

BITT IS NOW APPLIED ON FX TRANSACTIONS

President's Decree No. 1106 on collecting Banking and Insurance Transactions Tax from foreign exchange transactions was published in the Official Gazette dated 15 May 2019 and numbered 30775, with immediate effect.

The Cabinet of Ministers' Decree No. 98/11591 Regarding Article 33 of the Expenditure Tax Law has been amended with the President's Decree No. 1106 published in the Official Gazette dated 15 May 2019 and numbered 30775 with immediate effect and Banking and Insurance Transactions Tax ("**BITT**") in the rate of one per thousand of the sale price is decided to be collected from foreign exchange sales ("**FX Sales**"), save for the exceptions below. Accordingly, in the transactions stated below which are excluded from the BITT application, namely;

- (i) FX Sales by and between banks and authorized institutions,
- (ii) FX Sales to the Ministry of Treasury and Finance, and
- (iii) FX Sales to the loan debtor by the bank that extended or intermediated the foreign exchange loan, in order for the foreign exchange loans to be paid,

the rate of BITT to be calculated based on the sale price is determined as zero per thousand.

It appears that the new practice is aimed at providing income to the Treasury under the current economic conditions and discouraging the current trend of FX purchases in Turkey.

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