

EXCISE

- **Do you already apply a national system of warehousekeepers and tax warehouses, allowing to produced or the store excise products under excise duty suspension?**

According to the customs warehouse application, before the realisation of importation there is no collection of tax.

Tax warehouses do not exists in Turkey.

- **Do you apply fiscal stamps or fiscal marks to alcohol and alcoholic beverages and to manufactured tobacco products?**

There is no application of fiscal stamps or fiscal marks to alcohol and alcoholic beverages and to manufactured tobacco products. However, according to Article 14/5 of Law on Excise Duty No: 4760, the Council of Ministers has the authority to collect duty through banderol application for these products and to determine the relevant procedures. In addition to this, Tobacco, Tobacco Products and Alcoholic Beverages Market Regulation Authority (TAPDK) applies banderol to these products for security purposes.

ALCOHOL ISSUES

Product Structures

1.1. Beer

- **Explain "Degree Plato" of the finished product.**

Plato degree means the rate of active (solid) components within the alcoholic beverages.

In Turkey, beer is taxed according to its alcohol strength. Hence, there is no regulation concerning degree Plato.

- **Are there problems using Plato instead of actual alcohol? For example, sugar in soft drinks mixed with beer could affect degree Plato and, therefore, duty liability.**

As mentioned previously, there is no degree Plato application.

- **Beer is defined as being of a strength exceeding 0.5% vol. However, Article 5 allows a reduced rate for beer below 2.8% vol. Can the reduced rate be set at zero?**

In Turkey, there exists no application of reduced rates for beer. However, the Council of Ministers has the authority to reduce tax rates down to zero.

1.2. Wine

- **Does excise tax rate on sparkling wine have to be equal to excise tax rate on wine?**

There is no need to ensure equality among tax rates of these products. Proportional tax rate on still wine is 63,3%, while 275,6% on sparkling wine. In addition, minimum specific tax amount for still wine is 3,28 NTL ($\approx 1,98$ €) and 11,21 NTL ($\approx 6,79$ €) for sparkling wine.

- **Is wine below 1.2% vol subject to excise duty?**

Wines and sparkling wines are subject to excise duty regardless of their alcohol strength.

1.3. Other fermented beverages

- **The excise duties acquis for "fermented beverages, other than wine and beer", as defined in Section III of the Directive 92/83/EEC.**

- **Are other fermented beverages below 1.2% vol subject to excise duty?**

Fermented beverages are placed under CN Code of 2206.00. If alcoholic beverages are placed under this CN Code, they will be subject to tax regardless of their alcohol strength.

1.4. Intermediate products

- **Are there any rules on how much ethyl alcohol can be added to a fermented beverage and still remain an intermediate product?**

There is no rule concerning this issue.

- **Are intermediate products below 1.2% vol subject to excise duty?**

Alcoholic beverages, whether their alcohol strength is below 1,2% or not, laid down in List No: (III) annexed to Law on Excise Duty, are subject to excise duty.

1.5. Alcohol

- **How to apply the following definition parts of ethyl alcohol "even when those products form part of a product which falls within another chapter of the CN"?**

Pure ethyl alcohol is not subject to excise duty.

- **Are spirits below 1.2% vol subject to excise duty?**

All alcoholic beverages laid down in List No: (III) annexed to Law on Excise Duty are subject to excise.

2. Exemptions (Article 27)

Complete denaturing (27-1-a)

- **What are the movement requirements etc for denatured alcohol?**

General and medical uses of denatured alcohol are subject to different types of application. Packaged delivery at different amounts and importation of them are allowed. They are transported and delivered by licensed distributors with a dispatch list (way bill).

- **Can we "adopt" recognized denaturants of EU-25 Member States or must we devise our own denaturant?**

With the Communiqué on Supply of Ethyl Alcohol to Market, published in Official Gazette No: 25620, dated 21.10.2004, denaturants recognized by Member States and those applied by Germany and Italy have already been adopted in Turkey.

Partial denaturing (27-1-b)

- **What are the types of products foreseen?**

Some of them are:

- 125 gram tiyophen, 0,8 gram denatonium benzoate, 3 gram Cl, 2 lt. methyl ethyl keton (usage of general purpose)
- 0,8 denatonium benzoate, (for cosmetics).
- Flavours are added to ethyl alcohol delivered to producers but colorers are not added.

