

The background of the entire page is a photograph of the Great Pyramids of Giza and the Great Sphinx in Egypt. The Sphinx is in the foreground, and the large pyramid rises behind it under a clear blue sky. A semi-transparent dark grey triangle is overlaid on the bottom left of the image, containing the report title and bullet points.

BDO Denet Monthly Report

FINANCIAL DEVELOPMENTS IN THE LAST MONTH

- COMMUNIQUE ON THE APPLICATION OF VAT RATE IN CATERING SERVICES HAS BEEN PUBLISHED
- NO INFLATION ADJUSTMENT FOR THE FIRST PROVISIONAL INCOME TAX PERIOD OF 2024
- DECREE AMENDING THE DECREE ON DETERMINATION OF COMPANIES SUBJECT TO INDEPENDENT AUDIT HAS BEEN PUBLISHED
- SSI CIRCULAR ON THE INSURANCE OF THOSE ENGAGED IN AGRICULTURAL ACTIVITIES HAS BEEN PUBLISHED

April 2024 Financial Agenda

Dear Readers,

As a result of the inflationary environment in our country in recent years, inflation adjustment, which was last applied as of the end of 2003, has entered our lives again. As inflation accounting, which should have been applied as of the end of 2021 according to the relevant legislation, was postponed to the end of 2023 in terms of both TFRS and TPL financial reporting, month of April passed with difficulties regarding the implementation of inflation adjustment. Although implementation date was known in advance and preparations were made, implementation phase brought many burdens and discussions. We should thank our colleagues in audit and consultancy firms and in financial affairs departments of companies who worked selflessly during this process.

In addition, although there are inflation adjustment conditions in the first provisional tax period of 2024 based on legal regulation, regulation of Ministry of Treasury and Finance that no inflation adjustment will be made as of 31.03.2024 in accordance with TPL has relieved the practitioners. Unless a new regulation is issued by the Ministry, TPL inflation adjustment will be made as of the second and third provisional tax periods of 2024. On the other hand, inflation accounting will be applied as of 31/03/2024 in terms of TFRS financial statements.

As it is known, inflation adjustment made as of 31/12/2023 does not give rise to tax effect for 2023. However, for the periods after 01/01/2024, corporate income tax base will include the effects of inflation adjustment. Although it is not known how long inflation accounting will be applied, considering the inflation forecasts, inflation accounting will be applied in 2024 and 2025. In the upcoming period, asset structure and level of shareholders' equity of companies may cause inflation adjustment based corporate income tax payments or financial losses. Companies can estimate corporate income tax burden arising from inflation adjustment and can partially avoid this tax burden by adjusting their asset structure and/or the level of their equity.

April 2024 Financial Agenda

Another important issue related to inflation adjustments that may affect future periods is the determination of distributable profit or equity items. In addition to the VUK regulations, Ministry of Commerce and Capital Markets Board (CMB) have regulated the principles to be followed in this regard. In publicly traded companies where profit distribution is important, inflation adjustment may eliminate distributable profits or shareholders' equity in TFRS and/or TPL financial statements as of 31/12/2023 and put company managements in a difficult situation in this sense.

Another point that draws attention in April, when 2023 corporate income tax returns are submitted, is the increase in the number of corporate income tax returns filed with reservation due to the regulations made in recent years. In 2023 corporate income tax returns, the main subjects of reservation registrations are the financing expense limitation, cash capital interest deduction, and corporate income tax rate reduction for manufacturers and exporters. It is obvious that Tax Administration should carefully monitor the issues of reservation registrations and take measures to minimize these issues through regulations.

Another development in April is that thresholds for being subject to independent audit, which had been kept constant for a long time, were increased by Presidential Decree dated 06/04/2024 and numbered 8313. Whether companies are subject to independent audit in 2024 in accordance with Turkish Commercial Code (TCC) will be determined according to these criteria, and we remind you that companies should review their status against TCC independent audit according to the new limits. Regulations made in April are detailed in our Bulletins and Announcements and we recommend you to review them. See you in our next newsletter.

We wish you healthy days.

Dr. Erdal ASLAN

Partner, Tax and Consulting

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Together We Became Hope for Children with Cancer

As the BDO family, we did not forget our children with cancer on April 23. With the donation we made to Hope Foundation for Children with Cancer (KAÇUV) on behalf of our employees, we also became a hope for these children.

Happy April 23 National Sovereignty and Children's Day to all children!



We sincerely congratulate all workers who offer us a livable life with the power of solidarity.

Happy May 1 Labor Day!

Tax



ANNOUNCEMENT: REVALUATION RATE FOR THE FIRST PROVISIONAL TAX PERIOD OF 2024 AND RATES AT WHICH THE INVESTMENT INCENTIVE RIGHTS WILL BE INDEXED
TAX 2024-018
29/04/2024

Ministry of Finance, Revenue Administration announced with Corporate Income Tax Circular No. 65 that the revaluation rate to be applied in the first provisional tax period of 2024 has been determined as 7.55%.

