

# newsletter

MONTHLY LEGAL UPDATE | TURKEY

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This newsletter aims at providing a brief outlook on the main legislative changes which occurred in Turkey in the course of December 2015. You may also find previous publications issued by our firm [by visiting our website](#).

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## BANKING & FINANCE

**Circular No 2015/17 on the Interest-free Finance Coordination Board**, issued by the Prime Ministry, was published in the Official Gazette on 15 December 2015 (the "**Circular**"). The Interest-free Finance Coordination Board (the "**Board**") is being established in order to improve Islamic and interest-free finance sectors in Turkey, as well as to contribute to the country becoming an international financial centre. The Board will be chaired by the Minister affiliated to the Undersecretary of the Treasury, and will be composed of the Development Ministry's Undersecretary, the Treasury's Undersecretary, the Finance Ministry's Undersecretary, the Turkish Central Bank's Undersecretary, the Chairman of the Banking Regulatory and Supervision Agency, as well as the Chairmen of the Capital Markets Board, Borsa Istanbul (Istanbul Stock Exchange), the Participation Banks Association of Turkey, and the Participation Insurance Association. The Undersecretary of the Treasury is in charge of ensuring the coordination and cooperation between all the various institutions and organisations.

**Regulation on Payment Services and the Issue of Electronic Money, Payment Institutions and Electronic Money Institutions** published on 27 June 2014 (the "Regulation") was amended on 26 December 2015 with immediate effect.

The main amendments are the following:

- Payments of taxes and duties, social security premiums and relevant penalties have been removed from the scope of invoice payment transactions subject to the Regulation, and therefore no longer qualify as transactions covered under the intermediary licence granted by the Banking Regulation and Supervision Agency ("**BRSA**").
- In principle, all invoice collection institutions are required to conclude a payment services agreement with the establishments issuing the relevant invoice, in order to be entitled to carry out the collection transactions on their behalf. The revised Regulation now provides that institutions procuring services from banks for their payment collection services are no longer required to conclude such a separate payment services agreement if the institution has been expressly authorised to carry out collections under the agreement signed between the banks and the establishments issuing the relevant invoice.
- In the event that foreign banks or financial institutions are shareholders directly or indirectly holding 10% or more of the shares and control of invoice collection institutions or electronic money institutions, then the following documents are no longer required to be submitted to the BRSA in the scope of operation licence applications:
  - The organisational structure of the shareholder;
  - Copies of powers of attorney to carry out transactions to be made with the BRSA;
  - Documents regarding the Board members and the General Manager of the shareholder (such as CVs, undertakings, criminal records etc.).
- Deputy General Managers are no longer considered as natural members of the Board of Directors in the absence of the General Manager.
- Under certain circumstances, invoice collection institutions are no longer required to conclude a framework agreement with customers that only use their services one-time (non-regular) payments. However, the obligation to provide prior information on the terms and minimum requirements for the provision of certain required documents remains applicable.

## ENERGY

**Regulation Amending the Electricity Market Licensing Regulation (the "Regulation")** has been published in the Official Gazette dated 23 December 2016. The Regulation brings the following changes:

- New definitions regarding information and communication technology, such as *enterprise computing system*, *industrial control systems*, *liaison area* and *registered email address* have been included in the Electricity Market Licensing Regulation.

The pre-licence held by a generation licensee may be transferred to a new legal entity with the same shareholding structure, provided that the approval of the Authority is obtained and the requirements foreseen under the Electricity Market Licensing Regulation are also met by this new legal entity. Accordingly, legal entities to be incorporated by way of a spin-off are excluded from this clause.

- Except for wind, solar, hydroelectric and geothermal power plant pre-licence applications, the applicable Environmental Impact Assessment (EIA) decision on the pre-licence application must also be submitted during the pre-licence application process.
- In the event of a capital decrease, the approval of the Authority must be obtained with regards to the amendment of the articles of association during pre-licence applications.
- The Turkish Electricity Transmission Company will report to the Authority on the capacity of the production facilities every year by 1 October for the wind power applications, and by 1 May for the solar power applications. Accordingly, pre-licence application periods for wind and solar power plants are changed to the first five days of April for wind power applications (which was formerly the first five days of October), and the first five days of November for solar power applications (which was formerly the last five days of October).
- A new application for unlicensed generation cannot be made for a power plant that is currently subject to a pre-licence or generation licence application.
- In cases where there is more than one renewable energy pre-licence application, priority will be given to applications for geothermal energy, hydraulic energy, wind energy and solar energy respectively.
- Additionally, the title owner to the relevant land has priority over other applicants in respect of wind and solar power plant pre-licence applications.
- Furthermore, similarly to the licence amendment process, pre-licence amendment applications and the documentation process have been regulated in detail in respect of (i) applicable periods, (ii) grounds for amendment, (iii) evaluation methods and (iv) other requirements.

