

Turkey Amends VAT Arrangements for Free Trade Zones, VAT Rates for Certain Goods and Services, Plus Special Consumption Tax for Private Cars

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Turkey has announced a range of amendments to the tax regime. Changes apply particularly to land tax and value added tax within free trade zones, as well as special consumption tax for private cars. The scope of good and services subject to 8% Value Added Tax has been extended

The Amendment Law on Public Finance Management and Control Law and Other Laws No. 6761 ("**Omnibus Law**"), was published in Official Gazette number 29898 on 24 November 2016. Also, Decision No. 2016/9542 on Redefinition of Proportions on Value Added Tax and Special Consumption Tax Applied to Some Goods and Services ("**Decision**"), was published in Official Gazette number 29899 on 25 November 2016.

Real Estate Tax Law

Land which has been announced as a free trade zone is now exempt from land tax until it is registered in favour of the suing party (change to Article 15 of the Real Estate Tax Law No. 1319). The amendment is intended to ease tax liability for firms in free trade zones which own private property and intend to preserve the land for future investments.

Value Added Tax Law

Freight activities from Turkey to free trade zones (and vice versa, if intended for export) are now partially exempt from Value Added Tax (change to Article 17 of the Value Added Tax Law No. 3065).

Further, the scope of good and services subject to 8% Value Added Tax has been extended. Among other things, it now also includes preventive medicine, diagnosis, treatment and rehabilitation services for human or animal health, as well as other services provided by physicians performing these services.

Special Consumption Tax

The Council of Ministers is now authorized to determine different Special Consumption Tax ("**SCT**") rates for private cars. It can also now redefine SCT rates according to a private car's engine displacement, price or segment (change to Article 12(c) of the Special Consumption Tax Law No. 4760).

The Decision subsequently determined the SCT rates for private cars, according to these criteria, varying between 45% and 100%.

Please see these links for the full text of the [Omnibus](#) Law and later [Decision](#) (only available in Turkish).

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