GURULKAN ÇAKIR

CLIENT ALERT

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Turkey Launches New Asset Peace Scheme

The Law No. 7256, which has been published in the Official Gazette (No. 31307) on 17th of November 2020, regulates the restructuring of debts arising out of taxes and tax penalties, customs duties and penalties, municipal receivables, premium receivables and fines of the Social Security Board and other public receivables. Furthermore, a provisional article (i.e. Article 93) has been added to the Income Tax Law ("ITL" Law No. 193), which allows the funds to be transferred from abroad without being subject to taxation.

Pursuant to the new provisional Article 93 of ITL, the assets in the form of cash funds, gold, foreign currencies, securities and other capital market tools abroad can be freely disposed by real or legal persons who notify the banks and other intermediary institutions operating in Turkey until June 30, 2021.

Also, the capital advances that have been brought to Turkey by taxpayers before the effective date of the law (i.e., November 17,2020) can be removed from legal books of the taxpayers' business entities. Thus, capital advances are allowed to be taken out from business entity accounts and returned to taxpayers' possession with the opportunity to keep such assets in Turkey thanks to the new law.

Furthermore, losses incurred by the disposal of assets which has been brought to Turkey or recorded in legal books are not considered as expense or discount in terms of income or corporate tax practice.

There will be no tax inspection or taxation under any circumstances for the assets declared under Article 93. However, in order to benefit the advantages laid out in the provision, the above-mentioned assets must be brought to Turkey or must be transferred to a Turkish bank account or an intermediary institution's account within 3 months following the date of notification.

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