

The Communiqué on the Obligation to Provide Ultimate Beneficial Owner Information has been Published

3 Sep 2021

The Tax Procedure Law General Communiqué with line number 529 regarding the obligation to report the ultimate beneficial owner information ("**Communiqué**") is published in the Official Gazette dated 13 July 2021 and numbered 31540 and entered into force.

Scope of the Communiqué

The relevant Communiqué has been prepared by the Ministry of Treasury and Finance Revenue Administration to regulate the identification and declaration of ultimate beneficial owners in order to effectively combat tax evasion.

Ultimate Beneficial Owner Concept

The Ultimate Beneficial Owner is defined as the natural person(s) who ultimately control or have ultimate influence over the legal person or unincorporated entities. (*Communiqué, article 2*)

Those who will be identified as ultimate beneficial owner and subject to declaration are determined as follows:

- For legal entities:
- Real person partners with shares exceeding 25% of the legal entity,
- The real person or persons who ultimately control the legal entity, if it is suspected that the real person partner holding more than 25% of the legal entity is not the ultimate beneficial owner or if there is no real person partner holding such shares,
- In cases where the ultimate beneficial owner cannot be determined within the scope above, the real person or persons with the highest executive authority.
- For entities without legal personality (e.g. business partnerships)
- The real person or persons who ultimately control the organization,
- In the event that the ultimate beneficial owner cannot be determined within the scope of the above, the real person or persons with the highest executive power before the organization.
- For Trust and similar organizations
- Those who have the title of founders, trustees, directors, auditors or beneficiaries or have influence over these entities. (*Communiqué, article 5*)

The concept of trust refers to the legal relationship that stipulates that an asset is left to the control of a trustee who is executing the contract for the benefit of a certain beneficiary or group of beneficiaries, by the owner of the contract, for the management, use or other dispositions of the said property. (*Communiqué, article 2*)

Taxpayers Subject to Declaration Obligation

The following taxpayers who are active or whose liquidation process continues as of 1 August 2021, must declare the ultimate beneficial owner information:

- Corporate taxpayers
- Person authorized to represent the company or partner in collective companies, one of the limited partners in unscrupulous limited partnerships and the person with the highest shareholding on behalf of ordinary

partnerships, managers, trustees or representatives of trusts and similar establishments established in a foreign country whose head office is in Turkey or who has a resident manager in Turkey. (*Communiqué, article 4/1*)

In addition, the institutions which are deemed liable for the implementation of the Law numbered 5549 on the Prevention of Laundering of Proceeds of Crime ("**Law**") such as, banks, financing and factoring companies, financial leasing companies, asset management companies, payment institutions and electronic money institutions, notaries, certified public accountants and certified public accountants, etc. (*Law, article 2*) and the branches, agencies, representatives, commercial proxies and similar affiliated units of these obliged parties are obliged to inform the ultimate beneficial owner of the transactions carried out by their customers when requested by the Revenue Administration.

Content and Format of the Declaration

Within the scope of the declaration, the identity, contact and address information of the ultimate beneficial owner and the reason for the ultimate beneficial ownership should be reported.

The declaration is made via an electronic form to be filled in via the Internet Tax Office.

The declaration sent outside of the electronic environment will be deemed as not given. (*Communiqué, article 7*)

Period Of Declaration

Corporate taxpayers are obliged to report the ultimate beneficial owner information in the annex of their temporary tax returns and annual corporate tax return.

Other taxpayers must submit the ultimate beneficial owner information to the Revenue Administration in electronic form by the end of August every year. (*Communiqué, article 6*)

The first declaration must be submitted electronically to the Revenue Administration by 31 August 2021, at the latest. (*Communiqué, provisional article 1*)

Sanctions

The information subject to the ultimate beneficial owner information declaration must be kept for five years, starting from the beginning of the calendar year following the date of declaration.

In case of non-compliance with the provisions of the Communiqué, a special irregularity penalty will be imposed pursuant to article 355 of the Tax Procedure Law number 213.

If, as a result of the investigations and examinations to be carried out by the Financial Crimes Investigation Board, it is determined that there are erroneous records regarding the ultimate beneficial owner information of the taxpayer and other persons, the Revenue Administration should be informed in order to make the necessary criminal actions and the necessary changes in the registry records. (*Communiqué, article 8*)

You can access the full text of the Communiqué at this [link](#) (Only available in Turkish).

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