

Turkey Restructures Methods for Settlement with the Finance Revenue Administration For Related Party Transactions

1 Feb 2018

Turkey has restructured methods for settlement with Finance Revenue Administration ("**Administration**") for related party transactions. The developments widen and clarify the scope of advance pricing agreement methods, as well as introduce time limits for the Administration to consider taxpayer requests.

The Communiqué Amending the General Communiqué of Hidden Profit Distribution through Transfer Pricing ("**Amendment Communiqué**") was published in Official Gazette number 30263 on 7 December 2017.

Taxpayers can make agreements with the administration to determine methods for transactions between the respective taxpayer and related third-parties. The Amendment Communiqué restructures the principles for agreements with related parties.

At a taxpayer's written request, an agreement can be made with the administration for periods up to three years. Within this scope, taxpayers can now ask to execute unilateral, bilateral or multilateral advance pricing agreements. The Amendment Communiqué introduces time limits for the administration to consider and decide on these requests:

- Unilateral agreements between the administration and taxpayer: Maximum nine months.
- Bilateral agreements between the administration, taxpayer and a foreign Tax Authority: Maximum 18 months.
- Multilateral agreements between the administration, taxpayer and Tax Authority of multiple foreign countries: maximum 18 months.

Taxpayers can now apply to the administration, to negotiate the scope and compatibility of a possible agreement.

An agreement may be concluded regarding previous taxation periods, provided that certain criteria apply to their circumstances, as per the Tax Procedural Law number 213

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

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