

Turkey

Turkey has met all aspects of the terms of reference (OECD, 2021^[3]) (ToR) for the calendar year 2020 (year in review), and no recommendations are made.

In the prior year report, as well as in the 2017 and 2018 peer review reports, Turkey received a recommendation for identifying and exchanging information on new entrants to the grandfathered IP regime and exchanging information on all taxpayers benefitting from the third category of assets in the IP regime (ToR I.A.1.3). Turkey has addressed this issue and therefore the recommendation is now removed.

Turkey can legally issue one type of rulings within the scope of the transparency framework.

In practice, Turkey issued rulings within the scope of the transparency framework as follows:

Type of ruling	Number of rulings
Past rulings	3
Future rulings in the period 1 April 2016 – 31 December 2016	0
Future rulings in the calendar year 2017	8
Future rulings in the calendar year 2018	0
Future rulings in the calendar year 2019	0
Future rulings in the year in review	0

No peer input was received in respect of the exchanges of information on rulings received from Turkey.

A. The information gathering process (ToR I.A)

1130. Turkey can legally issue the following type of ruling within the scope of the transparency framework: cross-border unilateral APAs and any other cross-border unilateral tax rulings (such as an advance tax ruling) covering transfer pricing or the application of transfer pricing principles.

1131. For Turkey, past rulings are any tax rulings within scope that are issued either: (i) on or after 1 January 2014 but before 1 April 2016; or (ii) on or after 1 January 2010 but before 1 January 2014, provided they were still in effect as at 1 January 2014. Future rulings are any tax rulings within scope that are issued on or after 1 April 2016.

1132. In the prior years' peer review reports, it was determined that Turkey's undertakings to identify past and future rulings and all potential exchange jurisdictions were sufficient to meet the minimum standard. In addition, it was determined that Turkey's review and supervision mechanism was sufficient to meet the minimum standard. Turkey's implementation remains unchanged, and therefore continues to meet the minimum standard.

1133. Turkey has met all of the ToR for the information gathering process and no recommendations are made.

B. The exchange of information (ToR II.B)

1134. Turkey has international agreements permitting spontaneous exchange of information, including being a party to (i) the *Multilateral Convention on Mutual Administrative Assistance in Tax Matters: Amended by the 2010 Protocol* (OECD/Council of Europe, 2011^[4]) ("the Convention") and (ii) bilateral agreements in force with 86 jurisdictions.¹

1135. As Turkey did not issue any rulings within the scope of the transparency framework in the relevant period, Turkey was not required to exchange any information on rulings in the year in review and no data on the timeliness of exchanges can be reported.

1136. In the prior years' peer review reports, it was determined that Turkey's process for the completion and exchange of templates were sufficient to meet the minimum standard. With respect to past rulings, no further action was required. Turkey's implementation in this regard remains unchanged and therefore continues to meet the minimum standard.

1137. Turkey has the necessary legal basis for spontaneous exchange of information, a process for completing the templates in a timely way and has completed all exchanges. Turkey has met all of the ToR for the exchange of information process and no recommendations are made.

C. Statistics (ToR IV)

1138. The statistics for the year in review are as follows:

Category of ruling	Number of exchanges	Jurisdictions exchanged with
Cross-border unilateral APAs and any other cross-border unilateral tax rulings (such as an advance tax ruling) covering transfer pricing or the application of transfer pricing principles	0	N/A
IP regimes: total exchanges on taxpayers benefitting from the third category of IP assets, new entrants benefitting from grandfathered IP	23 ²	Canada, Germany, Greece, Italy, Korea, Netherlands, United States, United Kingdom

regimes; and taxpayers making use of the option to treat the nexus ratio as a rebuttable presumption		
Total	23	

D. Matters related to intellectual property regimes (ToR I.A.1.3)

1139. Turkey offers two intellectual property regimes (IP regime) that are subject to transparency requirements under the Action 5 Report (OECD, 2015^[1]). It states that the identification of the benefitting taxpayers will occur as follows:

Technology development zone regime:

