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WEEKLY NEWSLETTER

Metin & Cicek Attorney Partnership Weekly Newsletter

IN THIS ISSUE

Amendment to the Communiqué on Principles Regarding Venture Capital Investment Funds (III-52.4)

- *Official Gazette dated September 21, 2024 and numbered 32669*

The amendments to the Communiqué make it mandatory to add the word “participation” to the titles of funds that comply with participation finance principles. In addition, the signing of a “fund issuance agreement” between investors and funds is made mandatory. New regulations regarding the SAFE method and convertible securities in overseas venture investments were introduced.

Umbrella funds and fund basket funds are allowed, while the amount and collection period of qualified investor resource commitment is regulated. Flexibility was provided in investing in overseas venture companies. Fund issuance documents can be changed more quickly, the responsibility of the investment committee has been increased and the collateralization of fund assets has been expanded.

Amendment to the Regulation on Increasing Efficiency in the Use of Energy Resources and Energy

- *Official Gazette dated September 21, 2024 and numbered 32669*

These amendments reorganize the support programs for increasing energy efficiency and introduce some new definitions. The Regulation adds the term “exam” to the term “training” and transforms voluntary agreement applications into energy efficiency support programs. It is stated that the supports to be provided to applicants within the framework of the support programs focus on energy efficiency improvement projects and reduction of carbon intensity and specific energy consumption. It is also stated that projects can be supported by a maximum of 30% and that these supports will be provided in the form of grants or interest support. The Ministry will determine the procedures and principles of the execution, supervision and application processes of these supports. In addition, applicants for support programs will be subject to on-site inspections and applicants who make false statements will be banned from applying for two years.

Amendment to the General Communiqué on Implementation of National Vehicle Identification System (Sequence No: 1)

- *Official Gazette dated September 21, 2024 and numbered 32669*

According to the additions made to the General Communiqué on the Implementation of the National Vehicle Recognition System, as of July 1, 2025, it will be mandatory to install TTB (Vehicle Recognition Unit) on vehicles subject to registration and registration among the goods in List II annexed to the SCT Law within one month after registration and registration. This obligation will also apply to other vehicles using a vehicle recognition system until June 30, 2025. However, vehicles belonging to public institutions, local administrations and diplomatic missions are exempted from this obligation.

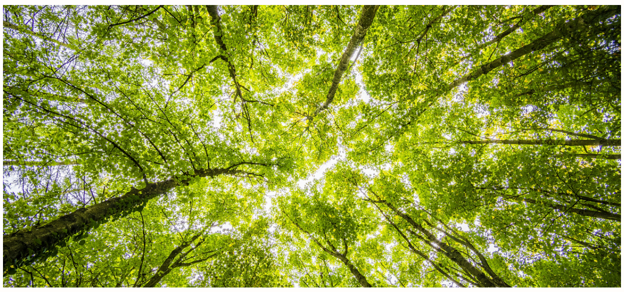
Amendment to the Regulation on Budget and Accounting of Local Authorities

- *Official Gazette dated September 24, 2024 and numbered 32672*

With the amendments made to the Regulation on Budget and Accounting of Local Authorities, various terms and concepts were updated, the term “Environment and Urbanization” was changed to “Environment, Urbanization and Climate Change” and the term “Town” was corrected to “District”. With the new regulations, “program”, “sub-program” and “activity” classifications have been introduced in budget processes, and the outputs and outcomes of public services and the management of budget resources will be carried out according to this classification. Institutional classification has been divided into two levels and economic classification into four levels. In addition, the functional classification has been preserved but will be monitored through information systems instead of being shown in the draft budget. These changes simplify the budgeting system and aim to manage public resources more efficiently. A Budget Preparation Guide for Local Authorities will be prepared to support budget preparation processes and practices will be guided accordingly. Additional tables in the Regulation have also been updated and made more appropriate.

Regulation on the Implementation of Article 16 of the Forestry Law

- *Official Gazette dated September 24, 2024 and numbered 32672*



This regulation regulates the works and procedures for mining exploration, operation, establishment of facilities and infrastructure permits in forest areas. It is based on Article 16 of the Forestry Law No. 6831 and covers permit processes, required documents, preliminary permits, final permits and the fees to be charged for these permits. Applications can be made via e-Government and are reviewed by the forest administration.

Amendment to the Regulation on Special Account for Transformation Projects

- *Official Gazette dated September 25, 2024 and numbered 32673*

The amendments to this regulation focus on the management of special accounts related to transformation projects, revenue sources and allocated appropriations. First of all, some definitions in the regulation have been rearranged and the delegation of authority between relevant departments has been made. The term “Presidency” has been used instead of the Ministry of Environment, Urbanization and Climate Change and its affiliated units, and urban transformation directorates and their areas of authority have been clarified.

Regarding the use of revenues and appropriations, new provisions have been introduced for using revenues from certain sources within the scope of transformation projects. In particular, the expenditures to be made for identifying and demolishing risky areas and buildings have been defined, and loan utilization and repayment conditions have been rearranged. These amendments aim to make the financing of transformation projects and related processes more efficient.

General Communiqué on Tax Procedure Law (Serial No: 565)

- *Official Gazette dated September 25, 2024 and numbered 32673*

The purpose of this communiqué is to reduce the tax compliance costs of taxpayers and to alleviate their obligation to submit notifications. As of September 2024, it has been decided to terminate the Form Ba and Form Bs notifications, which are required to be submitted by taxpayers who keep books on a balance sheet basis, for purchases and sales of goods and services exceeding a certain limit. This change is supported by factors such as the widespread use of electronic document applications and the efficiency of information sharing.

