

Turkey Announced Certain Regulations for VAT Refunds during Force Majeure Period

12 May 2020

The Communiqué on Amendment to the Value Added Tax Implementation General Communiqué (Serial No: 32) ("**Communiqué**") has been published in Official Gazette dated 8 May 2020 and numbered 31121. The Communiqué adds provisions regarding the VAT refund practice during the force majeure period announced with the General Communiqué on the Tax Procedural Law (Serial No:518) to the Value Added Tax Implementation General Communiqué published in Official Gazette dated 26 April 2014 and numbered 28983.

According to Turkish law, in order for taxpayers to make a VAT refund request, the tax returns related to the tax in question must be submitted and the VAT amount requested to be refunded must be specified in these returns.

In this regard, taxpayers can request VAT refund only by submitting a VAT return and the required documents to the tax office even during the force majeure period.

As per the Communiqué, the refund process during the force majeure period will be carried out in accordance with the following procedures and principles in terms of the results included in the "VAT Refund Control Report" to be produced upon VAT Refund Risk Analysis System's ("**KDVİRA**") for the refund requests to be made until the beginning of the month following the submission date (extended) of the VAT returns in article 4 of the General Communiqué on the Tax Procedural Law (Serial No: 518) (excluding refunds based on Incremental Collateral Implementation and pre-audit report). Meanwhile, existing procedures and principles are preserved

Refund on account requests;

The refund on account requests in terms of the amounts determined appropriate in the control report produced upon KDVİRA's inquiry and tax office's controls are fulfilled based on the general principles

- Refund on account of the part determined inappropriate corresponding to the taxpayers (including sub-taxpayers) who do not submit VAT return and/or make Ba-Bs notification due to force majeure in the control report produced upon KDVİRA's inquiry is fulfilled according to the following principles;
 - In case of giving 12,5% of this amount as collateral in the refund requests of taxpayers having the Accelerated Refund System ("**HİS**") certificate,
 - In case of giving 25% of this amount as collateral in the refund requests of taxpayers having the Reduced Collateral Implementation ("**İTUS**") certificate,
 - With respect to taxpayers not having HİS and İTUS certificates (i) In case of giving 50% of this amount as collateral in the refund requests not requiring certified public accountant report, tax inspection report or collateral and (ii) in case of giving 120% of this amount as collateral

in the refund requests requiring certified public accountant report, tax inspection report or collateral.

- The refund on account request determined inappropriate in the control report produced upon KDVİRA's inquiry and tax office's control, except for the reason mentioned above, is evaluated within the framework of general provisions.

Refund for cash requests;

- The refund for cash request in terms of the amounts determined appropriate in the control report produced upon KDVİRA's inquiry, and the controls made by the tax office, is fulfilled according to the general principles.
- Refund for cash of the determined inappropriate corresponding to the taxpayers (including sub-taxpayers) not submitting VAT return and/or not making Ba-Bs notification due to force majeure in the control report produced upon KDVİRA's inquiry, is fulfilled according to the following principles;
 - In case of giving 30% of this amount as collateral in the refund requests of taxpayers having the HİS certificate,
 - In case of giving 60% of this amount as collateral in the refund requests of taxpayers having the İTUS certificate,
 - In case of giving 120% of this amount as collateral in the refund requests of taxpayers not having the HİS and İTUS certificate.
- The refund for cash request determined inappropriate in the control report produced upon KDVİRA's inquiry and the controls made by the tax office, except for the reason mentioned above, is evaluated within the framework of general provisions.

On the other hand, following the expiration of the submission date (extended) of the VAT returns in article 4 of the General Communiqué on the Tax Procedural Law (Serial No: 518), a new report will be produced by re-querying through KDVİRA system. Tax offices will review and finalize taxpayers' refund on account and for cash requests regarding the periods within the scope of the force majeure by taking these reports into consideration within the framework of general provisions.

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

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