

Article

TURKEY HAS INTRODUCED A NEW TAX AMNESTY



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Turkey has introduced three different tax amnesties in the past decade. The last one was introduced within the “public debts programme” in 2016. This time, the Turkish government introduced a new Tax Amnesty Law No.7020 (the Law) to restructure public debts in late May.

The Law aims to reduce the tax burden of the private sector and increase the collection of public receivables. As in previous tax amnesties, the Law also allows taxpayers to pay their public debts through instalments. However, it does not cover the principal taxes but their auxiliaries.

The scope of the Law

The Law, which principally restructures defined tax debts and some public receivables, was published in the Official Gazette on May 27, 2017. Under the Law, the scope of the new restructuring programme for public receivables contains the following:

- ◆ Individual and corporate taxes, tax penalties, default interest and late payment interest regulated under the Turkish Tax Procedure Code and related to tax periods earlier than March 31, 2017 (except for the advance individual and corporate income taxes of 2017 and second instalment of individual income taxes to be paid in 2017);
- ◆ Custom duties and their tax penalties, default interest and late payment interest and administrative penalties related to the periods earlier than March 31, 2017;
- ◆ Social security premiums and other social security payments (unemployment contribution premiums) related to the periods earlier than March 2017; and
- ◆ Public receivables within the Law on Municipal Revenues (including all sort of default interest, late payment interest and administrative penalties).

On the other hand, some of the other public receivables included in the Law are as follows:

- ◆ Public receivables under the Law on Regulation of Public Financing and Debts;
- ◆ Based on the respective law, stamp tax, special transaction tax, contribution to education fee and their late payment interest related to tax periods earlier than March 31 2017; and
- ◆ Public receivables (including all sort of default interest, late payment interest and administrative penalties) within the Law on Special Provincial Administrations regulated under the Turkish Tax Procedure Code and related to tax periods earlier than March 31, 2017.

Restructuring of definitive public receivables

Provided that the unpaid amount of taxes and public receivables and the amount computed on the “Domestic Production Price Index (YI-UFE)” are together paid in the stated terms and way, it will be possible that the public debts of taxpayers are restructured.

Within this framework, default interest, late payment interest, tax penalties relating to original tax, and late payment interest relating to tax or administrative penalties, are not to be collected if one opts to apply for the restructuring programme.

Eventually, the Law enables, from the point of taxation, the taxpayer to pay their public debts by either cash or instalments (starting from six months to 144 months of equal instalments) by restructuring tax and public debt claims that are difficult to collect.

Therefore, we believe that taxpayers that have difficulty in paying their taxes and public debts or would like to benefit from the law should apply for the programme during the application period.

(*) This article was published in the June Issue of International Tax Review.

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