

CHAPTER 16 TAXATION

Priority 16.1 Taking practical steps leading to a substantial reduction in discriminatory taxation of alcoholic products, imported tobacco and imported cigarettes, and presenting a plan with clear milestones, and agreed with the Commission, for the rapid elimination of any residual discriminatory taxation

1 Schedule of legislative alignment

Table 16.1.1

No	EU legislation in force	Draft Turkish legislation	Scope	Institution in charge	Publication date
1		Action Plan Concerning Taxation of Alcoholic Beverages, Import Tobacco and Cigarettes	Preparing an action plan in order to fulfil the opening benchmark of the chapter.	Ministry of Finance	2009
2	Directive No. 92/84/EEC	Decision of Council of Ministers Amending Excise Duty Rates	Taking legislative measure on the taxation scales and rate for alcohol and alcoholic beverages. ¹	Ministry of Finance	2009

2 Schedule of institutional capacity building requirements necessary for legislative approximation and implementation

No institutional capacity building requirement is envisaged under this priority at this stage.

3 Financial requirements and resources

No financial requirement is envisaged under this priority at this stage.

¹ Gradual alignment will be ensured in accordance with the action plan.

Priority 16.2 Pursuing alignment of VAT and excise duties, in particular on structure and applied rates

1 Schedule of legislative alignment

Table 16.2.1

No	EU legislation in force	Draft Turkish legislation	Scope	Institution in charge	Publication date
1	Directives No. 92/84/EEC, 95/59/EEC, 2002/10/EC and 92/79/EEC.	Decision of Council of Ministers Amending Excise Duty Rates	Taking legislative measure on the taxation scales and rate for alcohol and alcoholic beverages Taking legislative measure on the taxation criteria for cigarettes and descriptions for other tobacco products.	Ministry of Finance	2009
2	Directives No.2003/96/EC, 92/83/EEC and 92/12/EEC	Law Amending the Law on Excise Duties	Taking legislative measure on the taxation scales for petroleum and petroleum products, and other energy products and cope of the tax. Taking legislative measure on the implementation of the tax warehouse system and tax deferral arrangements for Excise Duties	Ministry of Finance	After 2011
3	Directives No. 2006/112/EC, 91/680/EEC, 92/111/EC, 95/7/EC and 98/80/EC	Law Amending the Law on Value Added Tax (VAT)	Taking legislative measure on the structure (such as economic activity, place of delivery, persons liable for payment of tax, tax base) of VAT. Taking legislative measure on the taxation of travel agencies. Taking legislative measure on the removal of fiscal borders by waiving from collecting of VAT at the time of importation. Taking legislative measure on the taxation of gold for investment purposes. Taking legislative measure in harmony with the acquis on betting, games of chance and gambling. Taking legislative measure in harmony with the acquis on the taxation of small enterprises.	Ministry of Finance	After 2011
4	Directive No. 94/5/EC	Law Amending the Law on Value Added Tax (VAT)	Taking legislative measure on the taxation of second-hand goods, artwork and collectors' items.	Ministry of Finance	After 2011

2 Schedule of institutional capacity building requirements necessary for legislative approximation and implementation

No institutional capacity building requirement is envisaged under this priority at this stage.

3 Financial requirements and resources

No financial requirement is envisaged under this priority at this stage.

Priority 16.3 Continuing strengthening and modernising the tax administration, including the IT sector, in order to increase compliance and improve collection of tax revenues and to reduce the informal economy

1 Schedule of legislative alignment

Table 16.3.1

No	EU legislation in force	Draft Turkish legislation	Scope	Institution in charge	Publication date
1	Directives No. 90/434/EEC and 2003/49/EC	Law Amending the Law on Corporate Tax	To expand the scope of the legislation on mergers and divisions applicable to domestic matters, so as to be applied to mergers and divisions with companies within EU countries. To make arrangements regarding the taxation of interest and royalty payments between companies.	Ministry of Finance	After 2011
2	Directive No. 2003/48/EC	Law Amending the Income Tax Law	Taking legislative measure on the savings income in the form of interest payments of persons residing in EU countries.	Ministry of Finance	After 2011
3	Regulations No.2073/2004 and 1798/2003 Directive No. 77/799/EEC	Law Amending the Tax Procedural Law	Enabling information exchange on the circulation of goods subject to excise duties within the EU. Enabling the mutual assistance of tax authorities between EU Member States concerning VAT and direct taxes.	Ministry of Finance	After 2011

2 Schedule of institutional capacity building requirements necessary for legislative approximation and implementation

Table 16.3.2

No	Requirements	Year
(Ministry of Finance)		
1	Procurement of consultancy service on the amendments to be made within the framework of the EU legislation in force	2010-2011
2	Training of the personnel on the amendments to be made within the framework of the EU legislation in force	2010-2011
3	Analyzing in abroad the practices of EU member states on the amendments to be made within the framework of the EU legislation in force	2010-2011

3 Financial requirements and resources

Table 16.3.3

(Euro)

Requirements (Institution)	Year	National Budget	EU sources	Other	Total
I- Investment					
II- Legislative approximation and implementation					
- Personnel					
- Training	2010-2011		350,000		350,000
- Consultancy	2010-2011		100,000		100,000
- Translation	2010-2011		50,000		50,000
- Other			50,000		50,000
Total			550,000		550,000

Priority 16.4 Continuing alignment of excise duties and VAT, in particular as regards deductions, exemptions, special schemes, tax refunds and the application of reduced rates

1 Schedule of legislative alignment

Table 16.4.1

No	EU legislation in force	Draft Turkish legislation	Scope	Institution in charge	Publication date
1	Directive No. 2006/112/EC	Decision of Council of Ministers Amending VAT Rates	Taking legislative measure on VAT rates	Ministry of Finance	After 2011
2	Decision No. 1152/2003/EC Regulations No. 1925/2004, 2073/2004 and 798/2003 Directive No. 77/799/EEC	Administrative Measures to be Taken Depending on the Amendment to the Tax Procedural Law	Building a computer system (EMCS), Common Communication Network (CCN) and Common System Interface (CSI) Network CCN/CSI in order to enable the circulation and surveillance of excisable products in the EU Member States and within the country in case of full membership. Establishing a Central Liaison Office (CLO) responsible for administrative cooperation as regards excise duties so as to ensure competent units to conduct information exchange. Establishing a Central Liaison Office (CLO) responsible for administrative cooperation with other EU Member States in the field of Value Added Tax. Building and operationalizing the necessary computer system for the establishment of the envisaged VAT Information Exchange System (VIIES) between EU Member States and the Common Communication Network and the Commons System Interface (CCN/CSI).	Ministry of Finance	To be enacted within the framework of full membership perspective.

2 Schedule of institutional capacity building requirements necessary for legislative approximation and implementation

No institutional capacity building requirement is envisaged under this priority at this stage.

3 Financial requirements and resources

No financial requirement is envisaged under this priority at this stage.