- **Do we have to accept decisions made by other Member States who have applied the exemption, i.e. when goods are moved from that Member State to our Member State?**

Currently, there isn't such a provision on reciprocal basis in Law on Excise Duty No: 4760.

Alcohol used for the production of medicines (27-1-d)

- **How to apply paragraph (1) point d) with special regard to the fact that the mentioned Directive 65/65/EEC is no longer in force?**

Pure ethyl alcohol is not subject to excise. Therefore, ethyl alcohol which is used in production of medicines is also not subject to excise.

Production of flavourings (27-1-e)

- **How are "flavourings" defined?**

Semi white sugar, white sugar, refined white sugar, dextrose, fructose, glucose syrup, liquid sugar, inverted liquid sugar, inverted sugar syrup, rectified concentrated grape must, grape must, fresh grape must, honey, carob syrup or one or more of other components comprising natural carbohydrate which are used in production of distilled alcoholic beverages are defined as flavourings. Flavourings should also comply with the standards defined in Annexed Chapter of Communiqué on Turkish Food Codex.

3. Provisions concerning small producers

- **Article 4 paragraph (3), Article 22 paragraph (3): How to apply these paragraphs in practice?**

There is no specific tax regime applied to small beer and alcoholic beverage plants.

- **What is meant by "independent" and "under licence"?**

Under Licence means the ones who get permission from TAPDK relating to production and delivery of alcoholic beverages.

There is no definition for independent producers in Turkish legislation.

- **The excise duties system for small distilleries**

The excise duty system for small distilleries is the same with the excise system foreseen for other producers. There is no specific tax advantage granted to small distilleries.

4. Other questions

- **Our current excise legislation is in line with the European directives as far as definitions and rates are concerned. On the definitions of the excise products we have incorporated the current CN Codes but we have been told that we should have the definitions according to codes from October 1992 for alcohol and alcoholic drinks and from October 1994 for the mineral oils. We think that there is some inconsistency in this regard as we would be quoting incorrect CN Codes. Perhaps further elaboration on this situation could be discussed at this seminar.**

Applicable.

- **Directive 92/83/EEC allows exemption from duty on beer, wine and other fermented beverages produced by private individuals for personal consumption (including family and guests) provided no sale is involved. Why is there is no similar provision for intermediate products or ethyl alcohol?**

There is no specific tax exemption for production of private individuals for their own consumption.

ENERGY TAXATION

General questions

- **What is the system of excise duties (consumption taxes) applicable to energy products in your country?**

Delivery of energy products, existing in the List No: (I) (petroleum products, natural gas, LPG, solvents, mineral oils etc.) annexed to the Excise Duty Law, by their importers or producers including refineries and sale of them by auction are subject to excise duty only for once. Ad Valorem excise duty is not applied to goods laid down in the List No: (I). Instead, specific tax is collected from these goods on declared tax amounts. The specific excise duty amounts determined for goods in the List No: (I) can be defined with

kilogram, liter, meter cube, standard meter cube, kilo calorie, their sub and over units and if necessary can be defined as containers, wraps or units considering their size.

The Council of Ministers is authorized to change the units of taxation according to the type of the goods. Minimum tax amounts are not applied to these goods.

• **What is the scope of excises compared to the Energy Tax Directive (which products and uses are covered)? Do you exempt some users?**

Coal and coke, and electricity are not in the scope of Law on Excise Duty No:4760, although they are among the energy products listed in the Article 4 of the Directive No: 2003/96/EC.

However, coal and coke are only subject to VAT and electricity is subject to both VAT and Electricity Consumption Tax regulated in the Law on Municipality Revenues No: 2464. Ad Valorem taxation is applied to these goods.

Within the scope of excise duty, some users are exempt from duty:

a) Diplomatic exemptions:

The first acquisition and importation of goods laid down in Lists No: (I) for the needs of the following persons and enterprises or deliveries to them are exempted from duty, on reciprocal basis.

Persons and institutions benefiting from diplomatic exemption:

- diplomatic representations and consulates of foreign countries in Turkey,
- international organizations to whom a duty exemption based on international agreements have been granted,
- their members who have diplomatic rights.

b) Energy products delivered to the armed forces (Article 7)

Purchasing of the energy products by the Ministry of National Defence, the General Commandership of Gendarmerie, the Commandership of Coastal Guard and the National Intelligence Organisation are exempted from duty.

