

No : 2022-3

Subject: **Monthly Financial/Tax Bulletin (December 2021)**

Find out latest developments on tax regulation, keep updated on regulatory changes and their effects on your business in our tax bulletins. You can find the important financial news of last month briefly.

We are glad to share those summaries with our clients and network.

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, customs and foreign trade, social security obligations, trade legislations, banking and financial issues, postponed obligations, R&D and incentives below.

You can also read our blogs in this month.

- ✓ [Annual Tax Update: Brief Summary of Tax & Financial Items in FY2021](#)
- ✓ [Expert's Opinion: Good to know for CFO's about tax & incentives in Turkey before the year end.](#)
- ✓ [Recent Guide: Taxpayer Rights in Tax Audit.](#)
- ✓ [Policy Update: What should be the "statute of limitation" in tax practice \(5 or 3 years\)](#)
- ✓ [What is the Role of the President in Turkey in terms of Tax Policy](#)

A. Economy and Public Budget

The amount of minimum wage for FY 2022 was published in the Official Gazette.

- In the Official Gazette dated 17 December 2021 and numbered 31692, with the decision of the Minimum Wage Determination Commission, the daily gross minimum wage amount was published as 166.80 TL, valid between 01/01/2022 and 31/12/2022.
- Accordingly, the annual increase rate is 39.87% compared to the daily gross minimum wage (119.25 TL) of the previous year.

The obligation to re-include in the compulsory private pension system has been abolished.

- Accordingly, employees who use their right to withdraw or leave the compulsory private pension system in 2017 will not be automatically included in the system again.
- In accordance with the "re-inclusion of the employees in the pension plan" in accordance with the Automatic Inclusion of Employees in the Pension Plan through their Employers (Decision Number: 4980) is published in the Official Gazette dated 29 December 2021

The mediation minimum wage tariff for 2022 has been published.

- The mediation minimum wage tariff for 2022 was published in the Official Gazette dated 22 December 2021. In the tariff in the [link](#), the fees to be paid to the mediators, if the parties agree on the mediation, are specified.
- 2021 November Central Government Budget Realization Report has been published by the Ministry of Treasury and Finance.

- You can view the report in detail from the [link](#).

2022 fee amounts for foreign national work permits have been published.

- With the General Communiqué of Law on Fees (Serial No: 89) published in the Official Gazette the 2022 fee amounts for foreign work permits have been determined.

According to this;

- The amount of the timed work permit (up to 1 year, including 1 year, for periods exceeding one year, a full year fee is charged) 1,386,20 TL,
- Permanent and independent work permit fees are determined as 13,867.40 TL.

B. Main Economic Indicators

- The balance of payments statistics for October 2021 is announced by the Turkish Ministry of Treasury and Finance.
 - The current account recorded a surplus of USD 3,156 million, against a deficit of USD 93 million observed in the same month of 2020, bringing the 12-month rolling deficit to USD 15,425 million.
 - [Click to](#) view the announcement.
- Turkish Statistical Institute announced inflation figures for December 2021.
 - Consumer price index increased by 36.08% annually and 13.58% monthly.
 - Domestic producer price index increased by 79.89% on annual basis, by 19.08% on monthly basis.
 - Inflation accounting will be an important subject in this year.
- Ministry of Finance and Treasury announced the domestic borrowing strategy and debt statistics January – March 2022.
 - Central Government Debt Statistics were published as well by currency, interest and instrument type.
 - More statistics can be found by [clicking here](#).

C. Major Tax Issues

Important Draft Regulations

- Draft Income Tax Communiqué Serial No. 319 explaining the wage taxation (including new exemption for minimum wages) principles has been published.
 - Click on the [link](#) to access the Draft Communiqué.
 - In the Communiqué, the basic principles of taxation regarding wage incomes, the scope and application of the exemption, the minimum wage, those working above the

minimum wage, and how it will be taxed in case of receiving wages from more than one employer are explained with detailed examples.

- Details on the application known as Youtuber tax were announced with the Communiqué Draft.
 - [Click here](#) to access the Draft Communiqué.

VAT rate reduction in some items (vaccination and production facilities)

- The decision numbered 5047 regarding the change in the decision regarding the determination of the Value Added Tax Rates to be applied to the Goods and Services and the implementation period of the Temporary Article 37 of the Value Added Tax Law No. 3065 was published in the Official Gazette.
 - [Click here](#) for the President's Decision.
- The Supreme Court has published very important Decisions in this month regarding with the rights of taxpayers.
- Withholding rate on profit distribution is set as 10% with a Presidential Decree.
 - As it is very important subject for FDI and firms investing in Turkey we will see the consequences widely in 2022.
- The amount of special consumption tax to be applied as of 25/12/2021 for the goods included in the list in the annex of the Council of Ministers Decision dated 14/5/2018 and numbered 2018/11818 has been determined with the date 21/12/2021 and number 4938 in accordance with the Presidential Decision.
 - In addition, in accordance with Article 3 of the Presidential Decision No. 4938; diesel, propane, butane and L.P.G. As it is known by the public in the goods mentioned, the Eşel-Mobil System (“échelle mobile”) ends as of 25/12/2021 due to the SCT amounts determined in the 2nd article of the same Decision.
 - [Click here](#) to access the SCT amount table.

