deducted due to the participation, assistance and incentives acts, default interest and the amount to be fixed by taking Yİ-ÜFE as basis in lieu of the default penalty.

Amounts to be Waived

It shall be waived the total amount of the fines applied in connection with the tax basis (tax loss) or administrative fines, balance 50% of the fines not attributable to the tax basis, balance 50% of the tax penalties deducted due to participation, aid and incentive acts and total amount of accessory receivables such as default interest.

Payment of Amounts by Law

The amounts calculated according to the provisions of this Law shall be paid in advance or in installments.

Chas payment of Amounts:

If all of the amounts are paid in advance within the first installment payment period; No interest will be applied for the period from May 27, 2017, the date of publication of the law until the date of payment. A further 50% discount is to be made on amounts to be calculated by taking Yİ-ÜFE monthly exchange ratio as basis in lieu of the accessory receivables.

Payment of Amounts in Installments:

The tax payers may choose between 6, 9, 12 or 18 equal installment payment options at the time of application if they are required to be paid in installments. (1,045) for 6 equal installments, (1,083) for 9 equal installments, (1,105) for 12 equal installments and (1,15) coefficients for 18 equal installments are fixed. These amounts will be multiplied by the coefficients of the selected installment amounts and divided by the number of installments and will be paid in two-month periods.

Application Time

Taxpayers wishing to benefit from the debt restructuring will be able to apply until 30 June 2017 by the end of working hours.

Payment Dates:

The first installments of the tax within the scope of the Law (to be paid to the Ministry of Customs and Trade, the Ministry of Finance, special provincial administrations and municipalities) must be paid by 31 July 2017. The first installment payment for the SSI must be made by August 31, 2017.

Application Range Boundaries of the Law:

Taxpayers who have structured their debts in previous periods will not benefit from this Law.

Other Regulations

- With this Law tax payers those timely fulfilled their tax obligations however those failed to pay their debts in last 1 year are told to pay their debts with installments and also specified it would be limited with the tax, levies and duties and tax fines, default interests those entered as receipt to the general budget those not paid in last 1 year before the application date.
- The tenor of the accrued tax will be accepted as the last day of the statement delivery period and its first installment to be paid in 30 equal installments in 2 months period to start from month January of 2018. No such price increase, interest, or coefficient will be applied to the taxes paid in this way.

Sincerely,

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