**Regulation on Distribution System Investments and Auditing the Implementation of the Plans on the Electricity Market**, which was published in the Official Gazette dated 7 January 2007 and numbered 26396, was abolished by the Energy Market Regulatory Authority on 26 December 2015.

**Regulation on Retail Sale Prices regarding the principles and procedures to be followed for the determination of the retail sale prices to be applied by authorised distributors** was published in the Official Gazette dated 30 December 2015. This Regulation prevails over the Communiqué on Revenues from Retail Sales Services and the Regulation on Retail Energy Sale Prices dated 11 August 2002. In this respect, the calculation of retail sale revenues and the operational expenses, as well as the basis of these calculations, have been detailed. Furthermore, the methods of calculating the energy supply costs of the suppliers have been updated.

**Principles and procedures applicable when determining the revenues of the electricity distribution companies and the tariffs applied by them** have been amended and updated by a Communiqué regarding the Regulation of the Distribution System Income (the "Communiqué") and published in the Official Gazette dated 19 December 2015.

In general, the Communiqué sets out that the fees regarding the use of the distribution system will be determined by taking into account all the necessary expenses made by the distribution companies in order to carry out their activities (e.g. operational costs, investment expenditures etc.). Each distribution company submits its pricing procedures and principles to the Energy Market Regulatory Authority for approval. Once approved, the tariff may be applied during the pricing period.

The Communiqué also determines the methods and/or equations used to calculate the system operating revenue requirement and other related notions, such as business expenses, research and development expenses, investment ceilings etc.; parameters, presentation and evaluation of data and estimation of the revenue requirement; the calculation relating to the revenue ceilings and components of management; and the calculation relating to the ceiling of lost energy revenue.

**New Communiqués amending the previous communiqués on the energy labelling of electrical household appliances** have been issued by the Ministry of Science, Industry and Technology and were published in the Official Gazette dated 16 December 2015.

The communiqués set out new requirements for the dealers with regards to "electronic labelling" and "electronic information forms" for Household Dishwashers (IGD-2015/29), Household Refrigerating Appliances (IGD-2015/31), Household Washing Machines (IGD-2015/33), Televisions (IGD-2015/34), Air-conditioning units (IGD-2015/36), Household Tumble Driers (IGD-2015/38), Electrical Lamps and Luminaires (IGD-2015/40), and Vacuum Cleaners (IGD-2015/42).

In this respect, an electronic label in the format and containing the information set out in the related annex must be provided to dealers from 1 January 2016 with a new model identifier. Furthermore, an electronic product information form set out in the related communiqué must be made available to the dealers for each model of the related product to be placed on the market from 1 January 2016. The information to be presented to the end users has been also updated in the related annex.

**New Communiqués determining administrative fines to be imposed in the natural gas, petroleum, LPG and electricity markets for 2016** have been published in the Official Gazette dated 22 December 2015. In this respect, the administrative fines have been increased in accordance with the revaluation ratio determined by the Tax Procedural Law General Communiqué (No 457) as 5.58%.

**Communiqué on Procedures and Principles regarding the Filling and the Periodical Maintenance of the Compressed Gas Cylinders** No IGD-2015/2 has been amended by Communiqué No IGD-2015/49 by the Ministry of Science, Industry and Technology, which was published in the Official Gazette dated 26 December 2015.

The amendments to the communiqué include:

- CNG (compressed natural gas) tubes have been newly defined and included in the scope of Communiqué No IGD-2015/2,
- facilities using compressed gas tubes only within the scope of their project activities and destroying them or returning to the manufacturer at the end of the project have been excluded from Communiqué No IGD-2015/2,
- the list of documents required in order to obtain a certificate of competence for filling compressed gas cylinders has been amended, and
- upon announcement of the procedures and principles of online applications by the relevant Ministry on its web site, applications will only be made online (electronic).

