

## Tax-IA Bulletin

**Bulletin No : 2020-31**

**Date : March 31<sup>th</sup>, 2020**

**Subject : Covid-19 New Omnibus Law referring Turkish Economic Stability Shield Package**

In a newsletter, we presented a summary of the “**Economic Stability Package**” announced after the COVID-19 (Corona virus) evaluation meeting held under the chairmanship of the President of the Republic of Turkey on 18.03.2020. You can find details in the Bulletin No: [2020-23](#).

Most of the measures outlined by the President are regulated by a new Omnibus Law (**No: 7226**), which includes 53 articles and published in Official Gazette, dated March 26<sup>th</sup>, 2020.

A summary of key points is presented below. This Omnibus Law, which originally had 38 articles, while it was extended by the new 2 articles added in Plan & Budget Committee and 13 new articles added in General Assembly. The newly added articles relate to the Covid-19 measures.

We will continue closely monitor the situation around the policy response measures and will provide you with timely updates.

We will provide such periodic updates on a regular basis, while taking into account limitations related to of remote work schedule and digital communication format due to the current health crisis. If you would like to continue receiving monthly or weekly summaries in Turkish/English, let us know.

Below you may find details of the new articles.

### A: Regulations laid down by the **Original Law Proposal**

1. By an article added to the Mining Law (Additional Article 19); in the case of any force majeure, the **financial obligations** and/or **declarations** within the scope of **the Mining Law** will be postponed and the financial obligations will be split into instalments by taking the opinion of the Ministry of Treasury and Finance,
2. A **minimum monthly** wage support of **TRY 75 TL** will be provided to employers throughout 2020 in order to reduce employers’ labour costs to maintain and increase employment,
3. The President is entitled to decide to postpone the **electric and natural gas bills** of **citizens** who are victims of earthquake, fire, flood, landslide or **similar disasters**, and in the case of postponement, cover the late fee to be collected by the electricity and natural gas distribution

companies from consumers due to the postponement, other than the principal, from the budget of the Ministry of Natural Resources,

4. The Turkish Standards Institute will be entitled to **examination staff** from outside the Institute under employment contract,
5. The amount of funds to be transferred to credit guarantee institutions (**CGF**) will be increased from 25 billion Turkish Lira to 50 billion Turkish Lira, and
6. The citizens who do not reside in Turkey and the persons included in the scope of the article 28 of Turkish Citizenship Law will be allowed to participate in **the private pension system in foreign currency**,
7. If, in the case that one of the parties is deceased or foreign, the other party who is a Turkish citizen or that party's counsel applies; the decisions for divorce taken by the judicial or administrative authorities of a foreign country must have been taken and made final by the competent judicial or administrative authority pursuant to the laws of that country.
8. Consumers will be allowed to request for meeting their **electrical needs** from renewable energy sources, and different tariffs may be determined for them,
9. Those who are service-disabled or disabled war veteran and continue working will be entitled to a second allowance, provided that they have paid premium for at least 5000 days with a minimum insurance period of 20 years,

B: Regulations brought by the additions made by the **Planning and Budget Commission** of the Grand National Assembly of Turkey (TBMM)

- The article 75 of the Income Tax Law is amended to ensure that **the exchange rate difference will not be taken into account** in determining the amount of the income obtained from the pension mutual funds established **in a foreign currency**, in which the contribution payments made in foreign currency are deposited.
- With the additional Article 2 added to the Law for Provincial Administration, **the telephone subscriber and location information needed** by the Information Technologies and Communications Authority under the following circumstances shall be provided without delay:
  - a) the telephone subscriber and location information needed by the Disaster and Emergency Management Directorate or the relevant governorship shall be provided without delay within the scope of search, rescue and response activities in disaster and emergency situations, to be limited to people affected by the disaster or emergency,
  - b) within the scope of calls to the emergency call service 112, the telephone subscriber and location information needed by the emergency call service or the relevant governorship to reach the callers shall be provided without delay.
  - In this context, an access system can be established in accordance with the procedures and principles to be determined by the Ministry and the Information Technologies and Communications Authority. Data obtained under this article may not be used for other purposes.

