GELİR İDARESİ BAŞKANLIĞI

TÜRKİYE CUMHURİYETİ HAZİNE VE MALİYE BAKANLIĞI

REPUBLIC OF TÜRKİYE
MINISTRY OF TREASURY AND FINANCE
REVENUE ADMINISTRATION

DIGITAL SERVICE TAX IN TÜRKİYE (DST)

Law and Communique

The Digital Service Tax (DST) has been introduced to the Turkish tax legislation with the Law numbered 7194 published in the Official Gazette dated **07.12.2019** and numbered 30971.

The tax entered into force on **1st of March, 2020.**

«The General Communique on the Digital Service Tax”,
which is effective from 1st of March, 2020, has been published in the Official Gazette dated 20.03.2020 and numbered 31074.

Subject of the Tax

The revenue obtained from the following services provided in Türkiye are subject to digital service tax:

a) All kinds of advertising services provided in digital environment (including advertisement control and performance measurement services, data transmission and management related to users, and technical services related to the delivery of advertising);

b) Audible, visual or any digital content (including computer programs, applications, music, video, games, in-game applications and the like) for sale on digital environment and services provided on digital environment for listening, watching, playing or recording of such content on electronic devices or for use on such devices;

c) Services for the provision and operation of digital environments where users can interact with each other (including services provided to sell or to facilitate the sale of a product or service between users).

The revenue from the intermediary services provided by digital service providers in the digital environment for the services above-mentioned are also subject to the DST.

Definitions

For the implementation of this law, the following terms are defined within the Law;

a) **Digital environment:** Any environment in which online activity is carried out without physical encounter,

b) **Digital service providers:** The providers of services listed in Article 1,

c) **Acquisition of revenue:** It is the certainty of the revenue in terms of its nature and amount,

d) **Providing the service in Türkiye:** Providing the service in Türkiye

- making use of the service in Türkiye,
- performing the service for people in Türkiye or evaluating the service in Türkiye

(the purpose of the evaluation is to pay the service in Türkiye or, if the payment is made abroad, to transfer the payment to the accounts of the payer or on behalf of the payer or its reservation from its profit. On the other hand, the service is not considered to be evaluated in Türkiye if the advertising service offered in digital environment is performed for people who are not in Türkiye.),

e) **Consolidated group in terms of financial accounting:** Refers to all enterprises in the consolidated financial statements in accordance with International Financial Reporting Standards or Turkish Financial Reporting Standards.

Taxpayer and Tax Office

- The taxpayer of the DST is the digital service provider.

- Service providers' status whether being full or limited tax liability in reference to Turkish Income Tax Law and Turkish Corporate Income Tax Law through offices or permanent establishments located in Türkiye has no effect in terms of DST liability.

- In other words, there is not any distinction or any kind of discrimination between potential taxpayers whether they are local or abroad.

- Large Tax Payers Tax Office (In İstanbul) is the tax office authorized to impose DST.

- Tax Payers register from https://digitalservice.gib.gov.tr/ online and declare the tax declaration from that web site.

Exemption

In the period prior to the relevant accounting period,

- those whose revenues in Türkiye are **less than 20 million Turkish Lira**
- or whose worldwide revenues are **less than 750 million Euros** or equivalent foreign currency equivalent Turkish Lira for the services covered by the Law are exempt from the DST.

Turkish President has the authority to increase these thresholds up to three times or decrease them to 0 (zero) without regard to type of services.

If a taxpayer is a member of a consolidated group in terms of financial accounting, **the total revenue of the group** for services subject to the tax shall be taken into account in order to determine the revenue limitations.

Exceptions

Revenue from the following services performed in digital environment are exempted from DST:

a) Services requiring the payment to the Treasury share according to the Law on Telegraph and Telephone (cell phone services),

b) Services to subject special communication tax (mobile/satellite communication, internet etc),

c) Services under the scope of Article 4 of the Banking Law (money deposits, transactions, credits etc),

d) Sales of products created as a result of R&D activities in R&D centers,

e) Payment services under the 12th article of the Law on Payment and Securities Reconciliation Systems, Payment Services and Electronic Money Institutions

Tax Base and Tax Rate

The basis of the DST is the gross revenue generated due to services subject to the tax in the relevant taxation period.

No deductions are made from the tax base under the name of expense, cost and tax.

The tax rate is 7.5%.

Turkish President has the authority to increase the tax rate to up to 22,5% or decrease the rate to as low as 1%.

Taxation Period and Declaration

- The taxation period is every single month of the calendar year.
- DST is assessed upon the declaration of the taxpayer.
- Monthly tax returns are submitted to the tax office by the end of the following month and must be paid within the same period.
- Tax returns are sent electronically (digitalservice.gib.gov.tr)

THANK YOU