**Communiqué on Inspection, Testing, Maintenance, and Repairing Compliance Certificate of LPG Tubes No IGD-2011/3** was also amended on 26 December 2015 by Communiqué No IGD-2015/50, and it has been stated that, upon announcement of the procedures and principles of online applications by the relevant Ministry on its web site, applications will only be made online (electronic).

**Decision of the Energy Market Regulatory Authority numbered 5800-2, amending the previous decision dated 3 April 2014 and numbered 4952-18, was published in the Official Gazette dated 1 December 2015.** The new decision provides that, following the termination of auto-production licences, requirements such as minimum capital requirement, amendment of the articles of association, insertion of the shareholding structure to the licence etc. must be met only if a new application is made for a new generation facility by the relevant entities. Accordingly, any application to be made by these entities for a modification of the licence due to an increase in the installed power will not require the licence holders to meet the above mentioned conditions.

**By the decision of the Energy Market Regulatory Authority dated 24 December 2015 and numbered 5967,** the free/eligible consumer limit has been determined as 3600 kWh for the year 2016. In other words, the consumption limit for the consumers dropped from 4000 kWh to 3600 kWh as of 1 January 2016.

**It was decided by the Energy Market Regulatory Authority on 24 December 2015** under number 5971-4, that the average wholesale price of electricity within the scope of Renewable Energy Resources intended for the Generation of Electric Power be TRY 0.1487/kWh for the year 2016.

**Council of Ministers' Decree numbered 2015/8317 regarding the extension of certain durations foreseen under the Electricity Market Law No 6446** was published in the Official Gazette dated 24 December 2015. By this decree, the durations set out under the Provisional Article 1 of the Electricity Market Law No 6446 for the implementation of the price equalisation mechanism and the national tariff, as well as the cross-subsidies in the national tariff have been extended for five years (i.e. from 31 December 2015 to 2020). In addition to the above, the incentives to be granted to legal entities holding a generation licence who will start operating for the first time have been extended for five years (i.e. from 31 December 2015 to 2020).

**Limits for the free/eligible consumers in the natural gas market were determined by the Energy Market Regulatory Authority** on 17 December 2015 under decision number 5920. In this respect, it has been decided that the limits of 2015 will continue to be applied for 2016. Please be reminded that for 2015, all consumers other than subscribers consuming natural gas for domestic purposes were classified as free/eligible consumers, and the consumption level for the domestic consumers was 75,000 m<sup>3</sup> per year to gain this status.

**Energy Market Regulatory Authority has decided that distributors holding a petroleum distribution licence** will be entitled to trade amongst themselves as of 1 January 2016 for a period of five years, provided that

- the permit fee related to the relevant year is paid by the party requesting the sale before the sale,
- the sale is limited to oils registered under the supplier and the deliverer,
- gas oil is not subject to trade amongst themselves.

**Energy Market Regulatory Authority has updated its decision on "*Materials related to the crude oil, oil, bunker fuel, mineral oil, base oil and petroleum*"** by its decision dated 17 December 2015 and numbered 5922. In this respect, the customs tariff schedule and customs tariff statistics position of the various types of materials related to oil and fuel have been updated. Accordingly, the decision of the Authority on "*Materials related to crude oil, oil, bunker fuel, mineral oil, base oil and petroleum*" dated 25 December 2014 and numbered 5373 has been abolished.

**Energy Market Regulatory Authority has redetermined the licensing and pre-licensing, as well as the annual, renewal, amendment and endorsement (extension) fees etc.** for 2016 by its decision dated 17 December 2015 and numbered 5927. In this respect, in the Electricity Market, licensing and pre-licensing, as well as the annual, renewal, amendment and endorsement (extension) fees etc. increased at the rate of approximately 5.50%. In addition, the pre-licensing fees of the organised industrial zones have been determined for the first time. Similarly, in the Natural Gas, Petroleum and LPG markets, the fees also increased at the rate between 5.50 - 6%. The new tariff entered into force as of 1 January 2016.

## INSURANCE

**Circular No 2015/51 amending Circular No 2014/8** on the Implementation of the Regulation on Insurance Agencies (the "**Circular**") was issued by the Undersecretary of the Treasury on 3 December 2015.

