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Find out the latest developments on tax regulation and be updated on regulatory changes along with their effects on your business through our tax bulletins. The important financial news of last month are briefly explained below.

We are glad to share these summaries with our clients and network. As a result of productive and comprehensive research, we present you the July 2022 bulletin.

Let's briefly start with the headings and then examine the details. We will share information about Turkish economy in general, and the latest figures in labor, inflation, growth, main tax developments, social security obligations, banking and financial issues, R&D and incentives, and other issues below.

Main Economic Indicators

The balance of payments statistics for May 2022 is announced by the Central Bank of Turkey Republic.

- The current account recorded a deficit of USD 6,468 million, increasing by USD 3,151 million compared to the same month of the previous year, hence bringing the 12-month rolling deficit to USD 29,444 million.
- [Click to](#) view the announcement.

Turkish Statistical Institute announced inflation figures for July 2022.

- Consumer price index increased by 79.60% annually and 2.37% monthly.
- Domestic producer price index increased by 144.61% on annual basis, by 5.17% on monthly basis.

Ministry of Finance and Treasury announced the domestic borrowing strategy and debt statistics August-October 2022.

- Central Government Debt Statistics were published as well by currency, interest and instrument type.
- [Click to](#) view the domestic borrowing strategy.

Major Tax Issues

- The **Additional Budget Law** has been passed by the Grand National Assembly.
 - Administrative budget has been increased by TRY 880B, and the financing income estimate has been increased by TRY 1.08T, including taxes.
- The **omnibus bill** including crucial taxation regulations has been passed.
- The rule regarding the **halt of tax return trials without collateral** has been annulled.
 - The trials regarding tax returns can now be halted without the previously necessary deposit of half the amount as collateral.
- The **revaluation rate** for 2Q 2022 advance corporate tax period has been determined as 61.12%
- **Interest rates for defaults** have been changed.
 - **Latency interest** is set at 2.5% monthly.
 - **Deferred interest** is set at 24% annually.
- The **authority limitations** of tax offices regarding **rapprochement** have been adjusted.
- The **authentication requirements** for payments have been eased.
 - For the payments amongst entities within the authentication requirement and exempt from the authentication requirement (non-Turkish taxpayers) are no longer subject to the requirements.
 - For the payments amongst entities within the authentication requirement, the passport numbers of the entities should be recorded, and the payment should be authenticated through an intermediary within one business day of the transaction.
 - All payments exceeding TRY 7k with at least one counterparty being within the authentication requirements, the transaction should be carried through intermediaries.
- The corporate tax exemption for **exchange-rate adjusted certificates of deposits** will include assets dated 30 June 2022.
 - The gains realized from such CDs will also be exempt from corporate tax until the end of 2022.

- **MLI** has not yet been passed by the Grand National Assembly.
 - The convention aims to prevent hybrid mismatches, double taxation, misuse of taxation treaties, and incompatibilities.
 - The proposed objectives will be accomplished without altering the core structure of ongoing taxation treaties or decreasing the Treasury revenues.
 - MLI is currently being discussed in the Justice Commission of the Grand National Assembly.

Social Security Issues

- **Minimum wage** has been increased.
- The Supreme Court has decided that cases taking longer than 7 years are inappropriate.
 - Effective rulings for such cases are deferred in favor of pilot rulings instead.

Banking & Finance

- **TRY denominated commercial credits have been restricted** for companies holding long foreign currency positions.
 - Companies holding foreign currency or equivalent instruments greater than 10% of either the total assets or sales revenues (whichever is greater) are barred from obtaining TRY denominated loans.
 - Should a company wish to apply for a TRY denominated loan, they will have to demonstrate that they are exempt from this restriction by submitting **externally audited current financial reports**.
- The Central Bank left the **interest rates unchanged**.
 - The award rate for one week expiry repurchase agreements has been kept at 14%.

R&D and Incentives

- Amendments have been made in the regulations regarding the **efficient use of energy and resources**.
- **Off-site work allocation** for R&D and design centers has been set as 75%.

- New **project-based incentives** have been published.
 - Incentives have been provided for facilities producing the following materials:
 - Elastane
 - Epichlorohydrin
 - Solid & Liquid Resin
 - Polymer rPET Resin
 - Incentives for electric vehicle producing facilities have been updated.
 - The updates were done to increase the values and capacities relevant to the incentives.

Commercial Regulations

- Amendments have been made in the **e-Commerce Law**.
 - The amendments are focused on the regulation of online marketplaces.
- The resolutions of the shareholder meetings of LLCs can now be distributed digitally.
 - Shareholding partners can decide on regulations electronically without being physically present.
- **Environmental Impact Evaluation Code** has been updated.
 - The evaluation aims to determine the environmental impacts of projects for the endeavor of minimizing the negative impacts by comparing alternatives and controlling procedures.
 - Evaluation is required for the following:
 - Housing projects greater than 300 units.
 - Wastewater plants greater than 30k metric tons per day.
 - Shopping centers greater than 10k square meters.
 - Asphalt plants.
 - Glass production plants.
 - Tannery plants.
 - Internal combustion engine production plants.

Other Issues

- **Press Ethics Principles** have been updated.

**Best regards,
Partners, Taxia**