This rate is also valid for repeated Article 298 of Tax Procedure Law and Article 32/A of Corporate Income Tax Law.

Within the scope of investment incentive certificates issued based on applications made before 24/04/2003 within the framework of abolished additional articles 1, 2, 3, 4, 5, 6 of Personal Income Tax Law (PIT Law), part of the investment allowance amounts that are carried forward to following periods due to expenditures made until 31/12/2005 are applied by increasing the revaluation rate. In practice, the investment allowance amounts within the scope of abolished Annex 1-6 articles of PIT Law, which are called investment allowance rights subject to old provisions, can be used by increasing 7.55% rate in the first provisional tax period of 2024.

Within the scope of abolished Article 19 of PIT Law, investment allowance rights calculated over expenditures incurred in relation to the investments started before 08/04/2006, but which cannot be deducted due to the insufficient earnings of the relevant year and carried over to the following periods (in practice, these are called investment allowance rights subject to new provisions) are applied by increasing the rate of increase in Domestic Producer Price Index (D-PPI).

Since the increase in D-PPI in the first quarter of 2024 was realized as 11.59%, these amounts will be taken into consideration by increasing by 11.59% in the first provisional tax period of 2024.

[You can review our Announcement for the details.](#)

Tax



BULLETIN:
TAX 2024-038
30/04/2024

COMMUNIQUE ON THE APPLICATION OF VAT RATE IN CATERING SERVICES HAS BEEN PUBLISHED

With the VAT General Communiqué Serial No. 51 published in Official Gazette dated 27/04/2024, amendments were made to the VAT General Implementation Communiqué.

Foodstuffs are defined in the list numbered (I) attached to the Council of Ministers Decree 2007/13033 and are subject to VAT at the rate of 1%.

According to the Communiqué, since the enterprises listed in the 24th row of the list numbered (II) are in principle service enterprises, it is stated that VAT at a rate of 10% (20% for alcoholic beverages) should be calculated in the sale of foodstuffs manufactured or outsourced to customers for consumption in or out of these places.

Foodstuffs are subject to VAT at a rate of 1% regardless of where they are delivered. We believe that there is no legal basis for the regulation stating that the VAT rate will be applied as 10% for foodstuff deliveries made in restaurants, cafes and similar establishments as of 01/01/2024. We believe that such a regulation should be made by Presidential Decree, not by Communiqué, and that the Ministry has exceeded its authority with this regulation.

[Click here](#) for the Communiqué Amending Value Added Tax General Application Communiqué (Serial No: 51).

[Click here](#) for the Press Release on the Communiqué on VAT Rate Application in Catering Services.

[You can review our Bulletin for the details.](#)

Tax



BULLETIN:
TAX 2024-039
30/04/2024

NO INFLATION ADJUSTMENT WILL BE MADE FOR THE FIRST PROVISIONAL TAX PERIOD OF 2024

According to repeated Article 298/A-1 of Tax Procedure Law (TPL), personal and corporate income taxpayers who determine their earnings on a balance sheet basis are required to adjust their financial statements for inflation if the increase in D-PPI is more than 100% in the last three accounting periods including the current period and more than 10% in the current accounting period.

Taxpayers within the scope of the scope are obliged to prepare financial statements and make inflation adjustment as of the end of the provisional tax periods. According to the provisions, the conditions for inflation adjustment were realized in the first provisional tax period of the calendar year 2024.

With **Tax Procedure Law General Communiqué (Serial No: 560)**, Ministry of Treasury and Finance has decided not to make inflation adjustment in the first provisional tax period of the 2024 accounting period, based on its authorization in subparagraph (b) of paragraph (8) of paragraph (A) of repeated Article 298/A-8-b of TPL.

If no regulation is made, inflation adjustment will be made in the subsequent provisional tax periods when the conditions for inflation adjustment are met (it is already clear that the conditions are met for the second and third provisional tax periods of 2024) and the adjusted balance sheets will be added to the provisional tax returns.

You can review our Bulletin for the details.

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VALUE
COMMITMENT

Labor Law & Social Security



BULLETIN:
LABOR LAW AND
SOCIAL SECURITY
2024-017
01/04/2024

COMMUNIQUE ON NATIONAL PROFESSIONAL STANDARDS

Certain occupational standards were published by Vocational Qualifications Authority with “Communiqué on National Occupational Standards (Communiqué No: 2024/1)” published in Official Gazette dated 31/03/2024 and numbered 32506.

These occupational standards are as follows.

- Drawer / Illustrator (Level 6)
- E-Publication Coordinator (Level 6)
- Editor-in-Chief (Level 7)
- Graphic Designer (Level 6)
- Graphic Application Specialist (Level 5)
- Edited Manuscript Specialist (Level 6)
- Copyright Agent (Level 5)

[Please click here](#) to access the Communiqué.

[You can review our Bulletin](#) for the details.



