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RESTRUCTURING FINALIZED TAX DEBTS WITHIN THE SCOPE OF THE LAW NO.7256

The Law No.7256 on Restructuring of Some Receivables and Amendments in Some Laws (the Law), has been published in the Official Gazette dated 17.11.2020.

The Law includes restructuring regulations on the following issues:

- Restructuring the finalized debts to Ministry of Treasury and Finance, the Ministry of Commerce, special provincial administrations, municipalities, Social Security Institution (SSI) and the Department of Investment Monitoring and Coordination (DIMC) and administrative fines to some institutions,
- Restructuring debts such as dues, etc. to chamber, stock exchange, unions, federations, confederations, bar associations and some organizations.

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In principle, to benefit from provisions of the Law (without prejudice to application and payment periods specified in the relevant articles of the Law), application to the relevant administration until 31.12.2020 (including this date) is required.

Debtors who want to benefit from the Law are obligated to make the payments as follows:

- **First installment** of the amounts to the Ministry of Treasury and Finance, the Ministry of Commerce, special provincial administrations, municipalities and collection offices affiliated to DIMCs until 31.1.2021 (including this date),
- **First installment** of the amounts to the collection offices affiliated to SSI until 28.2.2021 (including this date),
- Remaining installments in two-month periods following these dates in maximum eighteen equal installments.

However, the mentioned amounts can also be paid in cash within the first installment payment period.

The President has the authority to extend the application and first installment payment periods stipulated in this Law up to one month. The periods may be extended more in case of force majeure.

STATUS OF FINALIZED TAX DEBTS

➤ **Period of the Debts within this Scope:**

Taxes and related tax penalties, late payment interests, and delay interests regarding;

- The periods before 31.8.2020 (including this date)
- Returns required to be submitted until 31.8.2020 in declarative taxes,

AND

- Tax penalties not subject to the tax principal for the detections made before 31.8.2020 (including this date).

The tax debts mentioned above must be finalized as of 17.11.2020, which is the publication date of the Law.

➤ **Implementation:**

Provided that the following is paid,

- All tax principles within this scope,
- 50% of the penalties not subject to the tax principle,
- Amount to be calculated until 17.11.2020 based on the update rate [monthly domestic producer price index (“D-PPI”) rates] instead of accessory receivables such as late payment interests and delay interests
the collection of the following will be waived:

- All of the penalties arising from tax principle,
- 50% of the remaining penalties not arising from tax principle,
- All of the accessory receivables such as interest, penalty interest, late payment interest, delay interests.

➤ **Application & Payment**

Application Period

Application to the tax office until 31.12.2020 (including this date) is required.

Payment Alternative in Cash Upfront or in Two Installments

It is possible to pay the structured amount in cash upfront until 31.1.2021. In this case, no installment interest is calculated. If the structured debt is paid completely within the first installment payment period, 90% discount will be made on the amount to be calculated based on the monthly D-PPI rates instead of the accessory receivables. If the structured receivable only consists of the accessory receivables, 50% discount is made on the amount to be calculated (excluding the receivables within the scope of Article 2/14 of the Law) based on the monthly D-PPI rates instead of the accessory receivable.

If all of the calculated amounts are paid within the first two installments payment period, installment interest is not applied and 50% discount is made on the amounts to be calculated based on the monthly D-PPI rates instead of the accessory receivables. If the structured receivable only consists of the accessory receivables, 25% discount is made on the amount to be calculated (excluding the receivables within the scope of Article 2/14 of the Law) based on the monthly D-PPI rates instead of the accessory receivable.

➤ **Effective Date of Two Monthly Installments**

If payment in installments is preferred, the first installment to be paid every two months must be paid until 31.1.2021.

➤ **Extension of Periods**

The President has the authority to extend the application and first installment payment period up to one month. Extension has no effect on the next installments.

➤ **Calculation of the Interests**

For the receivables structured within the scope of this Law and paid on time, without prejudice to provisions of this Law, accessory public receivables such as interest, delay interest, delay penalty will not applied for periods after the publication of the Law (*except for the interest to be applied in the option of payment with installment*).

➤ **Installment Options and Interest**

There are four different installment options, and the amount subject to payment for this installment is structured by applying interest with the D-PPI rate, and by increasing with the installment interest for the relevant installment option.

The installment amount is found by dividing the amount calculated by INCREASING WITH THE INSTALLMENT INTEREST to the number of installments.

Number of Installments	Payment Period	Installment Interest
6	12 months	1.045
9	18 months	1.083
12	24 months	1.105
18	36 months	1.15

➤ **Already Paid Amounts**

For the debts within the scope of this Law, the amounts paid and the interests paid within the scope of postponement and installment before the publication date of this Law will not be refunded and returned based on the provisions of this Law.

Kind regards.