



# The Law on the Restructuring of Certain Receivables

6 April 2011

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# Agenda

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- ▶ The Scope of the Law on the Restructuring of Certain Receivables
- ▶ Accrued and Unpaid Receivables or Finalized Receivables
- ▶ Non - finalized Receivables or Receivables in Dispute
- ▶ Receivables in the stage of Inspection and Assessment
- ▶ Tax Base and Tax Increase
- ▶ Inventory and Fixed Asset Declaration

# Receivables within the Scope of the Law

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- ▶ The “Law on the Restructuring of Certain Receivables and Amendment to the Law on Social Insurance and General Health Insurance and Certain Other Laws and Decree Laws,” (“Law”) No.6111
  - ▶ accepted in the Grand National Assembly of Turkey on 13 February 2011 and
  - ▶ came into force by being published in the Official Gazette on 25 February 2011.

# Receivables within the Scope of the Law

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- ▶ The scope of the period covered by the Law is determined as follows;
  - ▶ Taxes, tax penalties, delay interest and delay surcharges pertaining to periods before **31 December 2010** (including this date); tax returns that must be submitted until this date in taxes based on declaration,
  - ▶ Taxes accrued for 2010 before **31 December 2010** (including this date) as well as related tax penalties, delay interest, delay surcharges,
  - ▶ Tax penalties not based on principal tax amounts and imposed in relation to detections made before **31 December 2010** (including this date).

# Accrued and Unpaid Receivables or Finalized Receivables

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- ▶ Receivables which have accrued, but are not yet paid,  
or
- ▶ Receivables whose payment deadline has not yet expired as of 25 February 2011, the date when the Law is published.

# Accrued and Unpaid Receivables or Finalized Receivables

TO BE PAID	TO BE WAIVED
<p>Entire unpaid portions of taxes/customs taxes, pertaining to <b>December 2010</b> and previous months</p>	<p>The entire amount of interest, delay interest, delay surcharges and tax penalties/administrative fines imposed in relation with principal tax amounts, as well as the entire amount of delay charges related with these penalties</p>
<p>Amount to be calculated on the basis WPI/PPI monthly change rates until the date when the Law is published</p>	<p>50% of the tax penalties which are not imposed in relation with the principal tax amount</p>
<p>50% of the tax penalties imposed with no relation to the principal tax amount</p>	<p>50% of the tax penalties which are not imposed in relation with the principal tax amount</p>

# Non – finalized Receivables or Receivables in Dispute

- ▶ The case has been filed at the tax courts  
or
- ▶ The tax assessments for which the filing period has not been finished;

TO BE PAID	TO BE WAIVED
50% of the principal tax amount	50% of the principal tax amount
Amount to be calculated on the basis WPI/PPI monthly change rates until the date when the Law is published	The entire amount of interest, delay interest, delay surcharges and tax penalties/administrative fines imposed in relation with principal tax amounts, as well as the entire amount of delay charges related with these penalties

# Non – finalized Receivables or Receivables in Dispute

LATEST DECISION	TO BE PAID	TO BE WAIVED
CANCELLATION	20% of the principal tax amount	✓80% of the principal tax amount ✓The entire amount of interest, delay interest, delay surcharges and tax penalties/administrative fines imposed in relation with principal tax amounts, as well as the entire amount of delay charges related with these penalties
	Amount to be calculated on the basis WPI/PPI monthly change rates	
APPROVAL / AMENDMENT APPROVAL	The total principal tax amount	✓The entire amount of interest, delay interest, delay surcharges and tax penalties/administrative fines imposed in relation with principal tax amounts, as well as the entire amount of delay charges related with these penalties
	Amount to be calculated on the basis WPI/PPI monthly change rates	
ANNULMENT	50% of the principal tax amount	✓50% of the principal tax amount ✓The entire amount of interest, delay interest, delay surcharges and tax penalties/administrative fines imposed in relation with principal tax amounts, as well as the entire amount of delay charges related with these penalties
	Amount to be calculated on the basis WPI/PPI monthly change rates	



# Receivables in the Stage of Inspection and Assessment

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Receivables in the Stage of Inspection and Assessment



tax inspection, assessment and accrual processes that were commenced before 25 February 2011, but could not be completed until the promulgation date of the Law will be continued.

