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Subject : April 2023 Financial/Tax Bulletin

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 is 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 April 2023 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 December 2022 is announced by the Central Bank

- The current account recorded a deficit of USD 9.849 million. Gold and energy excluded current account indicated net surplus of USD 2.602 million.
- [Click](#) to view the announcement.

1

Turkish Statistical Institute announced inflation figures for March 2023.

- Consumer price index increased by 50.51% annually and 2.29% monthly.
- Domestic producer price index increased by 62.45% on annual basis, by 0.44% on monthly basis.
- [Click](#) to view the announcement.

The Ministry of Treasury and Finance announced the foreign trade statistics for February 2023.

- According to the general trade system exports decreased by 6.4% and imports increased by 10.1% in February 2023
- According to the provisional data, produced with the cooperation of the Turkish Statistical Institute and the Ministry of Trade, in February 2023; while exports were 18 billion 635 million dollars with a 6.4% decrease, imports were 30 billion 714 million dollars with a 10.1% increase compared with February 2022.

The Ministry of Finance and Treasury announced the domestic borrowing strategy and debt statistics April – June 2023.

- 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 Tax Restructuring Law has been enacted.

- A tax amnesty and restructuring of tax program is in effect.
- A new additional earthquake tax has been announced.
- For more details, you can [access our publication](#) in which we thoroughly discuss the topic.

A general communique on corporate tax has been published.

- The discount rate for paid-in capital increases sourced from overseas cash has been set as 75%, to be applied annually for five financial years from the date of transaction.
- Capital reduction transactions are subject to taxation.
- Earnings of institutions based in the Istanbul Finance Center will be discounted from corporate tax at a 50% rate, given that the institution possesses a “participant certificate.”

2

The communique on the General Application of VAT has been amended.

The communiqués regarding the Law on the Restructuring of Some Receivables have been published on the Official Gazette.

A communique on the Tax Procedure Law has been drafted regarding charging network businesses.

Social Security Issues

A communique regarding the minimum wage aid provided by the Social Security Administration has been published.

- The basis for the social security premium aid has been set as TRY 250 per day.
- The basis for the minimum wage aid has been set as TRY 13.33 per day.

The law regarding age restrictions on retirement (EYT) has been enacted.

- In addition, secondary regulations regarding the topic are being published.

Social Security Procedures have been eased for earthquake zones.

- Due to the difficulties caused by limited working capacity and infrastructural problems, the documentation processes have been postponed.

Cash and in-kind aids provided to employees who have suffered from the earthquakes are exempt from social security premiums.

- The cash aid may not exceed TRY 50k in total.
- The employee receiving the aid, or their immediate family, must be directly affected by the earthquake.

A circular regarding the application of the social security agreement between Turkey and the Netherlands has been published.

Banking & Finance

The Central Bank requests foreign currency reports from entities with loans greater than TRY 5M.

3

The award rate cap on exchange rate adjusted certificates of deposits has been removed.

- The interest will be freely determined among the banks and the depositors.
- The rate may not be below the one week repurchase agreement award rate.

The Savings Deposit Insurance Fund no longer seeks to bar debtors from traveling abroad.

The financial support provided to credit guarantee institutions has been altered.

The Capital Markets Board has enacted policies regarding stock buybacks.

The Banking Regulation and Supervision Agency has published an application guide for banks regarding the preparation of contingency plans.

The regulations on pension funds have been amended.

The Capital Markets Board has amended the regulations for going public.

- For a market capitalization of less than TRY 750M:
 - The initial trade will be made as a DPO (direct public offering).
- For a market capitalization of TRY 750M or greater:
 - The initial trade will be made as a traditional IPO (initial public offering).
 - The distribution of the shares are subject to further regulations with respect to the number of bids received, and the number of bidding investors.
- Shares purchased by institutional investors for their own portfolios may not be transferred to individual investor accounts.
- Investors purchasing newly issued shares, along with existing shareholders of the company, will be subjected to trading holds for the security for a period of time after the initial offering.

R&D and Incentives

New project-based incentives have been announced.

- A cellulosic fiber production plant has been incentivized in Gaziantep.

The decision on governmental support on investments has been amended.

- Electric production plants have been added to the “investment area allocation” list.
- Investments regarding the production of components that protect the structural integrities of buildings during earthquakes have been prioritized.

4

Apicultural, livestock, and poultry producers within the earthquake zones will be aided by the government as a one-time support.

Commercial Regulations

An amendment of the Debt Enforcement and Bankruptcy Code has been proposed.

- The liens on residences may be decided on by the debt enforcement court.
- The personal items of family members may not be seized.
- Financial support for new attorneys.
- Prerequisite of communicating with an arbiter for cases regarding rent.
- Allowing notaries to identify evidence.
- Increasing penalties regarding the production and transaction of synthetic drugs.
- Precautionary measures against immigrant trafficking.

The regulations on Treasury Real Assets have been updated.

- The increase rate of rent has been capped at 25% until September 11th, 2023.



International Trade

Communiques regarding the imports and exports of specific products have been amended.

Additional customs tax are to be applied for the imports of specific products originating from PRC.

The trade agreement between Turkey and Pakistan has been approved by the President.

A communique regarding the restructuring of customs payables has been published.

Independent Auditing

The Ethical Principles for Independent Auditors, published by the Public Oversight Authority, has been amended.

The circular outlining the conceptual frame for financial reporting of mutual financial institutions has been drafted.

Climate & Environment

The amendment on the Environmental Law has been approved by the Grand Assembly Commission.

The Organized Industry Zones Law Proposal is being discussed in the Grand Assembly.

**Best regards,
Partners, Taxia**

