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TURKEY HAS BEEN GRANTED EXTENSION ON THE PROVISION OF THE TAX INFORMATION OF TURKISH CITIZENS IN THE EU COUNTRIES AS PART OF AUTOMATIC EXCHANGE OF INFORMATION

As is known, pursuant to the Multilateral Competent Authority Agreement on the Automatic Exchange of Financial Information, signatory countries shall collect the financial account information of the residents of the respective countries from financial institutions on the basis of reciprocity, and (automatically) share them with the relevant country every year without need for a separate request.

Turkey has planned to exchange information on tax matters with 107 countries. As of December 1, 2020, the number of countries Turkey will receive information from and send information to is 77 and 57 respectively. However, Turkey has so far not completed legal regulations on sharing 2019 financial information of Turkish citizens with countries such as Germany, France, the Netherlands, Belgium and Austria, which are heavily populated by Turkish citizens or where Turkish citizens have financial accounts.

As part of its efforts to combat tax evasion, the EU started the process of making a list of tax havens (blacklist) in 2017 and has since included the countries that facilitate tax evasion in this list, subsequently auditing the financial transactions of the relevant countries more tightly. To that end, the foregoing blacklist currently features American Samoa, Fiji, Guam, Samoa, Oman, Trinidad and Tobago, Vanuatu, US Virgin Islands, Cayman Islands, Palau, Panama and Seychelles.

Press reports indicate that, during the summit of the European Union (EU) finance ministers in Brussels, Turkey has been given an extension in terms of automatic exchange of information with 6 EU member states including Germany, Austria, Belgium, France and the Netherlands, and that Turkey will be blacklisted if it fails to share the relevant 2019 data until September.

Sincerely,

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

(*) The remarks in our circular are for informational purposes only. We recommend that the opinion and support of a qualified counsellor be received before establishing final transactions on the questionable matters. Our company shall not be held responsible for any damages to be incurred as a result of transactions to be made solely on the basis of the statements in our circular.

(**) For opinions, criticism and questions about our circular, you can contact our specialists the contact information of whom is provided below.

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