# Receivables in the Stage of Inspection and Assessment

Following the completion of tax inspections, assessment and accrual procedures	
TO BE PAID	TO BE WAIVED
50% of the imposed tax	50% of the imposed tax
Amount to be calculated on the basis WPI/PPI monthly change rates until the promulgation of the Law	The total penalties based on the tax principal
Whole amount of delay interests to be calculated by the end of the period allowed for filing lawsuit which will be arranged upon communication of the notice after the promulgation of the Law	Whole amount of penalties related with the principal tax amount and delay interests calculated in relation with principal tax amounts until the date of promulgation of the Law
25% of the penalties that are not related with the principal tax amount	75% of the penalties amount that are not related with the principal tax amount,

# Tax Base Increase Corporate Tax

Period	The rate of tax base increase (%)	The minimum tax base increase amount (TL)	The corporate tax rate to be applied to the increased tax base (%)
2006	30	19.110	20
2007	25	20.650	20
2008	20	22.440	20
2009	15	24.460	20

# Tax Base Increase Corporate Tax

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**The corporate tax rate to be applied to the increased tax base 15%**



**The taxes have been paid on due date**

**The returns have been submitted on due date**

**Not to benefit from Articles of the Law regarding finalized and non-finalized receivables or receivables in dispute**

# Tax Increase Value Added Tax

Period	The rate of tax increase (%)	Tax Base	If at least three tax returns have been submitted	If tax returns less than 3 have been submitted
2006	3	The total annual amount of calculated VAT - postponed VAT	The average of total calculated VAT amount in the returns is increased to one year.	Income or Corporate Tax Base Increase* %18
2007	2,5			
2008	2			
2009	1,5			

# Tax Increase Income and Corporate Withholding Tax

Period	The rate of tax increase (%) Professional service, rental payments, wages
2006	5
2007	4
2008	3
2009	2

# Tax Base and Tax Increase

## Common Provisions

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- ▶ In case taxpayers apply corporate tax base increase, 50% of the losses pertaining to the related years shall not be deducted from the profits of 2010 and following years.
- ▶ Taxes paid within the scope of Law cannot be accepted as expense or cost item in the determination of the corporate tax base, and they cannot be subject to deduction, offsetting or refund.
- ▶ Advance tax is not calculated due to increased tax bases.
- ▶ Stamp duty is not imposed for the corporate tax, withholding tax and VAT returns to be submitted due to the increase.

# Tax Base and Tax Increase Common Provisions

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- ▶ Right of the tax authority to conduct tax inspection for the years or periods, in which tax base or tax increase is not realized, is reserved.
- ▶ Taxpayers against whom tax inspection was realized in the past can also perform increase for the years in which the tax inspection was realized.
- ▶ “Those who destroy books, records or documents or insert new pages after destroying pages of the books or do not insert pages at all or prepare false originals or copy of documents partly or completely”, as specified under article 359/b of the TPC, cannot benefit from tax base increase provisions of the Law.



# Tax Base and Tax Increase & Tax Inspection Process

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- ▶ Increasing the tax base or tax amount will not constitute any obstacle for the tax inspections and assessment procedures which have been initiated before the promulgation date of the Law.
- ▶ If the tax inspections and assessment procedures initiated against the taxpayers who realized tax base increase are not finalized until the end of the 31 March 2011, these procedures will not be continued.
- ▶ If tax base or tax difference subject to assessment is detected at the end of the inspection or assessment, provided that increase is realized before the date when the inspection reports and assessment committee decisions are recorded under the entries of tax office, the difference detected at the end of the inspection and assessment will be treated within the framework of the provisions of Law regarding tax and tax base increase.
- ▶ The finalized assessments are considered with the declaration of the related period.

# Inventory and Fixed Asset Declaration - 1

Fixtures and Commodities which are not Present in the Records Despite being Present in the Enterprise

Income and Corporate Tax Payer

Fixture, Commodities and Office Equipments

Market Value

Accounting Through Set Aside Provisions

Declaration by Inventory List until the end of 31 May 2011

VAT=10%, Subject to reduced rate=Tax at half rate

Sal price cannot be lower than the book value.

# Inventory and Fixed Asset Declaration - 2

## Fixtures and Commodities which are Present in the Records Despite not being Present in the Enterprise

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Income and Corporate Tax Payer

Commodities

Invoicing Through Equivalence Rate of Gross Profit

Record into the Book and Declaration

Retrospectively Tax Penalty and Delay Interest

Cash Balance , Receivables from Shareholders- 3% Tax

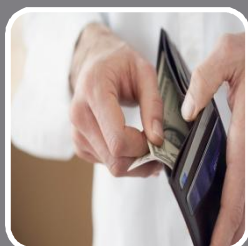
Declaration until the end of the 31 May 2011

# Application and Payment Conditions



## Application

- Application with a written letter until the end of 2 May 2011.
- Withdrawal of lawsuits already initiated,
- Payment within due term,
- Fulfillment of tax and insurance liabilities during the installment period.



## Payments

- In full or in installments,
- First installment until the end of 31 May 2011.
- Payments in 18 installments within 36 months, at most, to be paid in two-month intervals.
- Installments every two months

Installment Number	Payment Term	Interest Rate (%)
6 Equal Installments	12 Months (6*2)	5
9 Equal Installments	18 Months (9*2)	7
12 Equal Installments	24 Months (12*2)	10
18 Equal Installments	36 Months (18*2)	15