According to this Circular, the assistant technical personnel, technical personnel and managers of an insurance agency are only allowed to work in that agency and must not accept any other professional occupation. This amendment will enter into force on 1 April 2016.

In parallel, paragraph 14 of Article 7 of the Regulation on Insurance Agencies has been retroactively abolished as from 16 November 2015. Accordingly, a person can no longer become the manager of more than one branch of the same agency operating in the same region.

**Circular No 2015/58 on the List of Reinsurance Companies meeting the Material and Technical Criteria has been issued** by the Undersecretary of Treasury and entered into force on 30 December 2015 ("**Circular**"). This Circular abolishes Circular No 2015/48 issued on 27 November 2015 and regulating similar matters.

The Circular updates the list of reinsurance companies meeting the material and technical criteria based on paragraph 3 of Article 8 of the Capital Adequacy Regulation. This list is accessible through the following link: [http://tsb.org.tr/images/Documents/2015\\_58.pdf](http://tsb.org.tr/images/Documents/2015_58.pdf)

## COMPETITION

The Competition Authority has published a Communiqué on Increasing the Minimum Amount of Administrative Fines to be imposed with respect to a Breach of Law on the Protection of Competition No 4054 (the "**Communiqué**") through the Official Gazette dated 25 December 2015 and numbered 29573.

Applying from 1 January 2016 until 31 December 2016, the administrative fines provided under Article 16 of Law No.4054 have increased, and the relevant minimum amount of an administrative fine to be imposed is fixed at TRY 17,700 as calculated on the basis of 5.58% which is the re-appraisal ratio announced by the Ministry of Finance through the Tax Procedure Law General Communiqué No 457 which was published in the Official Gazette dated 10 November 2015 and numbered 29528.

## TAX

### Authentication requirement for receipt and payments

General Communiqué No 459 of Tax Procedure Law, published in the Official Gazette dated 24 December 2015 and numbered 29572, which entered into effect on 1 January 2016, aims to fight unrecorded transactions by bringing authentication requirements to receipt and payments.

Pursuant to this communiqué, the former limit of TRY 8,000 regarding the authentication requirement for receipts and payment through an intermediary financial institution has been reduced to TRY 7,000. The communiqué comprises all previous general communiqués issued to that date, and covers the following receipts and payments not subject to the certification requirement:

- Transactions of public agencies listed in Law No 5018 on Public Finance Management and Control, and of their circulating capital enterprises;
- Transactions made at capital market intermediary institutions;
- Foreign exchange purchases;
- Transactions carried out at real estate registration offices;
- Transactions carried out at notary publics;
- Deposit payments related to procurements executed by all government institutions.

Failure to comply with this communiqué's requirements will result in penalties regulated by the Tax Procedure Law.

### Requirement for an e-Archive application

General Communiqué No 464 of Tax Procedure Law, published in the Official Gazette dated 24 December 2015 and numbered 29572, imposes an obligation for certain taxpayers who sell goods and services over the internet, to move into the newly established e-Archive system. This e-Archive system consists in the storage of specified electronic data for the same retention periods that apply to books, records and documents under the Tax Procedure Law.

According to this Communiqué, e-commerce taxpayers with an annual gross sales revenue of TRY 5 million or more are required to prepare and collect the documents containing the information related to their operations as from 1 July 2016 for the e-Archive system and send them to the Revenues Administration as from August 2016.

From 1 July 2016 onward, these taxpayers will have to supply the following information via the Ministry of Finance's Data Transfer System ("BTRANS") on a monthly basis, by midnight on the last day of the following month:

- Details of the service provided,
- The name of related person and institutions, as well as their ID and tax numbers.

Penalties regulated by the Tax Procedure Law will apply for failures to comply with this communiqué's requirements.

### **Sale price of securities**

General Communiqué No 50 on Securities issued by the General Directorate of Accounting, published in the Official Gazette dated 25 December 2015 and numbered 29573, which entered into effect on 1 January 2016, fixes specific sale prices for various types of securities for 2016, including notary public papers, passports, permits of residence, identity cards, driving licences, identity cards, bank cheques.

The sale price of the documents enumerated thereunder varies between TRY 8.00 and TRY 108.50.

### **Value-Added Tax (VAT) refund**

Communiqué No 4 Amending the Common Practice of Value-Added Tax has been issued by the Ministry of Finance, and published in the Official Gazette dated 25 December 2015 and numbered 29573 (the "**Communiqué**").

