



BDO Monthly Tax Report

MARCH 2021 - TAX DEVELOPMENTS BULLETIN

- BDO'S GUIDELINE ON CORPORATE INCOME TAX RETURN PREPARATION HAS BEEN PUBLISHED
- REDUCED WITHHOLDING IMPLICATION PERIOD HAS BEEN EXTENDED
- TERMINATION PROHIBITION AND CASH WAGE SUPPORT PERIOD HAS BEEN EXTENDED
- VERBİS REGISTRATION PERIOD HAS BEEN EXTENDED
- OUR VIDEO REGARDING ON-THE-JOB TRAINING PROGRAM HAS BEEN RELEASED

► **Interview:** ENDER İNELİ
Partner - Tax, BDO İzmir Office

*"40 yıl bu işi yapmak ne kadar övülse az bir şeydir;
çünkü bu iş fabrikasyon değildir."*

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2021-04

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DENET

We are committed!

to all the values
that make us who we are

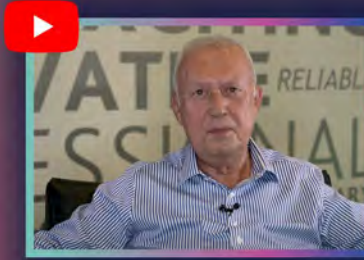
We are all committed to our values,
which have inspired us to trust to each other, the enthusiasm of **working** together,
producing together, and **sharing** together
for along **40 years...**

*As we aim to carry the trust we have gained over the past 40 years into the future,
we also feel the excitement of being a family that grows stronger day by day.*

Click the pictures to watch the videos! ▶



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Partner - Tax



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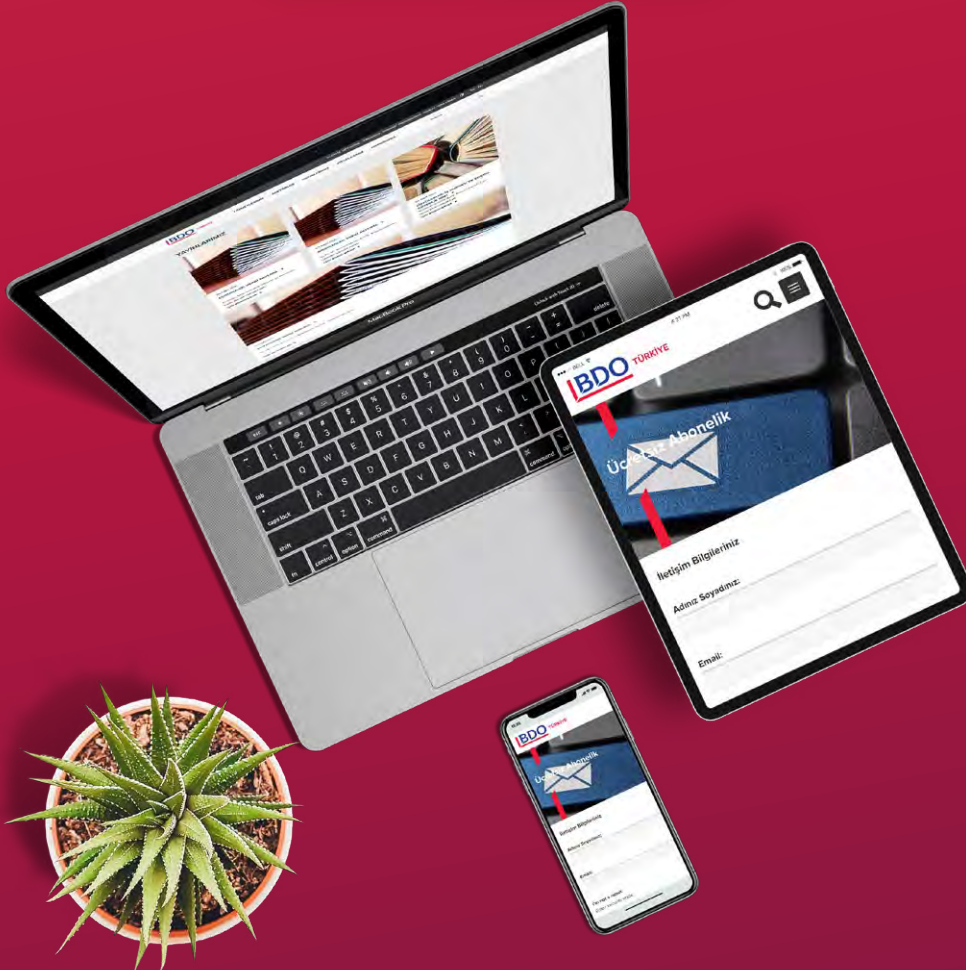


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March 2021 Tax Developments

The month of March has been quite busy due to broadening of the scope of the taxpayers who have to submit Personal Income Tax Return with the regulation effective as of 2020. Corporate Income Tax Returns for the year 2020, on the other hand, must be submitted by the end of April. Due to the preparation and submission process of the declarations, the month of April will also be busy.

