

TAX NEWS NO: 2015/2

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Subject:

The provisions of 'Law Proposal on Amendment to Certain Laws and Decree Laws ' (Draft) on corporate tax.

The "Law Proposal on Amendment to Certain Laws and Decree Laws" was submitted to the Chairmanship of the Grand National Assembly of Turkey on 9 March 2015.

The Article 11 of the Draft Law appends a new paragraph to the Article 10 of the Corporate Tax Code which is titled "Other Deductions". As per the article, a deemed interest shall be calculated over the cash amounts contributed as subscribed capital (i.e. either during the incorporation of new companies or during the enhancement of the subscribed capital of the existing companies) to the equity companies and 50% of the interest calculated in such manner shall be deductible from the corporate tax base. The interest rate for the purposes of this calculation shall be the weighted interest rates used for commercial loans announced by the Central Bank of Turkey.

The amounts that could not be utilized due to insufficient corporate tax base shall be carried forward so as to be used in the subsequent periods. The incentive specified above shall start during the year in which incorporation or capital increase is executed and shall be available for utilization in the subsequent fiscal years as well.

The proposal, which aims to promote cash capital increases in Turkey, shall not cover banks and financing companies such as financial leasing companies, factoring, financing companies, asset leasing companies.

Yours sincerely,
Deloitte Turkey

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