Taxpayers shall not calculate duty on the deliveries to the above mentioned organisations.

c) Energy products used for petroleum exploration and production activities (Article 7)

In accordance with the provisions of the Petroleum Law, the goods laid down in the List No:1 used for petroleum exploration and production activities are exempted from duty.

Petrol right owners or their representatives, contractors who carry out petroleum exploration and production activities shall benefit from this exemption.

d) Exemption on diesel for the vehicles leaving Turkey for export (Article 7)

This exemption can only be used in the border gates determined by a Cabinet Decree. The conditions of the exemption are:

Deliveries done only to the trucks, towing vehicles and semi-trailers which have a refrigeration system,
Exemption is limited with the "standard fuel tanks" serving both to the purposes of propulsion and operation of a refrigeration system.

- **What are the provisions governing chargeability of the duty? When the chargeable event arises?**

For the goods laid down in the List No: (I) taxable event occurs when the domestic delivery of these goods by its importers or producers, including refineries, is realized. Taxable event also occurs at the time of sale by auction. Although taxable event does not occur at the stage of importation, guarantee is required for the corresponding duty payable in Turkey.

Furthermore, when the goods incompliant with the standarts which are confiscated on the border gates are delivered to the refineries by the public authority, taxable event does not occur at this stage, but at the deliveries of them to the refineries.

- **What is the level of taxation applied per each taxable product and use?**

Excise duty amounts are shown in the annexed table with the amounts of NTL and Euro for each of the energy product as of 03.07.2006.

- **Do you apply any taxes/charges explicitly linked to the protection of environment?**

Lower tax amounts are applied to the environmentalist petroleum products. For this purpose the tax amount applied to the gasoline with bioethanol is lower than the amount applied to the gasoline. A similar application is going to be arranged for the biodiesel and diesel oil mixture and legal studies are continuing for this purpose. On the other hand, when the natural gas which is a more environment friendly product than its alternatives is used for the propellant purposes, tax amount is determined lower than the alternative fuels.

EXCISE DUTY AMOUNTS IN LIST NO:(I) ANNEXED TO THE LAW

THE LIST NO: (I) TABLE A		ENFORCEMENT DATE 08.04.2006			
(*)TCTT NO	Name of The Goods	Unit	Tax Amount (NTL)	Tax Amount (Euro) (01.07.2006 (ex.rate:2,0059)	Tax Amount (Euro) (ex.rate:1,6501)
2710.11.11.00.00	(Light oils and its preparations) For undergoing a specific purposes (Only naphtha)	Kilogram	0	0	0
2710.11.31.00.00	Aviation spirit	Litre	0	0	0
2710.11.45.00.00	(With a lead content not exceeding 0.013 g per litre) With an octane number (RON) of 95 less than 98 (Unleaded super gasoline)	Litre	1,3625	0,6792	0,8257
2710.11.49.00.00	(With a lead content not exceeding 0.013 g per litre) With an octane number (RON) of 98 or more (Unleaded super gasoline)	Litre	1,4845	0,7401	0,8996
2710.11.51.00.00	(With a lead content exceeding 0.013 g per litre) With an octane number (RON) of less than 98	Litre	1,3765	0,6862	0,8342