Withholding tax reductions on some financial instruments will be ended in the end of March with a Decree of the President.

Refund of withholding tax deducted from agricultural supports.

- Explanations regarding the application process for the Income Tax Deduction Refund Request Petition within the Scope of Agricultural Support Payments via the Interactive Tax Office are included.

- A [guide](#) has been published to explain the procedures that taxpayers should do.
- In the announcement made by Internet Tax Office on 17.12.2021 regarding the Completion of the Notification Form (Notification Form) Regarding Country Based Reporting; The important points that multinational business groups should pay attention to are stated:

In the section of the notification form titled “Part 1: Final Principal Entity/Attorney Business Information”;

- The Final Key Entity column must be filled in completely by all businesses submitting the notification form.
- The Subsidiary Entity column must be completed if there is an entity designated by the ultimate parent to report globally on behalf of the ultimate parent.
- In case the ultimate principal is located in Turkey, the proxy business column should be left blank.
- The "Principles of Tax Liability in the Sales of Real Estate and Vehicles", which contains explanations on how the income from real estate and/or vehicle purchases and sales realized within a calendar year will be taxed in terms of the Income Tax Law No. 193, whether it is a commercial gain or an increase in value.
 - [Click here](#) to access the brochure.

E-declaration system is delayed by the Social Security Administration till the end of January.

Innovations in e-applications on tax

- Electronic Archive (e-Archive) application (e-Archive Invoice, e-Freelance Receipt, e-Producer Receipt, e-Receipt, e-Currency Purchase / Sale Document (DAB and DAS), e-Lawyer Document) has been prepared. The [guide](#) prepared by the GİB to explain the actions to be taken by the taxpayers who will apply has been updated and republished with the December 2021 version.
- Taxpayers who have been using the Ledger-Declaration System for a long time do not need to re-apply to activate the "Book Transactions for the Year 2022", it is sufficient to activate the "2022 Ledger Transactions" by confirming the welcome screen as of 01.01.2022.

D. R&D and Incentives

Good news for remote working in R&D and Techno parks

- Law No. 7346, which includes important regulations regarding the activities carried out in R&D and Design Centers within the scope of the Law on Technology Development Zones, and the works carried out outside the borders of the Region, was published in the Official Gazette dated 25 December.

- With Articles 20 and 28 of the said Law;
 - The 50 percent permission given to the President regarding the activities carried out in the R&D and Design Centers and the activities carried out within the scope of the Technology Development Zones Law has been increased to 75 percent that can be spent outside the centers and the region. The President will be able to reduce the said rate back to the legal rate.
 - Aforementioned regulation will be delivered on 25 December 2021, effective from 12 October 2021.

New Incentive Calls

- It has been announced that the applications for the Efficiency Increasing Project (VAP) to be submitted in 2022 by the Ministry of Energy and Natural Resources will be made between 01-31 March 2022.
 - In VAP applications; The following criteria will be applied for industrial enterprises with an annual energy consumption of 1,000 TEP or more.
 - Applications for productivity-enhancing projects with a projected investment cost of 500.000 TL or more and a payback period of two years and less than five years (including 2 years and excluding 5 years) will be accepted.
 - In projects of replacing electric motors with efficiency, VAP applications will not be accepted for motors with a tag power below 11 kW. This condition is not required for motors that are part of a process and are evaluated within the system and/or controlled by DHS.
 - Lighting projects and thermal insulation projects will not be accepted.
 - [Click](#) for detailed information.
- KOSGEB launched a call for project proposals in order to improve its R&D and innovation capacity in the manufacturing industry sectors.
 - Enterprises operating in the medium, high and high technology sector and only Small and Medium Sized (SME) enterprises registered in the KOSGEB Database and approved by the SME Declaration can apply to the call in question, but entrepreneurs will not be able to apply.
 - The support upper limits determined within the scope of the call are as follows;
 - For Micro Businesses : 900.000 TL
 - For Small Businesses : 1.500.000 TL
 - For Medium Sized Businesses : 6,000,000 TL

- The application deadline is February 8th 2022.
- [Click](#) for detailed information.
- It has been decided to give Project Based Super Incentive, which is the most comprehensive incentive, for the battery cell and module production facility investment to be made in Bursa.
 - Qualified personnel support for 5 years provided that it does not exceed 20 times the minimum wage, income tax withholding support for 10 years, tax deductions, refunds and exemptions, grant support and investment place allocation is envisaged.
 - It will be completed with a total fixed capital investment amount of TRY30 billion at the end of the investment period foreseen as 10 years.
 - It is necessary to prove that a certain amount of R&D expenditure is made with the YMM (CPA) report every year.
- The definitions of cultural and tourism protection and development zones and tourism centers determined within the scope of the Tourism Promotion Law have been changed.
 - The regulation has been prepared based on the 37th article of the Tourism Promotion Law No. 2634.

