
Turkey introduces a brand new digital services tax

In brief

On 07.12.2019, a brand new Law numbered 7194, titled “the Law on Digital Services Tax and Amendments to Several Laws and to Statutory Decree numbered 375”, under which a new digital services tax has been brought forward and that is enacted by the Turkish Government has been published at the Official Gazette. The Law describes digital service providers and defines them as taxpayers in terms of DST at the rate of 7.5%. The Law also provides an exemption for whom do not exceed the thresholds by revenue of 20 million Turkish Liras or more derived in Turkey and 750 million Euros or more derived worldwide. Implementation and further details as such will be regulated with administrative regulations. The Law will come into force following its publish at the Official Gazette.

In detail

Turkish Parliament has enacted the Law numbered 7194 providing a new DST. The Law will come into force by its publish at the Official Gazette. the DST will start to apply from the beginning of the third month after the Law come into force.

Who will be the taxpayer?

The Law regulates that the ones defined as digital service provider and who exceeding the exemption thresholds will be subject to DST.

DST will be applied regardless of whether a digital service provider is a resident or non-resident in Turkey; or whether those are taxpayers in terms of other taxes in Turkey or not.

As to exemption provisions of the Law, the digital service providers exceeding following thresholds by their revenue derived from such services will be subjected to the digital services tax:

- 20 million Turkish Liras or more derived within Turkey,
- 750 million Euros or more derived worldwide.

In case the taxpayer is a member to a consolidated group company in terms of accounting, total revenue of the group will be taken into consideration for the application of the above thresholds.

What revenues fall within the scope of the DST?

The DST will be applied for the revenues derived from the provision of the following services in Turkey:

- provision of all types of advertising services on a digital interface, including advertising monitoring and performance measurement as well as management and transmission of user data and technical services for advertising,
- provision and operation of a digital interface which allows user to interact with other, including for the delivery of goods or services between users,

- services offered in the digital environment for listening to, viewing, playing or recording on electronic devices of audio, visual or any digital content, including computer programs, applications, music, video, games, in-game applications and so on; and their sale on a digital basis,
- provision of intermediary service in the digital environment for facilitating the above services.

Provision of one of the services listed above will be subject to DST.

How it will be calculated and that to do to comply with it?

DST will be calculated by applying the rate of 7.5% to amount of the revenues derived for the services listed above.

Digital service providers deriving such revenues will declare and pay the DST in a monthly basis.

What happens in case of non-compliance?

In case the taxpayer of the DST do not comply with its obligations in terms of declaration and payment thereof, Ministry of Treasury and Finance (MoTF) will warn the taxpayer and provides 30 days for compliance.

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