

Turkish Tax Measures in Response to Covid-19

Turkish tax authorities and presidency have taken measures by enacting several amendments following the Coronavirus (Covid-19) epidemic.

Brief information regarding these tax measures can be seen below in chronological order;

17 March 2020

Revenue Administration have announced the deferral of the submission of FY19 income tax return and the creating & sealing of e-ledgers and uploading period of e-ledger certificates that should be loaded into the Revenue Administration Electronic Data Processing System from 31 March 2020 to 30 April 2020 by publishing the Tax Procedural Law Circular No:125.

<https://www.qib.gov.tr/31-mart-2020-gunu-sonuna-kadar-verilmesi-gereken-2019-takvim-yili-yillik-gelir-vergisi>

18 March 2020

President Recep Tayyip Erdoğan made an announcement regarding a package called “Economic Stability Shield” which also includes tax measures in order to better the businesses which were negatively affected from the Covid-19 epidemic.

The envisaged tax measures mentioned in this announcement are briefly as follows;

- Deferral of April, May and June payments of the withholding, VAT withholding and Social Security Institution (SSI) premiums for the tax payers who are engaged in specific field of activities
- The accommodation tax which would begin to apply as of 1 April 2020 is postponed to 1 November 2020
- VAT rate in domestic air transportation is reduced from 18% to 1% for three months period

19 March 2020

Revenue Administration have made an announcement that they began studies regarding the “Deferral of April, May and June payments of the withholding and VAT withholding for the tax payers who are engaged in specific field of activities” measure which was included in “Economic Stability Shield”

The envisaged specific field of activities which were directly and negatively affected from the Covid-19 epidemic (eligible tax payers regarding the force majeure provisions) is listed as;

- Retail trade and shopping malls,
- Iron-steel and metal industry,
- Automotive industry,
- Logistics-transportation
- Cinema-theatre activities
- Accommodation
- Food & Beverage
- Textile & Apparel
- Event & Organization

<https://www.gib.gov.tr/muhtasar-ve-katma-deger-vergisi-odemelerinin-6-ay-ertelenmesine-yonelik-aciklama>

22 March 2020

The Presidential Decree No. 2278, regarding the VAT rate reduction in domestic air transportation from 18% to 1% for three months period is published on the Official Gazette dated 22 March 2020 and No. 31076. The reduction will be applied from 1 April 2020 to 30 June 2020.

<https://www.resmigazete.gov.tr/eskiler/2020/03/20200322-1.pdf>

23 March 2020

Revenue Administration have announced the deferral of;

- The submission of FY20 February VAT return from 26 March 2020 to 24 April 2020 and
- The creating & sealing of e-ledgers and uploading period of e-ledger certificates that should be loaded into the Revenue Administration Electronic Data Processing System from 31 March 2020 to 30 April 2020

by publishing the Tax Procedural Law Circular No:126.

<https://www.gib.gov.tr/node/143122>

24 March 2020

Turkish Tax Procedural Law General Communiqué No. 518 regarding the explanation of eligible tax payers which can benefit from force majeure provisions that were earlier mentioned in Revenue Administration's announcement is published on the Official Gazette dated 24 March 2020 and No. 31078.

In addition to the specific field of activities which were directly and negatively affected from the Covid-19 epidemic (eligible tax payers regarding the force majeure provisions) that was listed in above mentioned Revenue Administration's announcement, several different field of activities such as;

- Health care
- Furniture manufacturing
- Mining & Quarrying
- Construction
- Industrial kitchen equipment
- Rent a Car
- Printed Publication& Printing
- Income tax payers in terms of commercial, agricultural and professional income
- Income tax payers who are engaged in the field of activities that were suspended regarding the Covid-19 measures put into practice by the Ministry of Internal Affairs

are also taken into consideration within the scope of the force majeure provisions from 1 April 2020 to 30 June 2020.

Deferral of April, May and June 2020 submissions of the withholding, VAT returns for the tax payers who are taken into consideration within the scope of the force majeure provisions to 27 July 2020 and deferral of the payments with respect to these returns respectively to 27 October 2020, 27 November 2020 and 28 December 2020 is realised.