Significant financial regulations are being made in order to eliminate the negative impact of the pandemic process on public revenues. With a Law proposal submitted to the Assembly recently, it is stipulated that corporate income tax rate, which is now 20%, will be applied as 25% for the corporate earnings in 2021 and as 23% for the corporate earnings in 2022. As you may recall, the corporate income tax rate, which was previously 20%, was applied as 22% for corporate earnings for the 2018, 2019 and 2020 taxation periods, and was reduced to 20%, which is the legal rate from 2021 earnings.

As stated in our previous bulletins, the limitation on financing expense, which came into our lives again after 17 years, will first be applied in the first advance tax period of 2021. Regarding the details of the implementation, the Revenue Administration made the draft communiqué available to the public on its website on March 24th. One of our company partners, Erdoğan Sağlam, made significant evaluations about the draft communiqué in his article.

In accordance with the new statement made by the Ministry of Industry and Technology, the remote working period in R&D and Design Centers and Technoparks, which expired on 28.02.2020, has been extended to 30.4.2021 provided that the number of employed personnel & total working hours corresponding to the personnel subject to notification do not exceed 60% for the March period and 50% for the April period.

In addition, reduced withholding tax implication period for deposits and dividends, bank bonds, bills, lease certificates issued by asset leasing companies where the fund user is a bank, and earnings from investment funds have been extended until 31.05.2021.

Our explanations and evaluations regarding the regulations made in March have been included in our Bulletins, Announcements and articles in detail.

Hope to see you in our new bulletins,

Kind regards.



M.EMEK KURT

Partner - Tax

Sworn-in Certified Public Accountant

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When I decided to continue my career in a different way while working at Deloitte, we came together with the experts and agreed that setting up a BDO office in İzmir would be so useful for both the region and the tax community. Accordingly, we started our activities on January 2021 at İzmir Office under the name BDO Denet, with the confidence of the partnership with the experts in purpose, togetherness and perspectives.

“We are forty people.
Forty of us know
each other.”

and I took the following exam which was about 4 months later. After passing the exam successfully, I participated in the Tax Inspectors Board where I had a really nice working environment. I did not think of continuing my career in a different field even for one day. I would love to work there for at least 10 years if the Tax Inspectors Board still existed, but I was one of the departers when auditing units in Turkey were combined under a single roof with the Decree Law No.646.

How did Your Story Began with BDO? Why BDO?

My story with BDO began with the experts who formed BDO. We know nearly all the experts who are present at BDO and who formerly worked for BDO but have been retired and departed either in person or by their names. Tax Inspectors community knows each other. In fact, there is a saying that goes “We are forty people. Forty of us know each other.” This saying is valid for our community as well. We are 1402 people.

