

JULY 2023

## Türkiye Raises VAT Rates for Goods and Services

The Presidential Decree on the Amendment of the Determination of Value Added Tax Rates (“the Decree” No. 7346) has been published in the Official Gazette and entered into force as of July 10, 2023. The Decree has increased the VAT to be applied to goods and services in accordance with Article 28 of the Value Added Tax Law (Law No. 3065).

With the Decree, subparagraphs (a) and (c) of Article 1 of the Decree on Determination of Value Added Tax Rates Applicable to Goods and Services have been amended. Accordingly, the general VAT rate for goods and services subject to 18% has been increased to 20% while the discounted VAT rate for certain goods and services subject to 8% has been increased to 10%.

Last year, the applicable VAT rate on sanitary products was shifted from the general VAT Rate to the discounted VAT rate, i.e. from 18% percent to 8%. Along with the new Decree, the rate on these products was shifted back to general VAT rate category, resulting in an increase from 8% to 20% which affects products such as soap, detergents, disinfectants etc.

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