	(Leaded super gasoline)				
2710.11.59.00.00	(With a lead content exceeding 0.013 g per litre) With an octane number (RON) of 98 or more (Leaded super gasoline)	Litre	1,3765	0,6862	0,8342
2710.11.70.00.00	Spirit type jet fuel	Litre	0	0	0
2710.19.21.00.00	Jet fuel (Kerosene)	Litre	0	0	0
2710.19.41.00.11	(With a sulphur content not exceeding 0,05% by weight) Diesel oil	Litre	0,9270	0,4621	0,5618
2710.19.41.00.12	(With a sulphur content not exceeding 0,05% by weight) Marina diesel	Litre	0,9270	0,4621	0,5618
2710.19.41.00.19	(With a sulphur content not exceeding 0,05% by weight) Others	Litre	0,9270	0,4621	0,5618
2710.19.45.00.11	(With a sulphur content exceeding 0,05% by weight but not exceeding 0.2% by weight) Diesel oil	Litre	0,8345	0,4160	0,5057
2710.19.45.00.12	(With a sulphur content exceeding 0,05% by weight but not exceeding 0.2% by weight) Marina diesel	Litre	0,8345	0,4160	0,5057
2710.19.45.00.19	(With a sulphur content exceeding 0,05% by weight but not exceeding 0.2% by weight) Others	Litre	0,8345	0,4160	0,5057
2710.19.49.00.11	(With a sulphur content exceeding 0,2% by weight) Diesel oil	Litre	0,8345	0,4160	0,5057
2710.19.49.00.12	(With a sulphur content exceeding 0,12% by weight) Marina diesel	Litre	0,8345	0,4160	0,5057
2710.19.49.00.19	(With a sulphur content exceeding 0,02% by weight) Others	Litre	0,8345	0,4160	0,5057

2710.19.61.00.00	(Fuel oils) With a sulphur content not exceeding 1% by weight	Kilogram	0,2370	0,1182	0,1436
2710.19.63.00.00	(Fuel oils) With a sulphur content exceeding 1% by weight but not exceeding 2% by weight	Kilogram	0,4760	0,2373	0,2885
2710.19.65.00.00	(Fuel oils) With a sulphur content exceeding 2% by weight but not exceeding 2.8% by weight	Kilogram	0,2040	0,1017	0,1236
2710.19.69.00.00	(Fuel oils) With a sulphur content exceeding 2.8% by weight	Kilogram	0,2040	0,1017	0,1236
27.11	Petroleum gases and gaseous hydrocarbons (Other than 2711.11.00.00.00; 2711.12; 2711.13; 2711.19.00.00.11; 2711.21.00.00.00; 2711.29.00.00.11 ve 2711.29.00.00.12)	Kilogram	0	0	0
2711.11.00.00.00	(Liquefied) Natural gas Those used as fuel oil in motor vehicle Others	Standart M ³ Standart M ³	0,5463 0,0210	0,2723 0,0105	0,3311 0,0127
2711.12	(Liquefied) Propane	Kilogram	0,7433	0,3706	0,4505
2711.13	(Liquefied) Butane	Kilogram	0,7433	0,3706	0,4505
2711.19.00.00.11	Liquefied petroleum gas (LPG) Those to be used in motor vehicle Others	Kilogram Kilogram	0,8620 0,7433	0,4297 0,3706	0,5224 0,4505
2711.21.00.00.00	(In gaseous state) Natural gas				

	Those to be used in motor vehicle	Standart M ³	0,5463	0,2723	0,3311
	Others	Standart M ³	0,0210	0,0105	0,0127
2711.29.00.00.11	(In gaseous state) Propane	Kilogram	0,7433	0,3706	0,4505
2711.29.00.00.12	(In gaseous state) Butane	Kilogram	0,7433	0,3706	0,4505
2713.11.00.00.00	(Petroleum coke) Not calcined	Kilogram	0	0	0
2713.12.00.00.00	(Petroleum coke) Calcined	Kilogram	0	0	0
2713.20.00.00.19	(Petroleum bitumen) Others	Kilogram	0	0	0
2713.90	Other residues of petroleum oils or of oils obtained from bituminous minerals (Other than for the carbon manufacture of the products of heading 28.03)	Kilogram	0	0	0
3824.90.99.90.54	Biodiesel	Litre	0,6498	0,3239	0,3938

TABLE B

G.T.I.P.	Name of The Goods	Unit	Tax Amount (NTL)	Tax Amount (Euro) (01.07.2006 ex. rate:2,0059)	Tax Amount (Euro) (ex. rate: 1,6501)
2707.10	Benzol (Benzene)	Kilogram	1,4845	0,7401	0,8996

