

**CIRCULAR**  
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**Subject:**

**THE LAW NUMBERED 7186 AMENDING THE INCOME TAX LAW NUMBERED AND CERTAIN LAWS WHICH COMPRISES VARIOUS REGULATIONS, PARTICULARLY THE REGULATIONS WITH RESPECT TO A NEW CASH REPATRIATION AND RESTRUCTURING OF THE DEBTS TO THE FINANCIAL SYSTEM HAS BEEN ENACTED BY THE GNAT.**

“The Law Numbered 7186 Amending the Income Tax Law and Certain Laws” which comprises various regulations, particularly the regulations with respect to a new cash repatriation and restructuring of the debts to the financial system has been enacted by the Grand National Assembly of Turkey (GNAT).

**1. A New Cash Repatriation Regulation**

By virtue of the provisional article 90 that is supplemented to the Income Tax Law by means of article 2 of the Law, a new cash repatriation regulation is made. Pursuant thereto;

- Providing opportunity for the contribution of the money, gold, foreign currency, securities and other capital market instruments available in foreign countries to the national economy upon bringing of them into Turkey and enabling the real and legal persons who/which bring these assets into Turkey to freely conduct transactions with respect to these assets within the framework of the provisions regulated in the article.
- Furthermore, provision of the opportunity with respect to entering in the legal books of the money, gold, foreign currency, securities, other capital market instruments and immovable properties that are owned by the income and corporate taxpayers, and which are available in Turkey but that are not stated in the records of the

businesses are aimed.

The notifications will be required to be made to the banks **and brokerage houses** in Turkey until 31.12.2019. Tax at the rate of 1% of the value of the foreign assets subject to **notification and the value of the domestic assets subjected to** statement shall be levied.

In the cases where it is required that the assets subject to notification will be entered in the book records, **the mentioned assets shall not be taken into consideration with regard to determination of the taxable period income and they will be able to be withdrawn from the business without being taken into account concerning the determination of the distributable income either.**

The tax to be paid within the scope of this article cannot be written off, set off from another tax and the losses arising from the disposal of the assets that are brought into Turkey or recorded in the legal books cannot be accepted as expense or reduction in terms of implementation of income or corporate tax under any conditions.

**Provided that the conditions that are stated in the article are fulfilled, it is regulated that no tax inspections or tax assessment will be executed under any conditions** with respect to the assets subject to notification or statement within the scope of the article.

## **2. Restructuring of the Financial Debts**

Pursuant to the regulations made by article 16 and 17 of the Law, restructuring of the credit debts of the companies to the financial system is aimed. According to the mentioned regulation; determination of the financial condition of the debtor companies to be included within the scope of financial restructuring and the fact that these companies will gain the ability to repay their debts within a reasonable period as a result of the restructuring of their debts within this scope shall be required. This determination shall be made by independent audit corporations or the corporations that have the enough information and expertise to be determined within the scope of the Framework Agreements.

The measures (how can the financial restructuring be executed) which may be taken within the scope of the regulation is clarified and the implementation principles with respect to the exemptions, incentives and deductions concerning the tax legislation and other legislation with regard to the transactions within the scope of the contract that are regulated within the framework of the provisions of the article are determined. In the case where the debts that are included in the financial restructuring are once again subjected to financial restructuring within two years, the stated tax exemptions and incentives shall not be applied. The receivables which are renounced to be collected within the scope of the mentioned regulations can be considered by the relevant financial institutions as worthless receivable within the scope of article 322 of the Tax Procedure Law.

## **3. Taxational Incentive With Respect to Production of Electric Vehicles**

By virtue of the provisional article 12 that it is supplemented to the Corporate Tax Law by means of article 19 of the Law, in order to support the production of electric engine automotive brand/brands in Turkey and preferability of these vehicles within the country in terms of taxation,

The authority regarding the below is granted to the President of the Republic;

- disposal of the contribution to investment amount that are deserved within the scope of article 32/A by the taxpayers who are decided to be able to benefit from the incentives within the scope of article 80 of the Law numbered 6745 and **who/which produce the electric engine vehicles that are developed by them**
- **as a result of the Research and Development activities conducted exclusively in Turkey** for the purpose of development of technologies which will completely abolish exhaust gas release that create greenhouse gas effect,
- by means of partly, completely, in cash payment or payment on account of their tax debts to these taxpayers of the special consumption tax that is paid to the tax office until 31.12.2035 due to first acquisition of the mentioned properties with respect to the quarterly

periods of the calendar year.

The authority regarding determination of the procedures and principles concerning the implementation of the article is granted to the Ministry of Treasury and Finance.

#### **4. Foreign Departure Fee is Increased**

The foreign departure fee is increased to 50 TL from 15 TL and furthermore the authority with respect to increasing this amount up to three times is granted to the President of the Republic.

#### **6. Return of the Vehicles that are Seized Within the Scope of the Customs Law or which are Within the Scope of Investigation or Prosecution in the Context of the Anti-Smuggling Law**

Pursuant to the regulations stated in article 14 and 21 of the Law, it is regulated that the vehicles which are seized within the scope of the Customs Law or the Anti-Smuggling Law will be returned to their owners provided that the owners of these vehicles will apply to the relevant customs administration until 31.12.2019 and they will pay within one month as from the application date, the amount corresponding to 25% of the special consumption tax which is required to be paid at the first acquisition of the vehicles.

The mentioned regulations shall enter into force upon their publication in the Official Gazette.

Yours respectfully,

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

(\* ) The explanations made in our Circulars are provided only for information purposes. Prior to executing definitive transactions with regard to the matters subject to hesitation, we recommend you to obtain opinion and support from a specialist consultant; our Consultancy shall not be responsible with respect to the losses that arise as a result of the transactions that are executed by only indicating the explanations made in our circulars as a basis.

(\*\* ) With respect to your opinions, critiques and questions regarding our circulars, you can write to our specialists whose contact information are provided below.

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