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Subject Matter

THE GENERAL COMMUNIQUE IS PUBLISHED; IT CONCERNS EXPANSION OF THE MANDATORY SCOPE OF E-BOOK AND E-INVOICE, ADDRESSES THE ISSUE OF E-INVOICE IN EXPORT OPERATIONS

The General Communique on the Tax Procedures Code (no. 454) – which was published in the Official Gazette issued on 20.06.2015 under no. 29392 and in the Official Gazette issued on 14.12.2015 under no. 28497 – introduces and explains procedures and rules applicable to the issue of e-invoices in export operations, and expands the range of the taxpayers who are obliged to keep electronic books and issue electronic invoices (e-invoices) in addition to the taxpayers who were already under that obligation pursuant to the General Communique on the Tax Procedures Code (no. 421).

With this Communique, the Ministry of Finance has applied a method that is different from those used in the past to determine which taxpayers will be covered by the e-invoice system. According to the new system, it is the gross sales revenues that are applied as the basic criterion for determining which taxpayer should be covered by the e-invoice system. Pursuant to this new regulation, a taxpayer shall be automatically covered by the e-invoice and e-book system if its annual gross sales revenues are equal to or above 10 million TL in 2014 and thereafter. Thus, annual gross sales revenues amounting to 10 million TL will become a general and constant benchmark applicable for every year. Accordingly, on the one hand, a taxpayer whose 2014 gross sales revenue is equal to or above 10 million TL will mandatorily move to the e-book and e-invoice system with effect from 01.01.2016. On the other hand, a taxpayer whose gross sales revenue reaches a sum equal to or above 10 million TL in 2015 and thereafter will mandatorily move to the e-book and e-invoice system starting with the first day of the fiscal year following the date on which the income/corporate tax return for the relevant fiscal year is filed.

Moreover, this mandatory system also covers taxpayers licensed by the Energy Market Regulatory Authority (EMRA) in connection with the manufacture, importation, delivery, etc., of the goods set out in the List no. I attached to the Special Excise Duty Code (those issued with a dealer license shall not be deemed to fall within the scope of this paragraph, because they exclusively hold this license), and those taxpayers that manufacture, build, import or deliver the goods in List no. (III) of the Special Excise Duty.

Please find below detailed explanations:

1. Taxpayers who are required by law to move to the Electronic Book and Electronic Invoice System

In addition to taxpayers that are mandatorily moved to the system pursuant to the General Communiqué on Tax Procedures Code (no. 421), the following taxpayers are now required to move to the electronic bookkeeping and electronic invoice system:

a) Taxpayers whose gross sales revenue is equal to or above 10 million TL in 2014 or subsequent fiscal years;

b) Taxpayers licensed by the Energy Market Regulatory Authority (EMRA) in connection with the manufacture, importation, delivery, etc., of the goods set out in List no. I attached to the Special Excise Duty Code enacted on 6/6/2002 (Law no. 4760). Those issued with a dealer license shall not be treated as falling within the scope of this paragraph, because they exclusively hold this license;

c) Taxpayers that manufacture, build, import or deliver the goods in List no. (III) of the Special Excise Duty.

Accordingly:

- **the taxpayers that meet the condition in subparagraph (a) in Fiscal Year 2014 should move to the electronic invoice and electronic book system with effect from 1/1/2016, while the taxpayers that meet the said condition in 2015 or subsequent fiscal years should move to the system at the beginning of the fiscal year following the date on which the income/corporate tax return for the applicable fiscal year is filed;**
- **Of the taxpayers referred to in subparagraphs (b) and (c), those that were issued with a license or registered as a taxpayer prior to the publication of this Communiqué (that is, 20.06.2015) should move to the electronic bookkeeping and electronic invoice system with effect from 1/1/2016, whereas taxpayers that are issued with a license or are registered as taxpayers after the publication date of this Communiqué (that is, 20.06.2015) should move to the said system as of the beginning of the fiscal year following the date on which they are issued with a license or have themselves registered as taxpayers.**

Notwithstanding the foregoing, where the time period between issue of the license or taxpayer status registration and the following fiscal year is less than three months, taxpayers may begin keeping electronic books and issue e-invoices from the beginning of the next fiscal year if they wish to do so.