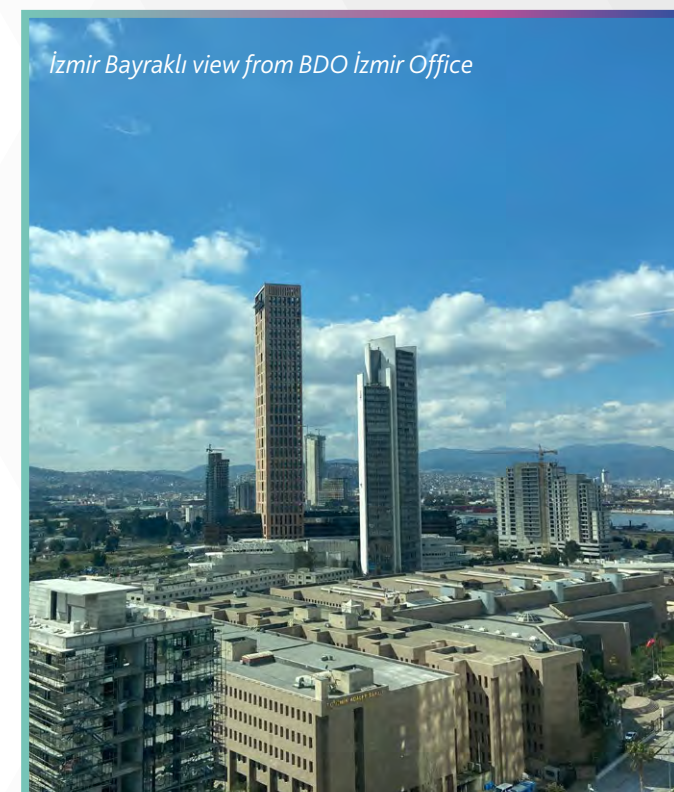
From the year 1945 to 2011, when Tax Inspectors Board was closed, there have been 1402 people in the Board but they all were not from the same period. The ones from the same period know each other even if they live in different provinces. We hereby started to interact with the experts who established BDO, or rather DENET. Our paths have crossed in the public or private sector in one way or another especially with Erdoğan Sağlam and Mehmet Yıldırım, but also with Cemalettin Turan, Haluk Erdem, Emek Kurt, Dursun Küçükaslan and of course Mehmet Maç. DENET was the community's source of pride with its structure and organization as it continues its exceptional work without any disruption for many years. As a structure that is successful at this job at least as much as Big Four, continues its activities in Turkey for 40 years, and combines the global brand of BDO with the local brand of DENET which might be even stronger, BDO always had a great significance for us. When I decided to continue my career in a different way while working at Deloitte, we came together with the experts and agreed that setting up a BDO office in İzmir would be so useful for both the region and the tax community. Accordingly, we started our activities on January 2021 at İzmir Office under the name BDO Denet, with the confidence of the partnership with the experts in purpose, togetherness and perspectives.

BDO DENET is Celebrating Its 40th Anniversary. How would you Like to Comment on This?

Actually, this is a huge success. Even when you look at Big Four - the establishment of Big Four in the world dates back even further – most of them do not exist in the Turkish market for 40 years. BDO DENET may actually be the oldest tax consultancy company in Turkey in real and corporate terms. Even if this is not the case when we take the date of establishment of this company as a basis, BDO DENET is one of the oldest in Turkey, perhaps the oldest, in terms of realizing this work in a corporate sense and branding. Doing this job for 40 years is nothing less than praiseworthy because it is not fabricated. Even if you carry out production in a factory, 40 years is a long time and you actually produce the same product there, but our job is essentially a self-employment service. This service is person-oriented. Regardless of what angle you look at, whatever rules you set, it is very difficult to maintain continuity for 40 years and to ensure customer satisfaction. Existence of BDO DENET for 40 years in Turkey is a great success considering the sector in which it operates and the realities of this sector in Turkey.

What are your Suggestions to Young People and to New Graduates who Want to Work in This Field?

I can say that, first of all, it is necessary to distinguish between job and profession. Especially new graduates need to decide whether they want a job or a profession. I think that two concepts are usually confused with each other. Taxation that we do is a profession. In other words, tax, its audit, accounting, consultancy, tax dispute management, each field of tax is a sub-profession. Therefore, the work that we do is a profession that will continue to be valid as long as states exist. One of the biggest advantages of our profession is that it is suitable for self-employment in the future. There are some jobs that you wouldn't do alone, but our profession is not like that. It can be done within a certain company such as the profession of a doctor or lawyer, or it is suitable for self-employment. Therefore, I always recommend the new graduates to firstly have a profession. Having a profession is like having a gold bracelet on your arm as the old saying goes; it is very significant and valid. The need for people with profession never ends. I can easily recommend a career in this field although it is a bit tough and the investment period is a bit long. Also, the specific sensitivities of this field may not be suitable for everyone because it may require a little too much sacrifice and reading.



My advice to those who think this field is not suitable for them is to find another profession for themselves because taxation is not a forced job. It is a nice field, but the important thing here is whether you can love this job or not. Although it is a cliché, I always believe that "If you do what you love, you will never work a day in your life."

We Have Left the First Quarter of 2021 Behind, What Kind of Year do you Expect for the Sector in the Remaining Period?