Furthermore; in accordance with the Communiqué of General Implementation on Value Added Tax section I/C-2.1.3.1; eligible tax payers which can benefit from force majeure provisions stated in Turkish Tax Procedural Law General Communiqué No. 518 will not make partial VAT withholding tax on the services which normally should be subject to partial VAT withholding tax such as labour subcontracting, cleaning services and etc.

<https://www.resmigazete.gov.tr/eskiler/2020/03/20200324M1-4.htm>

26 March 2020

7226 Numbered Law on the Amendment of Certain Laws is published on the Official Gazette dated 26 March 2020 and No. 31080. In accordance with this law; postponement of the accommodation tax from 1 April 2020 to 1 January 2021 which was mentioned earlier within the scope of "Economic Stability Shield" is realised.

<https://www.resmigazete.gov.tr/eskiler/2020/03/20200326M1-1.htm>

30 March 2020

President Recep Tayyip Erdoğan launched a National Solidarity Campaign in order to aid the fight against Covid-19. The campaign is called “We are self-sufficient, Turkey”. In accordance with the article 10/1-e of Turkish Corporate Income Tax Law and article 89/1-10 of Turkish Income Tax Law; the donations made to Presidency within the scope of this campaign (both cash & in kind) can be considered as deductible in case of being substantiated with a receipt.

31 March 2020

Revenue Administration have announced the extension of the export periods of the goods delivered regarding the deferment-cancellation scheme during the period from 1 April 2020 to 30 June 2020 for three months within the scope of the force majeure provisions by publishing the VAT Law Circular No:68.

<https://gib.gov.tr/node/143189>

14 April 2020

A draft law which includes several economic measures aiming to reduce the negative effect of the Covid-19 epidemic on economic and social life was presented to the Turkish Grand National Assembly.

The economic measures included in the draft law are briefly as follows;

- The workers who are sent to unpaid leave and thus who are not able to benefit from short-time working allowance and also the workers who do not satisfy the necessary conditions of unemployment benefits will be provided cash support.
- Termination of any employment contract by the employer for three months is forbidden except for cases which employee do not comply with the rules of ethics and goodwill.
- The businesses which are temporarily shut down by the law-maker and which are unable to operate during the Covid-19 epidemic will not make announcement & advertising taxes and environmental cleaning taxes payment for the corresponding to these periods.
- The activities carried out in R&D centres and technology development areas are permitted to be carried out outside these regions temporarily.

Furthermore, in accordance with the article 11 of the draft law; regulations on the dividend distribution of the capital companies will be made. In this respect, capital companies will be allowed to distribute only 25% of the net profit for FY19 period and previous year profits and free reserves will not be allowed to be distributed until 30 September 2020.

<https://www2.tbmm.gov.tr/d27/2/2-2812.pdf>

17 April 2020

7244 Numbered Law on Commuting the Effects of New Coronavirus (Covid-19) Outbreak on Economic and Social Life and Amending Certain Laws is published on the Official Gazette dated 17 April 2020 and No. 31102. Thus, the above-mentioned economic measures which are included in the draft law that was presented to the Turkish Grand National Assembly at 14 April 2020 became effective.

<https://www.resmigazete.gov.tr/eskiler/2020/04/20200417-2.htm>

Revenue Administration have announced the deferral of the submission and payment of FY19 CIT return from 30 April 2020 to 1 June 2020 by publishing the Tax Procedural Law Circular No:127.

<https://gib.gov.tr/node/143223>

20 April 2020

Revenue Administration have announced the deferral of the creating & sealing of e-ledgers and the uploading period of e-ledger certificates that should be loaded into the Revenue Administration Electronic Data Processing System by the corporate taxpayers which are not eligible regarding the force majeure provisions stated earlier in Tax Procedural Law General Communiqué No. 518 from 30 April 2020 to 1 June 2020 by publishing the Tax Procedural Law Circular No:128.

<https://www.gib.gov.tr/node/143229>