Amendment to the General Communiqué on Tax Procedure Law (Sequence No: 483)

- *Official Gazette dated September 25, 2024 and numbered 32673*

With the amendments made in this communiqué, it is now obligatory to report the financial information of the daily closing (Z) reports issued from YN SCs to the RA electronically. If taxpayers cannot transmit this information through secure service providers (SCR TSM Centers), they can report this information through the systems of special integrators or the Digital Tax Office. In addition, if taxpayers using YN SCCs meet certain conditions, the obligation to use YN SCCs in retail sales may end, but certain conditions must be met in order to maintain this exemption.

Amendment to the General Communiqué on Tax Procedure Law (Serial No: 552)

- *Official Gazette dated September 25, 2024 and numbered 32673*

With the amendment made in this Communiqué, the first paragraph of Article 6 of the General Communiqué on Tax Procedure Law has been amended to include the employees of the taxpayers as well as the professionals who have a specific Electronic Declaration Intermediation and Responsibility Agreement or an agreement within the scope of the Law on Certified Public Accountancy, Certified Public Accountancy and Sworn-in Certified Public Accountancy. This regulation aims to more clearly define the certification of taxpayers' declarations and the responsibilities between them.

Amendment to the General Communiqué on Tax Procedure Law (Serial No: 456)

- *Official Gazette dated September 25, 2024 and numbered 32673*

In this Communiqué, the words "Finance" in the General Communiqué on Tax Procedure Law were updated to "Treasury and Finance", new definitions were added and the use of digital services was encouraged. In addition, taxpayers mentioned in the first acquisition of goods subject to registration and registration are included among the persons to whom electronic notification will be made. The process for obtaining an electronic notification address has been clarified and the obligations related to special consumption tax have been explained. The penalty provisions to be applied to taxpayers who do not comply with the obligations have been determined, and with the Digital Tax Office applications, it is aimed to realize tax transactions in a faster and safer way in the digital environment.

Amendment to Income Tax General Communiqué (Serial No: 318)

- *Official Gazette dated September 26, 2024 and numbered 32674*

This regulation covers income tax exemption for social content creation and services provided over the internet. As of January 1, 2024, earnings of social content producers and mobile application developers from these activities will be exempt from income tax under certain conditions. In order to benefit from this exemption, an account must be opened with a bank established in Turkey and all revenues must be collected through this account. In addition, there are conditions such as the earnings within the scope of the exemption not exceeding a certain income bracket, obtaining exemption certificates and notifying the relevant tax office. In case of loss or breach of the exemption conditions, the relevant earnings will have to be declared in the annual income tax return. This regulation aims to increase the economic efficiency of entrepreneurs operating in the digital environment by determining the tax obligations of social content producers and service providers.

General Communiqué on Tax Procedure Law (Sequence No: 569)

- *Official Gazette dated September 26, 2024 and numbered 32674*

This regulation sets out the procedures and principles for participants in the Istanbul Finance Center to keep their books in foreign currency. The Ministry of Treasury and Finance is authorized to make this regulation without being bound by the provisions of the Tax Procedure Law and the Turkish Commercial Code. Participants are allowed to keep their book entries in any foreign currency starting from the 2025 accounting period, if they meet certain conditions. Participants are obliged to notify the tax office which currency they will use until the end of the first month of the accounting period in which they will start keeping their books in foreign currency. In addition, declarations and other documents related to the books kept in foreign currency must be converted into Turkish lira and submitted. The relevant penalty provisions of Law No. 213 will be applied for the participants who do not comply with the regulation.

Communiqué on Payment of Subsidies for Crop Production and Some Other Agricultural Subsidies

- *Official Gazette dated September 26, 2024 and numbered 32674*

This Communiqué aims to increase crop production, improve yield and quality, reduce production costs and develop environmentally friendly agricultural techniques in Turkey. It also sets out the procedures and principles necessary to support the storage of agricultural products in licensed warehouses. The Communiqué is based on the Presidential Decree on crop production subsidies for 2024 and covers various support payments to farmers such as diesel, fertilizer, soil analysis, organic farming and good agricultural practices.

Income Tax General Communiqué (Serial No: 326)

- *Official Gazette dated September 27, 2024 and numbered 32675*

This Communiqué regulates the procedures and principles to be applied and how the share certificates given to employees of techno start-up companies free of charge or at a discount will be evaluated within the scope of the wage exemption. The portion of the share certificates given to employees that does not exceed the employee's annual gross salary is exempt from income tax. However, if these share certificates are disposed of within a certain period of time, all or part of the exempted tax will be collected from the employer together with the default interest.

In order to benefit from the exemption, the company issuing the share certificates must be qualified as a techno-entrepreneurship company by the Ministry of Industry and Technology and the employees must hold these share certificates for a certain period of time. In addition, if the gross wage in the year of issuance of the share certificate is not known, the calculation will be made based on the monthly gross wage and the taxation procedures will be completed by correcting the wage differences at the end of the year.

Amendment to the Communiqué on Maximum Interest Rates Applicable to Credit Card Transactions (Number: 2020/16)

- *Official Gazette dated September 27, 2024 and numbered 32675*

This communiqué contains amendments and new regulations on the maximum interest rates applicable to credit card transactions. For credit card transactions in Turkish lira, the maximum monthly contractual interest rates have been revised with base point additions determined according to the period debt. Interest rates for corporate credit card transactions, cash withdrawal and utilization transactions were also determined with separate base point additions. Moreover, the maximum interest rate for foreign currency denominated transactions will be calculated over 70 percent of Turkish lira denominated cash withdrawal transactions.

The provisional articles set the effective date of these amendments as November 1, 2024. Until then, the previous rates will apply. It is also stated that the interest rates to be applied in the restructuring of credit card debts cannot exceed the reference rate set by the Central Bank. For participation banks, these rates will be applied as profit share and delay penalty.