

Turkey Introduces a Range of Changes to Tax Regime

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Turkey has introduced a range of changes to its tax regime, applying to the Income Tax Law and Tax Procedure Law. Changes apply to a wide range of topics, including severance payments, the minimum wage, valuing foreign currencies brought from abroad, tax penalties, VAT and electric vehicles.

The Law on Amendments to Tax Laws and Certain Laws and Decree Laws ("**Amendment Law**") was published in Official Gazette number 30373 on 27 March 2018.

Income Tax Law

Notable amendments to the Income Tax Law include:

- The scope of payments excluded from severance payment calculations has increased. Accordingly, the following are now also excluded:
 - Payments and benefits under reciprocal termination contracts.
 - Compensation under mutual rescission.
 - Indemnity regarding job loss.
 - Termination compensation.
- The minimum wage is now excluded from changes to tax brackets during the year.
- Income tax will not apply to electricity generated at production facilities up to 10 kW installed power, located on the roofs and facades of houses which they own or rent for the purpose of producing electricity from renewable energy resources, within the scope of unlicensed activities, who sell the surplus energy to the last resource electricity supply companies.
- If an employer's nursery and day care services are not provided at the workplace, support payments will be exempt from tax, up to a value equivalent to 15% of the monthly gross minimum wage.

Tax Procedure Law

Notable amendments to the Tax Procedure Law:

- If goods must be destroyed due to going bad, decay, or expiring, taxpayers can now assess their value themselves (without a decision from a valuation commission).
- New rules have been introduced for valuing foreign currencies brought from abroad by stock companies for investments within the scope of investment incentive certificates.
- The discount rate for tax penalties, irregularities and special irregularity penalties has been increased from 1/3 to 1/2.
- Tax penalties for electronically edited documents have been clarified.
- Calculating the amortization rate for machinery and equipment purchased for certain purposes may now be calculated based on half their lifetime. This includes assets to be used in:
 - R&D.
 - Innovation.
 - Design.

- Machinery and equipment purchased in the areas noted above are now exempt from VAT.

Other important provisions include:

- Minibuses and buses are redefined in terms of the number of seats in the Motor Vehicle Tax Law.
- Electric motor vehicles are now included in the Motor Vehicle Tax Law.
- Fees are outlined for decisions and writs regarding disputes settled through mediation.
- In 2018, the minimum wage support will continue to be provided to employers in the private sector.
- The Council of Ministers has been authorized to increase the rescission period from two months up to six months for people subject to compulsory personal retirement insurance.

Please see this [link](#) for full text of the Amendment Law.

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