

DEVELOPMENTS IN TAX LEGISLATION

Nov 1, 2024

TAX PROCEDURE LAW CIRCULAR ON INFLATION ADJUSTMENT APPLICATION HAS BEEN PUBLISHED:

In the Tax Procedure Law Circular No. 176 published on November 1, 2024, some explanations regarding the application of inflation adjustment have been made. Some of these explanations are given below:

- The balances in the "178- Multi-year Construction Inflation Adjustment Account" or "358- Multi-year Construction Inflation Adjustment Account" are not subject to further inflation adjustment.
- The difference amounts arising from the inflation adjustment of expenditures followed in the Research and Development Expenses account should not be subject to R&D and design deductions.
- Within the scope of the reduced corporate tax application, the adjustment differences related to the expenditures followed in the assets of the balance sheet after inflation adjustment should not be taken into account in the calculation of the investment contribution amount.
- The portion of the inflation adjustment profit or loss corresponding to the exempt earnings should be determined by the taxpayers with an appropriate distribution key by using elements such as cost or revenue elements between the exempt activities and non-exempt activities and should be exempt.
- Corporate tax rates will be applied at reduced rates to the post-inflation adjustment profits or losses of corporations engaged in export activities or holding an industrial registry certificate and engaged in production activities and whose activities exclusively consist of these activities.

Mustafa Bulut, PhD.
Partner, Sworn in CPA, Chief Auditor

ECOVİS DİPLOMAT Denetim ve Yeminli Mali Müşavirlik A.Ş.