- **New entrants benefitting from the grandfathered IP regime:** Transparency obligations apply for the regime, because grandfathering is provided to entrants that entered the regime after the relevant date from which enhanced transparency obligations apply. In addition, the regime has been found to be actually harmful to the extent of extended grandfathering to taxpayers that entered the regime between 1 July 2016 and 19 October 2017. Therefore, the period for enhanced transparency for new entrants on the grandfathered regime is from 6 February 2015 until 19 October 2017. During the year in review, Turkey identified both new taxpayers and new IP assets of existing taxpayers entering the regime and information has been exchanged. Therefore, Turkey's process for identifying and exchanging information on new entrants to the grandfathered IP regime is now sufficient to meet the minimum standard.
- **Third category of IP assets:** In order for taxpayers to benefit from the third category of IP assets, the Ministry of Industry and Technology issues project completion documents, after the research-development project is completed and the assets have been created. A company requests the completion document electronically and the Ministry of Industry and Technology assesses the application to determine whether the relevant IP assets have been created in the zone and the resulting income is therefore eligible for the tax benefit. After the document is approved and issued electronically by the Ministry, it is provided to the taxpayer. Turkey has also obliged taxpayers to declare their exempted IP income on a quarterly basis for the third category of IP assets in the temporary tax return. During the year in review, Turkey identified these taxpayers and information has been exchanged. Therefore, Turkey's process for identifying and exchanging information on the third category of IP assets is now sufficient to meet the minimum standard.
- **Taxpayers making use of the option to treat the nexus ratio as a rebuttable presumption:** not applicable as the regime does not allow the nexus ratio to be treated as a rebuttable presumption.

5/B regime:

- **New entrants benefitting from the grandfathered IP regime:** as this is a new IP regime rather than a grandfathered IP regime, transparency on new entrants was not required.
- **Third category of IP assets:** not applicable as the regime does not allow the third category of IP assets to qualify for the benefits.
- **Taxpayers making use of the option to treat the nexus ratio as a rebuttable presumption:** not applicable as the regime does not allow the nexus ratio to be treated as a rebuttable presumption.

Summary of recommendations on implementation of the transparency framework

Aspect of implementation of the transparency framework that should be improved	Recommendation for improvement
	No recommendations are made.

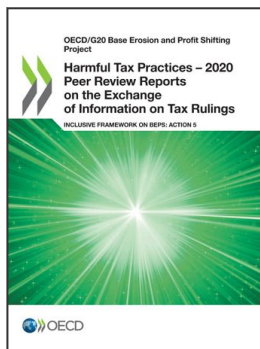
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- OECD (2015), *Countering Harmful Tax Practices More Effectively, Taking into Account Transparency and Substance, Action 5 - 2015 Final Report*, OECD/G20 Base Erosion and Profit Shifting Project, OECD Publishing, Paris, <https://dx.doi.org/10.1787/9789264241190-en>. [1]
- OECD (ed.) (2017b), *Harmful Tax Practices - 2017 Progress Report on Preferential Regimes*, OECD Publishing, Paris, <http://dx.doi.org/10.1787/9789264283954-en>. [2]
- OECD/Council of Europe (2011), *The Multilateral Convention on Mutual Administrative Assistance in Tax Matters: Amended by the 2010 Protocol*, OECD Publishing, Paris, <https://dx.doi.org/10.1787/9789264115606-en>. [4]

Notes

¹ Parties to the Convention are available here: www.oecd.org/tax/exchange-of-tax-information/convention-on-mutual-administrative-assistance-in-tax-matters.htm. Turkey also has bilateral agreements with Albania, Algeria, Australia, Austria, Azerbaijan, Bahrain, Bangladesh, Belarus, Belgium, Bosnia and Herzegovina, Brazil, Bulgaria, Canada, China (People's Republic of), Croatia, Czech Republic, Denmark, Egypt, Estonia, Ethiopia, Finland, France, Gambia, Georgia, Germany, Greece, Hungary, India, Indonesia, Iran, Ireland, Israel, Italy, Japan, Jordan, Kazakhstan, Korea, Kosovo, Kuwait, Kyrgyzstan, Latvia, Lebanon, Lithuania, Luxembourg, Malaysia, Malta, Mexico, Moldova, Mongolia, Montenegro, Morocco, Netherlands, New Zealand, North Macedonia, Norway, Oman, Pakistan, Philippines, Poland, Portugal, Qatar, Romania, Russian Federation, Saudi Arabia, Serbia, Singapore, Slovak Republic, Slovenia, South Africa, Spain, Sudan, Sweden, Switzerland, Syrian Arab Republic, Tajikistan, Thailand, Tunisia, Turkish Republic of Northern Cyprus, Turkmenistan, Ukraine, United Arab Emirates, United Kingdom, United States, Uzbekistan, Viet Nam and Yemen.

² Exchanges that are made related to IP regimes are not counted as issued rulings, therefore, there is a difference between the number of exchanges and the number of issued rulings.



From:

Harmful Tax Practices – 2020 Peer Review Reports on the Exchange of Information on Tax Rulings Inclusive Framework on BEPS: Action 5

Access the complete publication at:

<https://doi.org/10.1787/f376127b-en>

Please cite this chapter as:

OECD (2021), “Turkey”, in *Harmful Tax Practices – 2020 Peer Review Reports on the Exchange of Information on Tax Rulings: Inclusive Framework on BEPS: Action 5*, OECD Publishing, Paris.

DOI: <https://doi.org/10.1787/2ca3d1cc-en>

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