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# FORCE MAJEURE FINANCIAL MEASURES DUE TO COVID-19



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## FORCE MAJEURE FINANCIAL MEASURES DUE TO COVID-19

Force Majeure Financial Precautions acquired by various Government Agencies are summarized below:

### 1- Financial Regulations in Law no. 7226

The main economic measures taken by the law no. 7226 related to COVID-19 outbreak published in 26.03.2020 are summarized below:

- The president is authorized to postpone utility bills related to electricity and natural gas.
- It is ensured that not paying the rent of a workplace in the period of March-June 2020 will not be the reason for termination and evacuation.
- The Ministry of Energy and Natural Resources has been given the authority to declare force majeure for taxpayers under the Mining Law No. 3213.
- The conditions for benefiting from the short-term working practice have been facilitated, the last 120 days prior to the short-term working start date are reduced to 60 days, and 600 days unemployment insurance premium payment requirement are reduced to 450 days in the last three years before the short-term working date.
- The compensatory working time has been increased from 2 months to 4 months.
- Until 30.04.2020, the durations for the birth, use or termination of a right including filing a lawsuit, starting enforcement proceedings, application,

complaint, objection, warning, notice, submission and expiry periods, deprivation times and mandatory administrative application periods have been stopped.

### 2- Extension of the Duration of the Declaration and Payment of Individual Income Tax for FY2019

According to the Circular no. 125 regarding Tax Procedure Code published by Revenue Administration, the annual income tax declaration to be declared in 31.03.2020 and the first installment payment regarding said declaration has been extended to 30.04.2020.

### 3- Extension of the Submission Period of the VAT and BA / BS Forms for the February 2020 Period and the Submission of the e-Books for the March 2020 Period

According to the Circular no. 126 regarding Tax Procedure Code published by Revenue Administration, following submission periods are postponed:

	Normal Submission Period	Postponed Submission Period
VAT for the February 2020 Period	26.03.2020	24.04.2020
BA/BS Forms for February	31.03.2020	30.04.2020
e-Books to be submitted in March	31.03.2020	30.04.2020



#### 4- Postponement of VAT and Withholding Tax Declaration Periods for March, April and May for Specific Sectors, and Delay of Payment for Taxes Accrued on These Declarations

According to **Tax Procedural Code Communiqué no. 518**, for specific sectors, The VAT and Withholding Tax Declaration Periods for March, April and May 2020 are postponed 27.07.2020 while payments regarding these declarations are postponed for 6 months. Said sectors are as follows:

- ✚ Retail Trade and Shopping Centers
- ✚ Iron, Steel and Metal Industry
- ✚ Automotive
- ✚ Logistics-Transportation
- ✚ Cinema and Theater Activities
- ✚ Accommodation
- ✚ Food and Beverage Services
- ✚ Textile and Apparel Activities
- ✚ Event and Organization
- ✚ Health Services
- ✚ Furniture Manufacturing
- ✚ Mining and Quarrying
- ✚ Construction
- ✚ Industrial Kitchen Equipment
- ✚ Car Rental
- ✚ Printed Publishing and Printing
- ✚ All Individual Income Tax Payers

In addition, the BA/BS Forms and e-Books declarations are also postponed for three months for said taxpayers.

#### 5- Facilitating the Conditions of Benefitting from Short-Term Working Allowance

According to **the announcement made on 22.03.2020** by Turkish Employment Agency, due to the COVID-19 epidemic, the conditions for short-term working will be born to be implemented in cases where the working time is reduced by at least 1/3 or the activity is stopped for at least four weeks, and short-term working applications can be made by the employers.

Please note that short-term working payments are limited to 60% of gross salaries of employees regarding the duration that they do not work. Please also note that said payments to be made by Turkish Employment Agency are limited to 150% of minimum wage.

#### 6- Eximbank Support Package

**Turkish Eximbank** announced that they will provide support to exporters dealing with struggles due to COVID-19 outbreak. Said measures related to support package are summarized below:

- ✚ If the companies that are required to repay the loan by the end of June, upon request, the payment terms will be extended by 3 to 6 months.
- ✚ The commitment closure period, which is 2 years for short-term loans, has been increased to 3 years for the loans that have already been used or will be made available until the end of June. Thus, the time given to exporters to export has been increased by 1 year.
- ✚ Maturities applied in rediscount credits have been increased from a maximum of 1 year to a





maximum of 2 years. With this regulation, exporters' financial burdens were extended to a longer term.

- ✚ Until the end of June, additional insurance premium will not be collected from the insured companies for the maturity extensions up to 3 months that the buyer (importer) companies will request from the insured companies (exporters).
- ✚ The terms of the insurance premium and buyer analysis fees paid by the insured companies are extended by 30 days.

#### 7- Conveniences Made in Postponement and Meeting Conditions of General Assembly Meetings

The ministry of Commerce took following measures regarding General Assembly Meetings:

- ✚ In accordance with the Turkish Commercial Code (TCC) No. 6102 and the company agreement, the ordinary general meetings of joint stock and limited companies, which were previously invited to the meeting by the governing bodies, were given the opportunity to be canceled by a decision to be taken by the governing bodies, without waiting for the meeting to be held.
- ✚ It is recommended that the shareholders use their discretion that they can participate in the general assembly meetings electronically without the need for physical participation according to the Article 1527 of the TCC.

- ✚ The companies, which do not have a provision that allows board meetings to be held electronically, were allowed to hold the meetings they planned to hold in this period through the "Electronic General Assembly Meeting System" and the "Electronic Board of Directors System". For this, companies were reminded that support service could be obtained from the Central Registry Agency.
- ✚ It will be sufficient to make the amendment of the contract regarding the provision, which enables the realization of the board electronically, at the next general assembly meeting.

#### 8- Financial Supports by Public Banks (Ziraatbank, Vakıfbank, Halkbank)

##### 8.1- Support Loans to Maintain Businesses

Regardless of any sector distinction, all firms that are economically adversely affected by the epidemic will have their guarantees provided by the CGF Guarantee, 6 months principal and interest free, with a 36-month maturity and annual interest rate. The loan facility with an interest rate of 7.5% was commissioned as of 26.03.2020.

Annual Revenue (TRY)	Max. Loan Amount (TRY)
25 million	10 million
25- 125 million	25 million
125 million+	100 million



## 9- Financial Supports by Banking Sector

### 9.1- Check Payment Support Loan

Loan support will have a 3-month principal and interest free payments, a total of 12-month maturity and an annual interest rate of 9.5%. With this loan, it is aimed to contribute to the protection of customers' commercial reputations.

Annual Revenue (TRY)	Max. Loan Amount (TRY)
25 million	1 million
25- 125 million	5 million
125 million+	10 million

### 9.2- Economic Stability Shield Support Loan

Banks will start "Economic Stability Shield Support Loan" for the working capital needs of corporate and commercial customers, especially SMEs. As of the end of February 2020, companies that will use credit support cannot reduce their number of registered employees during the credit term. Treasury-backed CGF bail will also be provided for customers with lack of collateral to access loan.

Loan support will have a 3-month principal and interest free payments, a total of 12-month maturity and an annual interest rate of 9.5%.

Annual Revenue (TRY)	Max. Loan Amount (TRY)
25 million	5 million
25- 125 million	25 million
125 million+	50 million

Centrum will continue to inform the relevant persons and companies regarding Force Majeure Financial Measures.

Kind Regards,

Please contact us for the further details on our international tax bulletin.



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