According to the Communiqué, VAT that could not be deducted within a relevant year can be reimbursed if, for 2016, the threshold of TRY 20,600 is surpassed.

### **5.58% revaluation rate for 2016**

General Communiqué No 457 of Tax Procedure Law, published in the Official Gazette dated 10 November 2015 and numbered 29528, has set the revaluation rate at 5.58% for 2016.

Accordingly, limitations and amounts to be applied as of 1 January 2016 as per the communiqués published in the Official Gazette dated 25 December 2015 and numbered 29573, are as follows:

- The General Communiqué No 12 of Special Communication Tax has set the special communication tax as TRY 46.00.
- The General Communiqué No 46 of Motor Vehicles Tax, motor vehicle taxes will vary between:
  - TRY 66 and TRY 22,716 for automobiles, minibuses, cross country vehicles and motorcycles of specified characteristics;
  - TRY 243 and TRY 3,399 for land vehicles out of the scope of the specifics indicated in the first list;
  - TRY 6,051 and TRY 50,489 for planes and helicopters, depending on the age and the engine capacity of the vehicle.

**General Communiqué No 47 of the Law on Municipal Revenues sets the sanitation tax as follows:**

- TRY 0.27 for residential properties located in metropolitan municipalities and TRY 0.21 for residential plots located in other municipalities;
- From TRY 26 to TRY 3,250 for workplaces and buildings used for other purposes located in metropolitan municipalities;
- From TRY 21 to TRY 2,600 for workplaces and buildings used for other purposes located in non-metropolitan municipalities;
- From TRY 10 to TRY 1,300 for residential properties, workplaces and buildings used for other purposes located in municipalities in development priority regions and having a population of less than 5,000 people.

**General Communiqué No 47 on Inheritance and Transfer Tax sets the exemption amounts for 2016 as follows:**

- TRY 170,086 for each pourparty of the consort and lineal kinship (TRY 340,381 for the pourparty of the consort in the absence of lineal kinship);
- TRY 3,918 for donations;
- TRY 3,918 for prizes gained in games of chance.

Additionally, the inheritance and transfer tax will be calculated as follows for the following incomes:

Taxbase	Tax rate (%)	
	Inheritance	Non-controversial transfers
For the first TRY 210,000	1	10
For the following TRY 500,000	3	15
For the following TRY 1,110,000	5	20
For the following TRY 2,000,000	7	25
For the part of the tax base surpassing TRY 3,820,000	10	30

**General Communiqué No 59** of the Stamp Tax Law limited the maximum amount collectible for each document to TRY 1,797,117.30.

**General Communiqué No 67** of the Real Estate Tax Law states that the taxes of the taxpayers' buildings, lands, and grounds will be calculated at the rate of half of the determined the revaluation rate, 2.79% as per the provisions of the Tax Procedure Law.

**General Communiqué No 75** of the Fees Law stipulates the recalculation of the amount of fees depending on the new revaluation rate.

**General Communiqué No 290 on Income Tax stipulates the recalculation of the limits and amounts of exemptions and reductions in line with the revaluation rate set for 2016 as follows:**

- Exemption amount for income from immovable properties is set as TRY 3,800;
- Exemption amount for income from food service to employees outside of workplace is set as TRY 13.70;
- Reduction for the handicapped is set from TRY 210 to TRY 900 depending on the severity of the handicap;
- The work place lease amount (one of the conditions for being qualified as a single-entry book keeper) is set as TRY 6,300 for workplaces located in metropolitan municipalities, and TRY 4,200 for workplaces located in other municipalities;
- Limits determining the special conditions for being qualified as a single-entry book keeper are set from TRY 42,000 to TRY 126,000
- Exemption amount for capital gains is set as TRY 11,000;
- Exemption amount for incidental income is set as TRY 24,000;
- Declaration submission threshold for income from movable and immovable properties not subject to withholding tax is set as TRY 1,580.

