



Digital Services Tax (DST) in Turkey

With the introduction of Law No. 7194, Digital Service Tax (DST) entered into force as of March 1, 2020.

The aim of DST is to ensure that the revenue derived from digital services provided by multinational companies without a fixed place of business or any physical presence in Turkey is taxed in Turkey where the revenue cap is defined as those with a Turkey-sourced revenue exceeding 20 million Turkish Lira and worldwide revenue exceeding 750 million Euros in the fiscal period of 2019.

Gross revenue generated from the following services provided in Turkey is subject to 7,5% digital service tax :

- a) All types of advertisement services provided through digital platforms (including advertisement control and performance measurement services, as well as data transmission and management services concerning users, and technical services for providing advertisements)
- b) The sale of all types of auditory, visual or digital contents on digital platforms (including computer programs, applications, music, videos, games, in-game applications, etc.) and services provided on digital platforms for listening, watching, playing of these content or downloading of the content to the electronic devices or using of the content in these electronic devices
- c) Services related to the provision and operation services of digital platforms where users can interact with each other (including services relating to the sale or facilitation of the sale of goods or services among users).
Intermediary services of digital service providers on digital platforms subject to digital service tax, as well.

Declaration and Payment

For those who will be in the scope of DST, the first declaration will be made on April 30, 2020. The initial step to perform the tax return declaration is the "registration" process. The registration will be made on the on-line platform. Once the registration is completed, the taxpayer will have a Tax ID to perform the declaration.

The payment will be made to the tax offices and banks authorized for collection, or by debit card or credit card of authorized banks via the internet address of the Turkish Revenue Administration (www.gib.gov.tr).

Exemptions

Digital service providers whose revenue generated from services falling within the scope of the digital service tax exceeds the local threshold (20 million Turkish Liras), and claiming to be exempt from the DST, shall certify their status by submitting report which is furnished in accordance with international auditing standards by independent auditors from at least five different countries, including Turkey, by 30 June following the relevant fiscal period. (a calendar year).

This report should include the followings:

- Full name of the company, contact information (address, phone, e-mail etc.) and partnership information and activities,
- Domain(s) and IP(s) related the digital services rendered,
- Information (title, contact details etc.) about the authorized contact person (if any),
- Revenue amounts generated in Turkey for each type of taxable digital services,
- Revenue amounts generated in the worldwide for each type of taxable digital services,
- An assessment of the digital services tax exemption status of the company.

The above report and its Turkish translation (translated by a certified translator operating in Turkey) should be uploaded electronically to www.digitalservice.gib.gov.tr by digital service providers by 30 June.

How Can KPMG Help You?



As KPMG, we can help you for the following tasks;

- Analysis of whether your Company fulfills the required conditions for DST in Turkey or not,
- Completion of registration process,
- Preparation and submission of DST returns,
- Contacting with the tax office and assisting for day to day queries,
- Following up the payment process,
- Translation of the independent auditor report and its submission to Turkish Tax Authority

Contact:



Nilgün Çallıalp

Head of Accounting & Tax
Outsourcing Services,
Partner
ncallalp@kpmg.com



Didem Keşmir

Accounting & Tax
Outsourcing Services,
Partner
dkesmir@kpmg.com

**For further
information:**

KPMG Türkiye
Clients & Markets
tr-fmmarkets@kpmg.com

Istanbul

İş Kuleleri Kule 3 Kat 1-9
34330 Levent İstanbul
P: +90 212 316 6000

Bursa

İnallar Cadde Plaza, Balat Mah.
Mudanya Yolu Sanayi Cad. No:435
Kat: 5 D: 19-20 Nilüfer 16225 Bursa
T: +90 224 414 05 00

Ankara

The Paragon İş Merkezi
Kızılırmak Mah. Ufuk
Üniversitesi Cad. 1445 Sok.
No:2 Kat:13 Çukurambar
06550 Ankara
P: +90 312 491 7231

İzmir

Folkart Towers Adalet Mah.
Manas Bulvarı
No:39 B Kule Kat: 35
Bayraklı 35530 İzmir
T : +90 232 464 2045

kpmg.com.tr
kpmgvergi.com



Information provided in this document is designed for information purposes only and does not appeal to a special condition of a real person or a legal entity. Although special attention is paid to the presentation of up-to-date and correct information, this information may not be correct in every situation or under special conditions. Nobody should act according to the information provided here, before seeking advice from an expert specific to his/her particular situation.

© 2020 KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. is a Turkish member corporation of KPMG International Cooperative.