Example 1: Gross sales revenue of (A) A.Ş exceeds the 10 million TL threshold as of the end of Fiscal Year 2015. In this case, (A) A.Ş. is required to file necessary applications and

complete related procedures by 31/12/2016 (inclusive) and to move to the Electronic Bookkeeping and E-invoice System with effect from 1.1.2017.

Example 2: (B) Ltd., subject to the special fiscal year of 1/7/XXXX-30/6/XXXX, reaches gross sales revenue of 10 million TL as of the end of the fiscal year ending on 30/6/2016. In this case, (B) Ltd. is required to file necessary applications and complete related procedures by 30/06/2017 (inclusive) and to move to the electronic bookkeeping and e-invoice system with effect from 1/7/2017, which is the beginning of the special fiscal year following the date on which the corporate tax return is to be filed (31/10/2016).

Example 3: EMRA issues a license to (C) A.Ş. on 5/5/2012, as the latter was engaged in delivery operations involving the goods in List no. I of the Special Excise Duty Law. Accordingly, (C) A.Ş., which was issued with the license prior to the publication date of this Communique, is required to make necessary applications and complete the related procedures by 31/12/2015 (inclusive) and to move to the electronic bookkeeping and e-invoice system with effect from 1/1/2016.

Example 4: (E) A.Ş. applies to its tax office on 5/5/2016 in connection with its business operations, and has itself registered as a taxpayer on account of List no. (III) attached to the Special Excise Duty Law. Accordingly, as (E) A.Ş. has had itself registered as a taxpayer in connection with the goods set out in List no. (III) as attached to the said Law before the publication date of this Communique, (E) A.Ş. is required to make necessary applications and to complete related procedures by 31/12/2016, and to move to the electronic bookkeeping and e-invoice system with effect from 1/1/2017.

Example 5: (F) A.Ş. applies to its tax office on 5/10/2015 in connection with its business operations, and has itself registered as a taxpayer on account of List no. III attached to the Special Excise Duty Law. In this case, as the time period between its registration as a taxpayer and 1/1/2016 (the beginning of the following fiscal year) is less than three months, (F) A.Ş. may make necessary applications and complete related procedures by 31/12/2015 (inclusive), and move to the electronic bookkeeping and e-invoice system, or may, at its discretion, make necessary applications and complete necessary procedures by 31/12/2016 and move to the said system with effect from 1/1/2017.

Administrations, entities and institutions set out in the schedules attached to the Public Financial Administration and Control Law (adopted on 10/12/2003 under no. 5018), as well as public economic enterprises, are not under the obligation to move to the electronic bookkeeping and e-invoice system under this Communique.

Where a taxpayer that is required to launch the electronic bookkeeping and e-invoice system under this Communique undergoes a full demerger, merger (in the form of acquisition or of a surviving company) or a change of type, the acquired or merged company, or the new company that survives the full demerger or is founded following the change of type, is also required to issue e-invoices or keep its books electronically.

The time period allowed to such a company to move to the system may in no event be longer than 3 months following the beginning of the month after the date on which the demerger, acquisition or change of type is registered with the trade registry.

2. E-invoice in export operations

Taxpayers that are making export and sales in form of “accompaniment of passengers” (sales with VAT made to non-resident travellers in Turkey), as governed in Article 11 of the VAT Law, will issue their invoices as e-invoices starting on 1/1/2016.

Interestingly, the wording dictates that “an exporter taxpayer shall issue e-invoices” rather than “may issue.” In other words, starting from 01/01/2016, export invoices with the above-mentioned scope of goods should be strictly issued as e-invoices.

Procedures and rules applicable to the issue and dispatch of said invoices as e-invoices and the methods for becoming eligible to use the system will be described in detail in the “E-Invoice System Customs Procedures Manual,” published at www.efatura.gov.tr.

Truly yours,

**DENGE İSTANBUL YEMİNLİ
MALİ MÜŞAVİRLİK A.Ş.**

(*) Explanations provided in our circulars are for informative purposes only. We advise you to obtain the opinions and support of a consultant specialized in issues about which you have questions before taking action. Our consulting firm disclaims any and all losses that might be incurred as a result of transactions realized solely on basis of the explanations provided in our circulars.

(**) You may send your opinions, criticisms and queries about our circulars to our specialists, whose contact details are provided below.

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