Furthermore, the income tax rates to be applied to income will be calculated as follows:

Tax base	Tax rate
Up to TRY 12,600	15%
Between TRY 12,600 and TRY 30,000 (For TRY 12,600 of the total amount, income tax shall be TRY 1,890) In excess	20%
Between TRY 30,000 and TRY 69,000 (For TRY 30,000 of the total amount, income tax shall be TRY 5,370) In excess [for TRY 30,000 of salary incomes amounting to TRY 110,000, income tax shall be TRY 5,370] In excess	27%
Over TRY 69,000 (For TRY 69,000 of incomes higher than TRY 69,000, income tax shall be TRY 15,900) In excess [for TRY 110,000 of salary incomes higher than TRY 110,000, income tax shall be TRY 26,970] In excess	35%

In addition to above, the General Communiqué stipulates:

- the limits on income arising from the sales of specific products determined thereunder in order to be qualified as single-entry book keeper;
- the prolongation of the system of issuance of a sole invoice at the end of the day for undocumented transactions until 31 December 2016; and

- the discount rate to be applied to some income obtained in 2015 from immovable properties as 60.39%. No discount will be applied for income arising from foreign currency, gold and other immovable properties indexed to another value.

**General Communiqué No 460 on Tax Procedure Law** foresees the recalculation of the amounts of fees regarding commercial book conservation, announcements, as well as irregularity fines and special irregularity fines varying between TRY 2.70 and TRY 126, depending on the nature of the taxpayer and the degree of irregularity.

### **E-invoices for sales with VAT to entities not residing in Turkey**

General Communiqué No 461 Amending General Communiqué No 454 of Tax Procedure Law, published in the Official Gazette dated 25 December 2015 and numbered 29573, regulates that, entities that issue invoices for product exports and accompanied product exports by means of Article 11 of Law No 3065 on Value Added Tax (sales to non-residents upon which VAT is calculated) must issue their invoices as e-invoices as of 1 January 2017; the principles of which will be explained in detail in the "*Electronic Invoice Application on Customs Operations Guidance*" to be published in [www.efatura.gov.tr](http://www.efatura.gov.tr)

### **E-invoices for aerial transportation service providers**

General Communiqué No 462 of Tax Procedure Law, published in the Official Gazette dated 25 December 2015 and numbered 29573, regulates the procedures and principles regarding the issue of invoices in electronic media, and the transfer of issued e-invoices to their recipients, for taxpayers providing aerial transportation service in domestic or international extent.

The e-invoice practice provided thereunder is facultative and willing taxpayers should receive approval from the Revenues Administration.

Service providers can choose either the delivery of the e-ticket via electronic media or as a printed document. Authorisation of the Revenues Administration is required for both types of delivery.

According to this communiqué, the minimum content of the airway ticket must include the title of the airway company, the first and last names of the passenger, the document number, issue date, nature and amount of service, and payment method.

### **E-Tickets for cinemas, theatres, concerts, sporting competitions and related service providers**

General Communiqué No 463 on Tax Procedure Law published in the Official Gazette dated 25 December 2015 and numbered 29573 regulate the procedures and principles regarding the issue of tickets via electronic media, and the transfer of issued e-tickets to their recipients. E-tickets must be issued in an electronic environment, provided with an electronic signature, and sent to the customers in a printable format. The electronic signature must be issued from a special integrator. Taxpayers wanting to become special integrators have to apply to the Revenue Administration to obtain a licence. They are held responsible for the privacy of any information written on e-tickets that they obtain, considered as trade secret.

According to this communiqué, the minimum content of the e-ticket must include details regarding the issuer, and the name of the tax office with which the issuer is registered, the document number and issue date, the date and time of the event, the name and place of the event, the seat number, the nature and amount of service, and the payment method. Official emblems as well as the expression "Authorised Electronic Ticket" are also required to appear on the e-ticket.

### Procedures and Principles of the New-Generation Cash Registers

Several amendments regarding the use of new generation cash registers have been made by General Communiqués Nos 465 and 466, published in the Official Gazette dated 25 December 2015 and numbered 29573.

**General Communiqué No 465** of Tax Procedure Law regulates the procedures and principles regarding registration, sale, and after-sale services of the New-Generation Cash Registers to be provided to their users in an electronic environment.

**General Communiqué No 466** of the Tax Procedure Law, amending General Communiqué No 426, postponed the commencement date of the obligation to use New-Generation Cash Registers for specified taxpayers.