## C. Additions made during the **General Meeting of the Grand National Assembly of Turkey**

1. The Law no 4706 is amended to postpone the fees including the rents, revenue shares and adequate pays that must be paid by **tourism investors and establishments** for the period from April 1<sup>st</sup> to June 30<sup>th</sup> **by six months** without any application,
2. The Labour Law is amended to increase the **make-up** period from 2 months to 4 months,
3. Social Insurance and General Health Insurance Law is amended and by the Additional Article 18, **the lowest salary** paid is increased to TRY 1500, and the holiday bonus will be paid according to the month of the holiday, instead of the date of payment,
4. The Unemployment Insurance Law is amended to alleviate the conditions for **short-time working allowance**,
5. The Law on Bad Checks and Protested Bills is amended to provide relief to those whose principal or instalment payment was **before 24.03.2020** but delayed allowing them to pay by **31.12.2020** or restructure the debt,
6. The Law of Checks is amended to halt execution for crimes committed until **March 24<sup>th</sup>, 2020**, and allow for payment in certain instalments,
7. **Accommodation Tax** which was introduced by the Law No 7194 and planned to start in April 2020 is **postponed to the beginning of 2021**,
8. The Provisional Article 1 added to the Law during the General Meeting regulates the provisions such as periods, procedures, trial, etc. **to prevent loss of rights in jurisdiction**, and
9. The Provisional Article 2 added to the Law during the General Meeting stipulates that the failure to pay **office rent** between March 1<sup>st</sup>-June 30<sup>th</sup> 2020 will not considered as cause of evacuation.

## D. Other Amendments: This Law also amends the following Laws:

1. Identity Reporting Law,
2. Law on the Making, Buying, Selling and Possession of Rifles, Shooting Guns and Hunting Knives Used in Hunting and Sports,
3. Tourism Incentive Law,
4. Private Pension Savings and Investment System Law,
5. Unemployment Insurance Law,
6. Higher Education Institutions Organization Law,
7. Law of Associations,
8. Revenue Administration Law,
9. Law on Renewable Energy Resources,
10. Social Insurance and General Health Insurance Law,
11. Law on Prevention of Laundering Crime Revenues,

12. Law on Foundations,
13. Law on the Regulation of Broadcasts on the Internet,
14. Electricity Market Law,
15. Law on Recruitment,
16. Zoning Law, and
17. Law on Trade Unions and Collective Bargaining Agreements.

- **What is Happening in the World in terms of Policy Responses and Economic Measures?**

Similarly, the European Union, USA and European countries have also been announcing large-scale stability and support packages. The USA, as the locomotive of World economy, has reduced interest rates and allocated a budget of 1.2 trillion USD. Germany has allocated a budget of nearly 500 billion Euro. You can find more: <https://www.taxand.com/our-thinking/taxand-firms-respond-to-covid-19-outbreak/>

- It is known that organizations such as IMF and OECD have similar studies and discourses. A wide range of tax and financial facilities are on the agenda for all affected groups in Italy, France and the UK. Considering the interdependence of all economies worldwide, coordination between countries has become more important than ever, especially for minimizing the progress of recession, unemployment and contraction.
- **IMF updates the measures worldwide.** You can find more information <https://www.imf.org/en/Topics/imf-and-covid19/Policy-Responses-to-COVID-19> IMF gives information regarding with fiscal, monetary and macro-financial and exchange rate and balance of payments for the countries of the World.

We hope you benefit from our bulletins. We will keep announcing other developments in this respect.

Please do not hesitate to contact our consultants for any questions regarding any matter in this bulletin.

Best Regards,



**Independent Advisors | Legal & Tax**

Mecidiyeköy Mahallesi Şehit Ahmet Sok. Ada Residence No: 6-10/51, Kat: 3

34381 Şişli İstanbul Tel: +90 212 211 11 10

Ankara: Kent İş Merkezi, Mustafa Kemal Mahallesi, 2152 Cadde, No:2 Kat:9 Daire No:18

Çankaya/Ankara, 06510 Tel: +90 312 446 92 05

[www.ia.com.tr](http://www.ia.com.tr)