

Turkish Indirect 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 Indirect tax measures can be seen below in chronological order;

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 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.

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>

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>