Accordingly, the commencement date of the obligation is stipulated as follows:

- 1 April 2016 for taxpayers of which the sales or gross returns exceeded TRY 1 million in 2014;
- 1 July 2016 for taxpayers of which the sales or gross returns were between TRY 1 million and TRY 500,000 in 2014;
- 1 October 2016 for taxpayers of which the sales or gross returns were between TRY 500,000 and TRY 150,000 in 2014;
- 1 January 2017 for taxpayers of which the sales or gross returns were less than TRY 150,000 in 2014.
- 1 January 2017 for taxpayers who started their business in 2015.

Taxpayers can use their existing cash registers until these dates, but no additional memory will be provided for them should their memory become full.

Taxpayers who will start their business after 1 January 2016 must apply for the new system in 30 days (60 days in development priority regions) as from the starting date of their business.

Taxpayers exempted from using the cash register system as per the provisions of Law No 3100 on the Requirement of Cash Register Usage for Value-Added Taxpayers, are also exempt from using the new system.

Cinemas, theatres, concerts, sporting competitions and related ticket providers are obliged to use the new system, if they opt for a cash register to print their tickets.

### Economic life periods and amortisation rates and of Economic Assets subject to amortisation

General Communiqué No 458 of Tax Procedure Law amending General Communiqué No 333 published in the Official Gazette dated 25 December 2015 and numbered 29573 modifies and adds further categories of economic assets to the charts provided by General Communiqué No 333, along with their economic life periods in years and amortisation rates.

### Postponement of e-notification usage

General Communiqué No 467 of Tax Procedure Law amending General Communiqué No 456 was published in the Official Gazette dated 29 December 2015 and numbered 29577.

According to the new General Communiqué, the deadline for the application to the e-notification system for income and corporate taxpayers is postponed to 1 April 2016 instead of 1 January 2016.

### **Coefficients related to fees of transactions made by the General and Honorary Consulates of the Republic of Turkey**

General Communiqué No 76 of the Fees Law of the Ministry of Finance, published in the Official Gazette dated 31 December 2015 and numbered 29579, entered into effect on 1 January 2016. The purpose of the communiqué is to determine and announce the exchange rate in US Dollars taken as a base for the coefficients to be applied together or separately to tariffs related to fees of all transactions done by General and Honorary Consulates of Turkey.

Accordingly, the threshold and upper limit of the tariffs related to fees of all transactions made by General and Honorary Consulates of the Republic of Turkey have been updated based on the exchange rate of 1 USD = TRY 2.93. In this respect, the coefficients provided for thereunder will range between 0.433 and 3.29.

## **ENVIRONMENT**

**Regulation on Procedures and Principles to be complied with for the determination of Tariffs of Waste Water Infrastructure and Domestic Solid Waste Disposal Facilities** which was published in the Official Gazette dated 27 October 2010 and numbered 27742 (the "**Regulation**"), has been amended by the Amending Regulation published in the Official Gazette dated 30 December 2015 and numbered 29578.

In this respect, the Provisional Article 1 provides an extension of time for the compliance with the Regulation, and clearly states that all waste water infrastructure authorities and domestic solid waste administrations that are not in compliance with the Regulation (i.e. technical lack of infrastructure including the determination of tariffs, subscription, conclusion of agreements and apportionment/cost calculation) must ensure their compliance by 31 December 2016.

**"Ministry of the Environment and Urbanisation has published a communiqué on administrative fines to be imposed** in accordance with Environmental Law No 2872 (the "**Communiqué**") through the Official Gazette dated 28 December 2015 and numbered 29576.

Basically, the Communiqué provides a list of revised amounts of administrative fines determined under Article 20 of the Environmental Law No 2872, which have been revised, increased and calculated on the basis of 5.58%, as the re-appraisal ratio announced by the Ministry of Finance through the Tax Procedure Law General Communiqué No 457 (which was published in the Official Gazette dated 10 November 2015 and numbered 29528).

**Various communiqués have been published for the implementation of the Regulation on Eco-Design Requirements for Energy**, which entered into force through the Council of Ministers' Decision numbered 2010/643. In this respect, the Ministry of Science, Industry and Technology (the "**Ministry**") has (i) published three amendment communiqués and (ii) introduced a new communiqué on water pumps on 31 December 2015 through the Official Gazette numbered 29579, as follows:

- **Communiqué on Amendments to the Communiqué on Eco-design requirements for Televisions** (SGM-2015/51) provides a revised and detailed version of the technical definitions (i.e. network port, remotely initiated trigger, wireless network access point etc.). Another novelty brought by this communiqué is the possibility to deactivate wireless network connection(s). In this respect, if a networked television has the ability to connect to a wireless network, it must be possible for the user to deactivate the wireless network connection(s). This requirement does not apply to products that rely on a single wireless network connection for intended use and have no wired network connection.

