



## NEW PERIOD IN VAT WITHHOLDING APPLICATION

With the amendment made in the General Communiqué on VAT Application, amendments have been made in the partial withholding application to be effective as of March 1, 2021.

The amendments made are as follows in brief.

□ The scope of designated buyers has been expanded.

Regardless of being a VAT taxpayer in the partial withholding application;

- Insurance and reinsurance companies,
- Trade unions and their higher organizations,
- Private universities,
- And mobile electronic communications operators

have been added among the designated buyers.

□ Amendment has been made regarding the rate and the scope in the Construction Works and Engineering-Architecture and Survey-Project Services Performed Together With These Works.

The withholding rate has been increased from 3/10 to 4/10 in the Construction Works and Engineering-Architecture and Survey-Project Services Performed Together With These Works.

Construction works performed towards VAT payers outside of the designated buyers and with a price of 5 million TL and above including VAT have been included in the scope of withholding.

□ The withholding rate has been changed in Modification, Maintenance and Repair Services of Machinery, Equipment, Fixtures and Vehicles.

The rate of withholding made by the buyers in the modification, maintenance and repair services of machinery, equipment, fixtures and vehicles performed towards designated buyers has been increased from 5/10 to 7/10.

□ The withholding rate in the Outsourced Textile and Garment Works, Bag and Shoe Sewing and Intermediation Services for These Works has been changed.

VAT withholding rate of 5/10 made by buyers has been increased to 7/10 in outsourced textile and garment works, outsourced bag and shoe sewing works made towards VAT payers and designated buyers as well as in intermediary services performed by means of assuring those who will outsource with outsourcing businesses and assuring outsourcing businesses with those who will outsource.

□ The withholding rate in Cleaning, Environment and Garden Care Services has been changed.

The VAT withholding rate of 7/10 in Cleaning, Environment and Garden Care Services for VAT payers and designated buyers has been increased to 9/10.



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□ **The scope and the rate of transportation services have been changed.**

Freight transportation service provided to VAT payers and designated buyers has been included in the scope of withholding.

Transportation service procurements made regarding the shuttle services created with the purpose of transporting the personnel, student, customer and so forth on a specific route as well as freight transport service by road procurements (excluding cargo transportation works carried out by taxpayers holding cargo management authorization certificate) are included in the scope of withholding.

VAT withholding rate of 2/10 in freight transportation service procurement and 5/10 in shuttle service procurement will be applied.

In the event that a company that has undertaken the transportation service does not perform this work personally and transfers it to another company, no withholding is made by the buyer of the transportation service in this context. However, the VAT withholding is applied by the company that undertakes the transportation service for the service received from the company that actually performs the transportation service.

□ **The withholding rate has been changed in all kinds of Printing Services.**

In printing services, the VAT withholding rate of 5/10 by buyers has been increased to 7/10.

□ **The scope of institutions that will apply withholding in Other Services has been expanded.**

VAT withholding at the rate of 5/10 will be applied by the buyers in question in service procurements for administration, institutions and organizations within the scope of the charts attached to the Law No. 5018, public institutions and organizations established by law, revolving fund organizations, professional organizations that qualify as public institutions, banks, insurance and reinsurance companies, retirement and aid funds established by law or having legal personality and development agencies and in all other service procurements not specifically specified in the Communiqué.

□ **Some rates have been changed in the Withholding Practice for Services Provided During the Operation Period Regarding Health Facilities Constructed with the Public-Private Partnership Model.**

The phrase "3/10" in the table has been changed to "4/10" and the phrase "7/10" to "9/10".

□ **Commercial Advertising Services have been included in the scope of withholding.**

VAT withholding at the rate of 3/10 will be applied to the purchases of advertising services to VAT payers and designated buyers.

In connection with trade, business, craft or a profession, commercial advertisement; is the announcement in the nature of marketing communication made by advertisers in any medium in written, visual, audio and similar ways in order to ensure the sale or lease of a good or service, to inform or convince the target audience.



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All kinds of commercial advertising service procurements for the promotion and marketing of goods or services (including advertising-related services such as advertising consultancy, advertising planning, preparation and design of advertising content, publication of the advertisement) are included in the scope of withholding. In commercial advertising services that are fully or partially transferred to subcontractors or further subcontractors by their contractors, withholding is applied to the service performed by each contractor on the VAT. Receiving the advertising service through advertising agencies does not prevent the advertising-related services such as publication and production purchased by the agencies in question to be subject to withholding.