E. Banking & Finance

- The Central Bank of the Republic of Turkey has [published](#) the report of the monetary and exchange rate policy for the year 2022.
- With the amendment made in the Regulation on Deposits Subject to Insurance, published in the Official Gazette dated 16 December 2021, the definition of "digital environment" has been added to the Regulation by the Fund (SDIF)
- With the decision dated 24 December, SDIF increased the insured deposit or participation fund amount from TRY150k to TRY200k.
- The Banking Regulation and Supervision Agency (BDDK-BRSA) has re-determined the effective dates of the Regulations on the Measurement and Evaluation of Banks' Equity and Capital Adequacy.
- BRSA made an announcement about Digital Banks and Service Model Banking.
- BDDK has delayed the new Regulation on Privacy of Information in Banking Sector.
- The Communiqué on Supporting the Conversion of Turkish Lira Deposit and Participation Accounts was published in the [Central Bank of Turkey Republic](#) dated 21 December 2021.

- With an aim to support financial stability by increasing the share of Turkish lira in total deposits/participation funds in the banking system, the CBRT has decided that:
 - In the event that resident real persons, who already had an FX deposit account or FX participation fund denominated in US dollars, Euros or British pounds by 20 December 2021, convert their accounts into TL time deposit accounts/participation funds, will be eligible to benefit from the incentive.
 - Accounts may have maturities of 3, 6 and 12 months.
 - The interest/profit share that will be paid to TL time deposit accounts/participation funds to be opened and the difference in exchange rates at the beginning and at end of the maturity will be compared, and the deposit and participation fund holder will be paid whichever is higher.
 - Regardless of the exchange rate on the day the account is opened and the exchange rate at the end of the maturity, the principal and the interest/profit share will be paid to the client by the bank.
 - If the amount to be calculated using the exchange rate applicable at the end of the maturity is greater than the sum of the principal and the interest/profit share, the difference will be covered by the CBRT.
 - In case of a withdrawal from an account before maturity, the account holder will not be eligible for the incentive.

F. Commercial Arrangements

- In the Official Gazette dated 22/12/2021 and numbered 31697, the Minimum Wage Schedule for 2022 Independent Accounting, Certified Public Accountant and Certified Public Accountant was published.
 - This Tariff enters into force on 1/1/2022.
 - [Click here](#) to access the aforementioned Tariff.
- The compliance period envisaged in the Regulation on Facilitating Customs Transactions has been determined as 31 December 2024 instead of 31 December 2021.
- The Trade and Economic Cooperation Agreement signed between Turkey and Lesotho has been approved.
 - The Agreement, like similar agreements, regulates the methods of developing trade and economic cooperation, the most favored country principle, trade facilitation measures, payment methods, temporary importation, exchange of information, establishment of a mixed economic commission, international obligations, settlement of disputes, enforcement and termination.

- The Cooperation and Assistance Agreement in Customs Matters signed between Turkey and Vietnam was approved.
 - Assistance between the two countries in the agreement, sharing of information and documents, the scope of the agreement, special assistance, the application of the requests, special cases regarding assistance, special cases regarding sensitive goods, customs investigations, use of information and documents, exceptions regarding assistance, technical assistance, expenses incurred, the settlement of disputes, the method of entry into force and termination of the agreement are regulated in detail.
- The amounts and number of installments in the installment sales principles of used mobile phones have been updated.
- “Sugar” has been added to the list of goods whose export is **subject to registration**.
- With a regulation made in the Communiqué by EMRA (EPDK), ethanol blending liability calculation for refiners and distributors will be considered collectively for the years 2021 and 2022.
- In the Customs Regulation, arrangements have been made regarding temporary storage procedures, laboratory analysis of the goods before the customs procedure, the use of certain commercial goods subject to temporary importation, and the goods returned after export.
- After the Presidential Decree (No. 4874) regulating *border trade with neighbor countries*, the Communiqué No. 2021/11, which regulates the details, was published.
- Turkish Customs Tariff Chart has been updated.
 - The standard tariff, which has been implemented since 1958, has been followed by our country since 1964, and it is of great importance in foreign trade regulations and especially in determining the amount and rates of SCT.

We have summarized recent changes in English, in short headings. We will continue to announce to you all the developments in Turkish and in English.

Please tell us if you have any comments or questions on any of the subjects above. As this is brief summary, we did not give too much details, we can answer your questions if you have.

Because of the mailing system we would like you to mark our bulletins and e-mails as safe in your e-mailing system.

Best regards,
Partners, Taxia