BULLETIN:
LABOR LAW AND
SOCIAL SECURITY
2024-018
01/04/2024

SSI CIRCULAR ON THE INSURANCE OF THOSE ENGAGED IN AGRICULTURAL ACTIVITIES

With the Circular; the following sentence has been added to the fourth paragraph of the title “Termination and notification of insurance of those engaged in agricultural activities” in the Circular on “Insurance Transactions” dated 22/02/2013 and numbered 2013/11.

“In addition, in the event that it is subsequently determined that the agricultural chamber record regarding the initiation of the insurance of those whose insurance has been restarted in this way is not in accordance with the procedure, provided that it is determined by the officers in charge of supervision and control of our Institution that the agricultural chamber records regarding the initiation of insurance within the scope of Article 4/1-b-4 of the Law are generally not in accordance with the procedure, the restart of their insurance will be deemed valid if there is a record of Provincial/District Directorate of Agriculture and Forestry on the date their insurance is restarted.”

[Please click here](#) to access the Circular.

[You can review our Bulletin](#) for the details.

Labor Law & Social Security



BULLETIN:
LABOR LAW AND
SOCIAL SECURITY
2024-019
08/04/2024

COMMUNIQUE ON NATIONAL PROFESSIONAL STANDARDS

Certain occupational standards have been amended with the “Communiqués No. 2024/2 and 2024/3 Amending the Communiqué on National Occupational Standards” published by Vocational Qualifications Authority in Official Gazette dated 08/04/2024 and numbered 32514.

Amended occupational standards are as follows:

- Electrical Installer (Level 5)
- Associate Accountant (Level 4)
- Associate Accountant (Level 5)

[Please click here](#) for Communiqué No. 2024/2.

[Please click here](#) for Communiqué No. 2024/3.

[You can review our Bulletin for the details.](#)



BULLETIN:
LABOR LAW AND
SOCIAL SECURITY
2024-021
30/04/2024

PRESS RELEASE ON THE EXTENSION OF THE PREMIUM PAYMENT PERIOD BY CREDIT OR DEBIT CARD

An Announcement dated 30/04/2024 was published by the Actuarial and Fund Management Department of the Social Security Institution.

With the aforementioned Announcement; While citizens can make the payment of premiums and other debts to the Institution via credit or debit cards through the “Premium Payment by Card” application 7 days a week, between 00:15 - 22:00, it has been seen that premium payment applications can be made through the application after 22:00. In order to accept premium payment applications, the payment period has been renewed as 00:15 - 23:00.

In this context, citizens will be able to pay their premiums and other debts to the Institution via the web page of the Institution 7 days a week between 00:15 - 23:00.

[Please click here](#) to access the Announcement.

[You can review our Bulletin for the details.](#)

Audit



ANNOUNCEMENT:
UFRS 2024-002
08/04/2024

DECREE AMENDING THE DECREE ON DETERMINING THE COMPANIES SUBJECT TO INDEPENDENT AUDIT HAS BEEN PUBLISHED

With Presidential Decree dated April 6, 2024 and numbered 8313, “Decree Amending the Decree on Determining the Companies Subject to Independent Audit” was published.

[Please click here](#) to access the Decree.

[You can review our Announcement for the details.](#)

Featured News and Publications of the Month



Our Tax Partner Emrah Akin evaluated “Final Regulation on Implementing VAT Rate of Foodstuffs Sold in Businesses Such as Restaurants and Cafes as 10%” on Bloomberg HT on April 30, 2024.



BDO Global's April Indirect Tax newsletter highlights US state tax considerations. It also discusses various court decisions on indirect taxes, Malaysia's service tax, the tightening of tax agent rules in Italy, and Japan's consumption tax. As e-Invoicing continues to gain momentum, mandatory e-invoicing requirements in more countries are also discussed.

Please [click here](#) to read the full newsletter.



Stay up to date with BDO Global's global tax announcements! To follow developments in Australia, including important changes to the thin cap rules and debt relief rules, Belgian court rulings on the taxation of French-source dividends paid to Belgian residents, and many more, [click here](#).

Published Articles & Columns

ERDOĞAN SAĞLAM

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| T24 | Problems created by the 1 and 5 percentage point reductions in the corporate income tax rate provided to manufacturers and exporters | Read now |
| T24 | VAT rate on foodstuffs to be increased through interpretation | Read now |
| T24 | For the last quarter of 2023, was the depreciation for the last quarter of 2023 understated? | Read now |
| T24 | How will the 1 or 5 points corporate income tax deduction be applied if export and production activities are carried out together? | Read now |
| T24 | The VAT rate of 10 percent for food sold in restaurants and cafes has been finalized; the debate continues! | Read now |
| T24 | For the 2024 first provisional income tax period, no inflation adjustment will be made | Read now |

HALUK ERDEM

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| T24 | Does the communiqué of the Ministry of Finance on how to take into account 'unallowable expenses' and exemptions in inflation adjustment comply with the law? | Read now |
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EMRAH AKIN

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|---------------|-----------------------------------------------------------------------------|--------------------------|
| Vergi Dünyası | Increasing Importance of Indirect Tax Policy in the Fight Against Inflation | Read now |
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