Advertising services of professional sports clubs (including corporations) are evaluated within the scope of the section (I / C-2.1.3.2.9.) of the Communiqué on Broadcasting, Advertising and Royalty Revenues of Sports Clubs and printing service procurement regarding the designed advertisements are evaluated within the scope of the section of the Communiqué on All Kinds of Printing Services (I / C-2.1.3.2.12.).

□ All deliveries made to the General Directorate of State Supply Office have been included in the scope of withholding.

In all other deliveries (excluding water, electricity, gas, heating, cooling and similar energy uses) made by VAT payers to the General Directorate of the State Supply Office and not specifically specified in the Communiqué, VAT withholding at the rate of 2/10 will be applied by the said institution.

□ In the fulfillment of the refund requests, it has been stipulated that the VAT declared and accrued by the buyer with the VAT Declaration No. 2 must be paid.

In the fulfillment of the refund requests, the VAT declared and accrued by the buyer with the VAT Declaration No. 2 was not required to be paid, but it has been made obligatory with the regulation made.

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Following the Communique that made regulations regarding the transactions within the scope of the Public Private Partnership Model and the purchases to be made by the State Supply Office, you can find the summary table below, which includes information on services and deliveries over 1.000 TL, withholding rate, who is responsible for the withholding, which will be applied as of 01.03.2021:

	Provided Institutions	Rate	General Implementation Communique
Construction Works and Engineering Architecture and Survey-Project Services Performed Together With These Works	Designated Buyers	4/10	2.1.3.2.1.
Construction Works that Exceed 5 Million TL	VAT Taxpayers	4/10	2.1.3.2.1.
Survey, Plan-Project, Consultancy, Audit and Similar Services	Designated Buyers	9/10	2.1.3.2.2.
Modification, Maintenance and Repair Services of Machinery, Equipment, Fixtures and Vehicles	Designated Buyers	7/10	2.1.3.2.3.
Food Service and Organization Services	Designated Buyers	5/10	2.1.3.2.4.
Labor Supply Services	VAT Taxpayers and Designated Buyers	9/10	2.1.3.2.5.
Building Audit Services	VAT Taxpayers and Designated Buyers	9/10	2.1.3.2.6.
Outsourced Textile and Garment Works, Bag and Shoe Sewing and Intermediation Services for These Works	VAT Taxpayers and Designated Buyers	7/10	2.1.3.2.7.
Customer Finding / Taking Services for Touristic Stores	VAT Taxpayers	9/10	2.1.3.2.8.
Procedures for Broadcasting, Advertising and Royalty Revenues of Sports Clubs	VAT Taxpayers and Designated Buyers	9/10	2.1.3.2.9.
Cleaning, Environment and Garden Care Services	VAT Taxpayers and Designated Buyers	9/10	2.1.3.2.10.
Shuttle Transport Services	VAT Taxpayers and Designated Buyers	5/10	2.1.3.2.11.
Freight Transport Services by Road	VAT Taxpayers and Designated Buyers	2/10	2.1.3.2.11.
All Kinds of Printing Services	Designated Buyers	7/10	2.1.3.2.12.
Commercial Advertising Services	VAT Taxpayers and Designated Buyers	3/10	2.1.3.2.15.
Ingot Metal Deliveries	VAT Taxpayers and Designated Buyers	7/10	2.1.3.3.1.
Delivery of Copper, Zinc, Aluminum and Lead Products	VAT Taxpayers and Designated Buyers	7/10	2.1.3.3.2.
Scrap and Waste Delivery	VAT Taxpayers and Designated Buyers	7/10	2.1.3.3.3.
Delivery of Raw Materials from Metal, Plastic, Rubber, Rubber, Paper, Glass Scrap and Waste and Raw Material Obtained from Garment Scraps	VAT Taxpayers and Designated Buyers	9/10	2.1.3.3.4.
Delivery of Cotton, Mohair, Wool and Fleece, Raw Hide and Leather	VAT Taxpayers and Designated Buyers	9/10	2.1.3.3.5.
Tree and Forest Products Delivery	VAT Taxpayers and Designated Buyers	5/10	2.1.3.3.6.

[You can access the Communique Serial No. 35 published in the Official Gazette on Tuesday, February 16, 2021, from this link..](#)