

The Law on Restructuring of Certain Receivables and Amending Certain Laws Is Published

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The Law on Restructuring of Certain Receivables and Amendment of Certain Laws ("**Law**") was published in the Official Gazette dated 17 November 2020 and numbered 31307.

Various receivables, administrative fines, and tax penalties which are subject to the provision of the Law are regulated in the 1st paragraph of article 1 of the Law. While in the 2nd paragraph, the definitions of taxes, customs duties, declaration, and D-PPI (Domestic-Producer Price Index) monthly rate of change are given within the scope of the Law.

Article 3 regulates the conditions to be met by debtors who want to benefit from the provisions of the law, the payment terms of the calculated amounts, terms, and discount rates.

In articles 2 and 4, restructuring provisions regarding the receivables and various receivables, whose collection has been waived from the date of the publication including the date of publication of the law are designated.

The important notes regulated in the Law are as follows:

Scope of the Restructuring

Debts comprising Income Tax, Corporate Tax, VAT, Motor Vehicle Tax, Special Consumption Tax, all administrative fines, and Treasury receivables will be able to be restructured. Social Security premium and administrative penalties, delay penalties and interest increases pursued by the Social Security Institution before 31 August 2020 and finalized until the deadline for restructuring, will also be able to benefit from the restructuring. Tax debts will not benefit from amnesty but restructuring.

Principles of Restructuring

- The debtors who want to benefit from the restructuring must apply to the relevant administration until 31 December 2020.
- Among the receivables monitored by the collection agencies affiliated to the Social Security Institution, which are related to August 2020 and the previous months, and which were not paid as of the publication date of the Law although they were accrued before the publication date of the Law,
 - i. All of the accessories such as delay penalty and delay increase applied to these receivables are waived if the amount to be calculated on the basis of D-PPI monthly change rates for the period from the date of the expiry of the payment period until the date of publication of this Law is paid in accordance with the restructuring,
 - ii. In cases where the principals of the receivables are paid before the publication date of the Law, if the accessories are not paid as of the publication date of the Law, the collection of the remaining 60%, are waived on condition that 40% of the accessory are paid within the period and manner specified in this Law.

Installment Options

- The amounts calculated according to the provisions of the law can be paid in advance or in installments.
- In the event that all of the amounts calculated within this scope are paid in advance within the first installment payment period, the coefficient is not applied and
 - i. the collection of 90% of the amounts to be calculated based on the D-PPI monthly change rates will be waived instead of the accessories.
 - ii. If the receivable to be paid as a result of the restructuring consists of only the accessory, a 50% discount is made from the amount to be calculated based on the D-PPI monthly change rates instead of the accessories.
- If all of the calculated amounts are paid within the first two installments payment period,
 - i. the coefficient is not applied, and a 50% discount is made on the amounts to be calculated on the basis of D-PPI monthly change rates instead of accessories.
 - ii. administrative fines restructured under this law will be reduced by 12.5%.
- in the event that the receivable to be paid as a result of the restructuring consists of only the accessories, a 25% discount is made from the amount to be calculated based on the D-PPI monthly change rates "*Receivables monitored by the collection agencies affiliated to the Social Security Institution and fall within the scope of this Law*" instead of the accessories.
- If the calculated amounts are requested to be paid in installments, the debtors must choose one of the payment options in six, nine, 12, or 18 equal installments during the application, provided that the provisions in the relevant articles are reserved. Payment cannot be made in a longer period than the preferred installment period. According to the preferred number of installments, the related debt amount is increasingly multiplied by the determined coefficient and the amount of the installments to be paid in two-month periods is calculated by dividing the amount by the number of installments.
- The amount of installments to be paid in two-month periods is calculated by multiplying the amount determined according to the relevant articles in the payments of the calculated amounts in installments by the coefficient of;
 - 1.045 for six,
 - 1.083 for nine,
 - 1.105 for 12,
 - 1.15 for 18, equal installments, and dividing by the number of installments.
- Debtors who apply to benefit from the provisions of this Law are given a payment plan in accordance with the installment period they prefer. However, in case the payment is effectuated in a shorter period than the preferred one, the amount to be paid is adjusted according to the relevant coefficient.

The payment of restructured debts

- The first installment of the amounts to be paid to the Ministry of Treasury and Finance, the Ministry of Commerce, special provincial administrations, municipalities, and Departments of Investment Monitoring and Coordination are to be paid until 31 January 2021, and the first installment of the amounts to be paid to the collection agencies affiliated to the Social Security Institution is to be paid until 28 February 2021. The other installments must be paid in a maximum of 18 equal installments in two-month periods following these dates

The non-payment of restructured debts

- In the event that two or fewer installments in a calendar year are not paid in due time or are not paid in full amount if the last installment of the unpaid or underpaid installments is paid with a late payment increase

calculated by the fractional delay increase and each delayed month until the end of the month, the debtors can still benefit from the provisions of the Law provided that the first two installments are paid in due time and in full

- The right to benefit from the restructuring provisions is forfeited in the following cases:
 - i. Failure to pay the first two installments in due time,
 - ii. Failure to pay other installments, that are not paid or paid incompletely in due time, in an above-explained way,
 - iii. Failure to pay or underpay more than two installments in a calendar year.

The Previously Restructured Debts

The applicant having debts that is structured in accordance with the Law on Restructuring Taxes and Certain Other Receivables and Amendments to Certain Laws dated 11 May 2018 and numbered 7143 whose payments are continuing within the scope of the aforementioned Law numbered 7143, as of the publication date of this Law, can benefit from the provisions of this Law upon request. Those who are continuing to pay their debts in this structuring will be able to fall under the scope of the new Law, if they wish. In such a case, their payments will be availed within the framework of the pre-dated law, the remaining debt will be recalculated and brought to this law and the debtors will have a new payment period.

Please see this [link](#) for full text of the Law (only available in Turkish).

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