2707.20	Toluol (toluene)	Kilogram	1,4845	0,7401	0,8996
2707.50.90.00.11	Solvent naphtha	Kilogram	1,4845	0,7401	0,8996
2710.11.21.00.00	White spirit	Kilogram	1,4845	0,7401	0,8996
2710.11.90.00.11	Other solvents (Solvents)(Petroleum ether)	Kilogram	1,4845	0,7401	0,8996
2710.11.90.00.19	Others (Petroleum ether)	Kilogram	1,4845	0,7401	0,8996
2710.19.29.00.00	Others (Petroleum ether)	Kilogram	1,4845	0,7401	0,8996
2901.10.90.00.11	Hekzane	Kilogram	1,4845	0,7401	0,8996
2901.10.90.00.12	Heptane	Kilogram	1,4845	0,7401	0,8996
2901.10.90.00.13	Pentane	Kilogram	1,4845	0,7401	0,8996
2902.20.00.00.00	Benzene (Benzol)	Kilogram	1,4845	0,7401	0,8996
2902.30.00.00.00	Toluen (Toluol)	Kilogram	1,4845	0,7401	0,8996
2909.19.00.00.13	Methyl tarsier butyl ether (MTBE)	Kilogram	1,4845	0,7401	0,8996
3811.90.00.10.12	Chemical alloys for light mineral oils	Kilogram	1,4845	0,7401	0,8996
3814.00.90	Others	Kilogram	0,0653	0,0326	0,0396
3814.00.90.00.00	Organic composite solvents and thinners, not elsewhere specified or included in tariff; chemicals to remove the paint or varnish Others (Other than based on butyl acetate)	Kilogram	0,0653	0,0326	0,0396
3824.90.40.00.00	Inorganic composite solvents and thinners for varnish etc.	Kilogram	0,0653	0,0326	0,0396
2710.19.71.00.00	(Lubricating oils; other oils) For undergoing a specific process	Kilogram	0,3500	0,1745	0,2121

2710.19.75.00.00	(Lubricating oils; other oils) For undergoing chemical transformation by a process other than those specified in respect of subheading 2710.19.71	Kilogram	0,3500	0,1745	0,2121
2710.19.81.00.11	(Lubricating oils; other oils) Motor oils which contains gasoline	Kilogram	0,3500	0,1745	0,2121
2710.19.81.00.12	(Lubricating oils; other oils) Marina diesel motor oils	Kilogram	0,3500	0,1745	0,2121
2710.19.81.00.13	(Lubricating oils; other oils) Compressor lube oils	Kilogram	0,3500	0,1745	0,2121
2710.19.81.00.14	(Lubricating oils; other oils) Turbine lube oils	Kilogram	0,3500	0,1745	0,2121
2710.19.81.00.19	(Lubricating oils; other oils) Others	Kilogram	0,3500	0,1745	0,2121
2710.19.83.00.00	(Lubricating oils; other oils) Liquids for hydraulic purposes	Kilogram	0,3500	0,1745	0,2121
2710.19.85.00.11	(Lubricating oils; other oils) White oils	Kilogram	0,3500	0,1745	0,2121
2710.19.85.00.12	(Lubricating oils; other oils) Liquid paraffin (Rice oil)	Kilogram	0,3500	0,1745	0,2121
2710.19.87.00.00	(Lubricating oils; other oils) Gear oils and reductor oils	Kilogram	0,3500	0,1745	0,2121
2710.19.91.00.00	(Lubricating oils; other oils) Metal-working compounds, mould release oils, anti-corrosion oils	Kilogram	0,3500	0,1745	0,2121
2710.19.93.00.00	(Lubricating oils; other oils) Electrical insulating oils	Kilogram	0,3500	0,1745	0,2121

2710.19.99.00.11	(Lubricating oils; other oils) Way oils	Kilogram	0,3500	0,1745	0,2121
2710.19.99.00.12	(Lubricating oils; other oils) Cooling oils	Kilogram	0,3500	0,1745	0,2121
2710.19.99.00.13	(Lubricating oils; other oils) Automatic gearbox oils	Kilogram	0,3500	0,1745	0,2121
2710.19.99.00.14	(Lubricating oils; other oils) Other gearbox oils	Kilogram	0,3500	0,1745	0,2121
2710.19.99.00.15	(Lubricating oils; other oils) Differential gear oils	Kilogram	0,3500	0,1745	0,2121
2710.19.99.00.19	(Lubricating oils; other oils) Others (Only base oils)	Kilogram	0,3500	0,1745	0,2121
2710.19.25.00.00	Others	Litre	0,7605	0,3791	0,4609

(*) TCTT : Turkish Customs Tariff Table