Frankly speaking, there are new developments every year that make it harder to do business in our sector. Of course, the economic conjuncture is the leading factor that make it difficult to do business. On the one hand, the Covid pandemic, on the other hand, the untimely turbulence on the economy affects our sector like the other sectors. However, at the same time, there are opportunities created by the sector such as tax inspections, introduction of new legal institutions every day, limitation on financing expenses, and so on. In other words, tax is a very lively field and a field in life. When the state needs income, it amends the tax laws, and the amendments in the tax law affects everyone, directly or indirectly, from companies to individuals. On this occasion, opportunities emerge within the economic difficulties experienced. In general, I can say that doing business in Turkey and in the world is getting harder with each passing day because you have to adapt to the developments. With the Covid pandemic we have started working remotely, but the work that we do is not suitable for working remotely; in other words, we are not used to it. Apart from this, the share of informatics and technology in our business is increasing day by day, and it is not easy to adapt to these, either. People or institutions that manage these processes correctly stand out as successful examples. In this context, I believe that there are some negative developments in the first three months of 2021 as well as some developments that create opportunities. It is a challenging period for us and the country. As the economic status becomes a little more stable after the pandemic is overcome or we become better than today, I hope that we will be positively influenced and perform our profession in a more pleasant environment.

Ender İnelli - BDO İzmir Office



Important developments of the month

BULLETIN: TAX 2021-046

04.03.2021

REMOTE WORKING PERIOD AT R&D AND DESIGN CENTERS AND TECHNOPARKS HAS BEEN EXTENDED UNTIL 30.4.2021

In accordance with the new statement made by the Ministry of Industry and Technology, it was decided that the remote working period in R&D and Design Centers and Technoparks, which expired on 28.2.2020, to be extended to 30.4.2021, provided that;

- Number of personnel subject to notification in relevant enterprises & centers **does not exceed 60% of number of employed personnel for the March period and 50% for the April period** as per the Laws 4691 and 5746, or
- Total working hours corresponding to personnel subject to notification **does not exceed 60% of total working hours for the March period and 50% for the April period** corresponding to total number of employed personnel.

[Click for the full bulletin](#)

BULLETIN: TAX 2021-047

01.04.2021

REDUCED WITHHOLDING IMPLICATION PERIOD HAS BEEN EXTENDED UNTIL 31.5.2021

Implication period of reduced withholding rates stated below has been extended from 31.3.2021 to 31.5.2021;

- Withholding rate to be applied to interests and dividends to be paid to accounts opened between 30.9.2020 and 31.5.2021 or whose maturity is renewed between these dates.
- Withholding rates applied to bank bonds and bills, lease certificates and investment funds issued by asset leasing companies, of which the fund user is a bank

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ANNOUNCEMENT: TAX 2021-037

08.03.2021

LAW NO.7292 REGULATING SAVINGS AND FINANCIAL SYSTEM HAS BEEN PUBLISHED IN THE OFFICIAL GAZETTE AND ENTERED INTO FORCE

"*The Law on Amendments to the Financial Leasing, Factoring and Financing Companies Law and Some Laws dated 04.03.2021 and numbered 7292*" Law) was published in the Official Gazette dated 7.3.2021 and numbered 31416 and entered into force on the same day.

Certain significant regulations made by the Law are as follows:

- Bringing the Banking Regulation and Supervision Agency (BDDK) under supervision and surveillance framework in order to protect the rights and interests of customers who transfer resources to the savings financing system and to create a separate license type in this framework,
- Prohibition and sanctioning of persons or institutions other than those who have been licensed from performing the system without permission and license,



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- Obligation to invest exclusively in certain liquid financial assets in order to prevent the resources collected from customers from being used in other activities in the group in which the firm is included,
- Operation of savings financing companies on an interest-free basis and establishment of relevant institutional practices,
- Following the enforcement of this Law, increase of paid-in capital to at least TRY 50 million of the factoring companies within one year, and financial leasing and financing companies within 6 months, provided that they are operating on the date the Law entered into force.

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BULLETIN: LABOR LAW AND SOCIAL SECURITY 2021-021

09.03.2021

TERMINATION PROHIBITION AND CASH WAGE SUPPORT PERIOD HAS BEEN EXTENDED UNTIL 17.5.2021

With the Presidential Decree No.3592 published in the Official Gazette dated 9.3.2021 and numbered 31418, termination prohibition and cash wage support has been extended for 2 months as of 17.3.2021.

With the mentioned Decree, termination prohibition and cash wage support implications will continue until 17.5.2021.