- **Communiqué on Amendments to the Communiqué on Eco design requirements for standby, off and networked standby mode electric power consumption of electrical and electronic household and office equipment** (SGM-2015/52) has changed the title of the previous communiqué No SGM-2011/7 and added the "networked standby mode" into the title. In line with this title change, the Ministry revised the content of the communiqué accordingly. Moreover, the technical definitions such as network port, networked equipment with high network availability have been revised. The Annex IV of this communiqué also provides the criteria of comparison on the basis of watts (W) for the consumer appliances (i.e. radio sets, video recorders and cameras, hi-fi recorders etc.) set forth under section 3 of annex I of this communiqué.
- **Communiqué on Amendments to the Communiqué on Eco-design requirements for glandless standalone circulators and glandless circulators integrated in products** (SGM-2015/46) states that glandless standalone circulators must meet the energy efficiency index (*EEI*) (which is not higher than 0.23) to be calculated as of 1 February 2016. Accordingly, glandless circulators integrated in products must meet the *EEI* (which is not higher than 0.23) to be calculated as of 1 February 2018.
- In addition to the above, a communiqué on eco-design requirements for water pumps (SGM-2015/44) entered into force through the Official Gazette published on 31 December 2015 and numbered 29579. In this respect, the requirements for water pumps to be presented to the market have been determined. This communiqué does not cover fire extinguishing intentional water pumps, reciprocating pumps and self-priming pumps, which are specially designed for clean water applications lower than 10 degrees and higher than 120 degrees.

## EMPLOYMENT LAW

**The Law on Unemployment Insurance**, published in the Official Gazette No 23810 of 8 September 1999, was amended by the Decree of the Council of Ministers numbered 2015/8321 in Official Gazette No 29576 of 28 December 2015.

Within the scope of the amendment, the implementation of the provisional Article 10 of the law is extended until 31 December 2020. By this means, the incentives with respect to the some part of the employer's contribution share in the premiums of the employees who are within the scope of that article will be paid from the Unemployment Insurance Fund until 31 December 2020.

**The Minimum Wage Determination Commission, which is organised under the Ministry Of Labour And Social Security, has declared the new minimum wage.** According to the decision of the Commission published in Official Gazette No 29579 of 31 December 2015, the gross minimum wage for one day has been determined as TRY 54.9 between 1 January 2016 and 31 December 2016. Thus, the monthly gross minimum wage has been determined as TRY 1,647.

Because of this amendment to minimum wages, the implementation of Article 82 of the Law on Social Security And General Health Insurance, which prescribes the lower and upper limits of the daily earnings that will be taken into account en calculating the social security premiums to be received has been changed to:

The Lower Limit of Monthly Earnings	The Upper Limit of Monthly Earnings
TRY 1,647.00 (Gross)	TRY 10,705.50 (Gross)

**The calculations of the discount rates to be made in income tax rates for the employees in relation to the minimum living allowance** according to the above-mentioned amendment are shown as follows;

The Minimum Living Allowance amounts will be calculated according to the rates determined in accordance with the employees' marital statuses and applied over the annual minimum wage (which corresponds to TRY 1,647 \* 12 months = TRY 19,764 for 2016). In addition, 1/12 of the income tax amount calculated (which will be implemented as 15% as per Article 193 of the Income Tax Law) over the Annual Minimum Wage Level will be discounted from the employees' income tax payable on a monthly basis. Please note that the rates of the minimum living allowance to be applied vary according the marital statuses of the employees.

## CONSUMER LAW

Several novelties have been brought by the Regulation on Comparative Advertising and Unfair Trade Practices (the "**Regulation**"), which has been entered into force through the Official Gazette dated 10 January 2015 and numbered 29232.

Although paragraph 2 of Article 8 of the Regulation is a crucial one, setting out the concept of comparative advertisement as a statement of information related to a rival product and/or service and was supposed to enter into force on 10 January 2016, the relevant date has now been postponed to 31 December 2016, through an amendment regulation published in the Official Gazette dated 25 December 2015 and numbered 29573.

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