

## Further Developments to Tax Ruling on VAT

---

### Legal Alert

Further to our Legal Alert dated 4 March 2015 regarding a potential VAT issue arising from a tax ruling dated 10 February 2015 (holding that Eurobond issuances by Turkish issuers are subject to reverse charge VAT,) the Banks Association of Turkey (*Türkiye Bankalar Birliği*) has re-applied to the Revenue Administration (*Gelir İdaresi Başkanlığı*) issuing the Turkish tax ruling and requested a re-assessment of the issue.

We understand that the Revenue Administration requested the Association to refrain from implementing any transactions based on the tax ruling of 10 February until the revenue administration has finalized its re-assessment of the issue. We, further, understand that the Turkish tax authorities are currently contemplating enacting a circular exempting bonds issued by financial institutions from VAT. As per the draft circular:

- Eurobond issuances by Turkish “financial institutions” shall not be subject to VAT; and,
- “Financial institutions” comprises banks and insurance companies.

It is not clear from the draft circular, whether Eurobond issuances by issuers that do not qualify as financial institutions shall be subject to VAT. We note that the draft circular is not yet in its final form and, hence, may be subject to change.

### Contact information

---



Hakkı Gedik  
Partner, Gedik & Eraksoy  
Contact  
Tel +90 212 371 2953  
[hakki.gedik@gedikeraksoy.com](mailto:hakki.gedik@gedikeraksoy.com)



Gökhan Eraksoy  
Partner, Gedik & Eraksoy  
Contact  
Tel +90 212 371 2952  
[gokhan.eraksoy@gedikeraksoy.com](mailto:gokhan.eraksoy@gedikeraksoy.com)