[Click for the full bulletin](#)

ANNOUNCEMENT: TAX 2021-039

12.03.2021

REGISTRATION PERIOD FOR DATA CONTROLLERS' REGISTRY INFORMATION SYSTEM (VERBİS) HAS BEEN EXTENDED

Due to the COVID-19 outbreak, with the Decree of Personal Data Protection Board dated 11.3.2021 and numbered 2021/238, the period determined to fulfill the obligation to register in Data Controllers' Registry (VERBİS) has been extended as follows:

- 31.12.2020 for real and legal person data controllers whose annual number of employees is more than 50 or annual financial balance sheet value is more than TRY 25 million and who are resident abroad,
- 31.12.2021 for real and legal person data controllers whose annual number of employees is less than 50 and annual financial balance sheet total is less than TRY 25 million and main area of activity is sensitive personal data processing,
- 31.12.2021 for public institution data controllers.

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ANNOUNCEMENT: TAX 2021-040

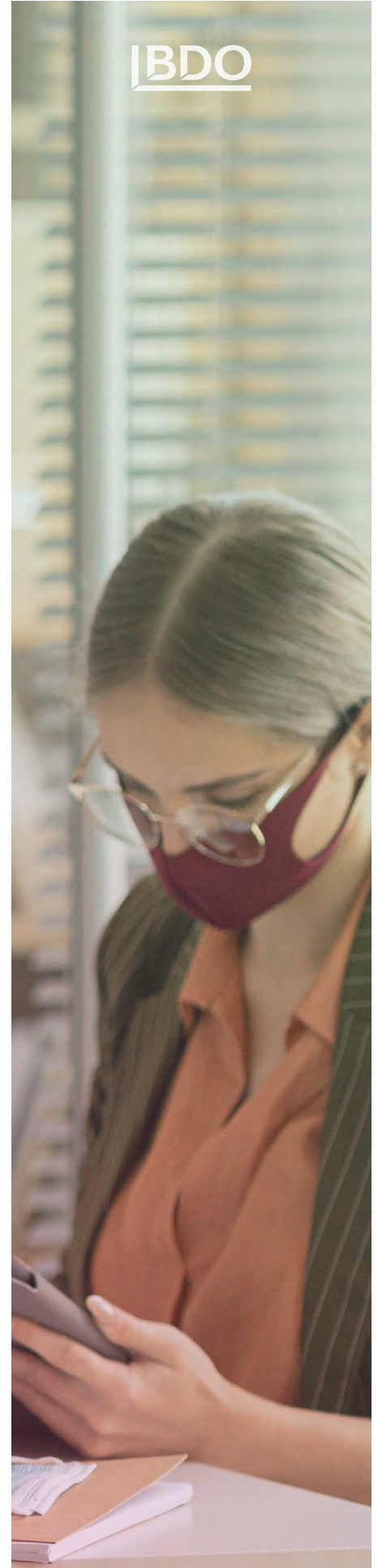
15.03.2021

WOMEN'S STATUS IN WORKING LIFE AND CERTAIN SUGGESTIONS

"Women's Status in Working Life and Certain Suggestions", prepared by BDO's experienced team, has been published.

Advantages provided in legal regulations and support programs for women in Labor Law, social security legislation and Personal Income Tax Law have been analyzed. You can review our Bulletin for details.

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ANNOUNCEMENT: TAX 2021-043

20.03.2021

WHICH RATES TO BE USED TO INDEX INVESTMENT INCENTIVE RIGHTS IN THE FIRST ADVANCE TAX PERIOD OF 2021

As it is known, the part of the investment incentive amounts vested in the following periods due to the expenditures made until 31.12.2005 within the scope of investment incentive certificates issued based on the applications made before 24.4.2003 within the framework of Repealed Annex: 1-6 articles of the Personal Income Tax (PIT) Law, is applied by increasing at the revaluation rate.

Revenue Administration announced that the revaluation rate to be applied in the first advance tax period of 2021 has been determined as 10.09% with **Corporate Income Tax Law Circular No.5520 / 56**.

Accordingly, investment incentive amounts within the scope of Repealed Annex: 1-6 articles of PIT Law, which are referred to as investment incentive rights subject to previous provisions in practice, can be used by increasing with the rate of 10.09% in the first advance tax period of 2021.

[Click for the full announcement](#)

BULLETIN: LABOR LAW AND SOCIAL SECURITY 2021-029

25.03.2021

COMMUNIQUE ON THE APPROXIMATE BUILDING UNIT COSTS IN 2021 TO BE USED IN THE CALCULATION OF ARCHITECTURAL AND ENGINEERING SERVICE COSTS HAS BEEN PUBLISHED

Approximate Building Unit Costs have been published by the Ministry of Environment and Urbanization in the Official Gazette dated 24.3.2021 and numbered 31433.

Approximate Building Unit Costs for the year 2021, which are significant in Minimum Workmanship calculations and will be used in the calculation of architectural and engineering service costs, have been explained in the Communiqué considering the class of the building which is essential for architectural services, including the general expenses (15%) and the contractor profit (10%), excluding VAT.

[Click here](#) for the mentioned Communiqué.

[Click for the full bulletin](#)

ANNOUNCEMENT: TAX 2021-049

02.04.2021

GUIDELINE ON CORPORATE INCOME TAX RETURN PREPARATION FOR EARNINGS IN 2020

"Corporate Income Tax Return Preparation for Earnings in 2020", prepared by BDO's experienced team, has been published.

[Click for the full bulletin](#)



ON-THE-JOB TRAINING PROGRAM



Our Labor Law and Social Security Department Manager Dr. Halit BAŞBUĞA explained the On-the-Job Training Program, one of the employment programs implemented by Turkish Employment Agency (İŞKUR).

Click here to listen to the presentation explaining the features of the program, application conditions, application methods and the amount of savings they will provide to the employers!

[Click for watching video](#)

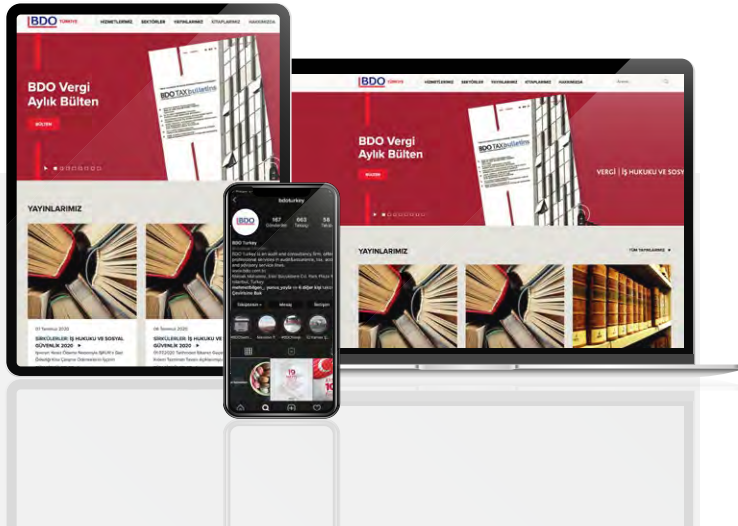


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Erdoğan Sağlam	High salary earners are preparing to file their first income tax return this year	T24	Click for the article
	Can the non-paid withholding tax by the tenant be deducted from the income tax paid by the lessor?	T24	Click for the article
	Declaration status of the income subject to other withholding tax obtained by those who declare their salary income with income tax return	T24	Click for the article
	Which rental income is declared with the annual income tax return?	T24	Click for the article
	Declaration of Eurobond interest and purchase-sale earnings with income tax return	T24	Click for the article
	Problems continue with 5% tax deduction for compliant taxpayers	T24	Click for the article
	Obligation to invest in venture capital, which will be brought to private sector companies as of 2022	T24	Click for the article
	My views on the concept of income based on taxation and transactions such as barter, exchange, expropriation being deemed as "disposal"	T24	Click for the article
	My evaluations about the draft communiqué on financing expense limitation	T24	Click for the article
	Taxation of venture capital investment funds and partnerships	T24	Click for the article
Adem Kefelioğlu	How the wages will be declared together with the new declaration basis and other income items	Dünya	Click for the article
	Reduced Corporate Income Tax Application in Investment Incentives, from which Year the Transferred Contribution can be Increased at the Revaluation Rate	Lebib Yalkın	Click for the column
	Investment Incentives Practices, Project-Based Supports and Move Program	MuhasebeTR	Click for the column
Dr. Halit Başbuğa, Şükrüye Sarı	Implication Types and Areas in terms of Employees and Employers According to the Remote Work Regulation	Lebib Yalkın	Click for the column
Mustafa Kayhan, Mehmet Umut Berberoğlu	Status of Immovables Subject to Inheritance Distribution Agreement against Inheritance and Transfer Tax and Title Deed Fees	Yaklaşım	Click for the column
Kevork Altınkaya	What is DAC 6 that we have come across frequently lately?	Dünya	Click for the article

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