

TAXES

07-08 March, 2022

Online Training Course

Ankara, TÜRKİYE

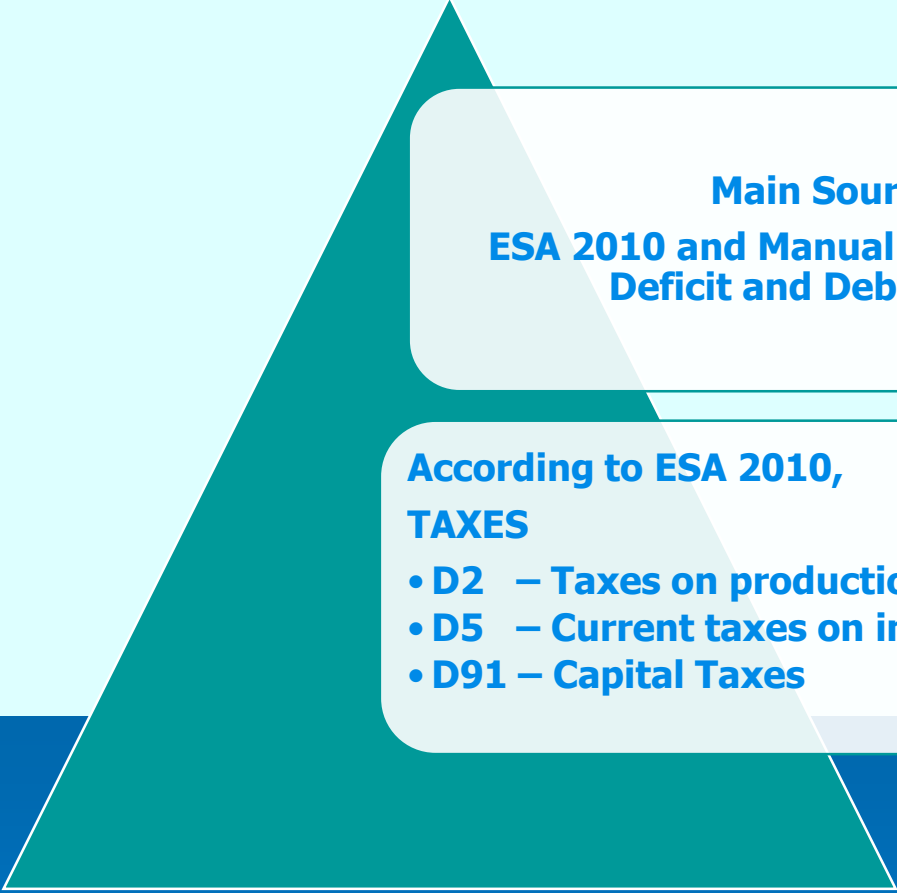
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CONTENT

➤ International Methodology on Taxes

- Taxes on production and imports
- Current taxes on income, wealth, etc.
- Capital taxes
- Methods of recording taxes
- Recording of tax refunds
- Recording of tax amnesties
- Recording of tax Credits

➤ Türkiye application



Main Sources:
**ESA 2010 and Manual on Government
Deficit and Debt (MGDD)**

**According to ESA 2010,
TAXES**

- **D2 – Taxes on production and imports**
- **D5 – Current taxes on income, wealth, etc.**
- **D91 – Capital Taxes**

The ESA 2010 Table 09 established by regulation includes all taxes D2, D5 and D91 plus D995 which is related to the way taxes are recorded in the System.

■ Taxes on production and imports (D2)

Compulsory

**Unrequited
payments
made to the
general
government
units**

**Related to
the
production
and imports**



D2 - Taxes on production and imports



D21 – Taxes on products



D29 – Other taxes on production

D21 – Taxes on products:

- Taxes on products are proportional to the quantities, prices or values of the goods and services produced, sold or imported irrespective of which institutional unit pays the tax. It can correspond to a specific amount per unit or it may be calculated *ad valorem* as a percentage of the quantity, price or value of the product.
- For instance: VAT Rate: 1%, 8%, 18%.
- Let the VAT of 400 TL goods be 18%.
- $400 \times 0.18 = 400 \times (18/100) = 72$ TL VAT. The price of the goods including VAT = 400 TL + 72 TL = 472 TL

➤ **D21 – Taxes on products:**

- **D211– Value Added Type Taxes (VAT);**
- **D212 - Taxes and Duties on Imports Excluding VAT:**
 - **Import Duties (D.2121);**
 - **Taxes on Imports Excluding VAT and Duties (D.2122);**

- **D211– Value Added Type Taxes (VAT):**
- ✓ **Imposed on goods and services.**
- ✓ **Collected in stages by enterprises and which is ultimately charged in full to the final purchasers.**
- ✓ **Collected by the General government and which is applied to national and imported products.**
- ✓ **Producers are obliged to pay only the difference between the VAT on their sales and the VAT on their purchases for their own intermediate consumption or gross fixed capital formation.**
- **So;**
- **VAT is recorded net in the sense that:**

For the total economy, VAT is equal to the difference between total invoiced VAT and total deductible VAT.

D212 – Taxes and Duties on Imports Excluding VAT:

- import duties (D.2121) consist of customs duties or other import charges payable according to customs tariff schedules on goods of a particular type when they enter for use in the economic territory of the country of utilisation;
- taxes on imports, excluding VAT and import duties (D.2122) includes
 - (1) levies on imported agricultural products;
 - (2) monetary compensatory amounts levied on imports;
 - (3) excise duties and special taxes on certain imported products;
 - (4) general sales taxes payable on imports of goods and services;
 - (5) taxes on specific services provided by non-resident enterprises to resident units within the economic territory;
 - (6) profits of public enterprises exercising a monopoly over the imports of some good or service, e.g. Petrol and natural gas products, motorized vehicles tax, etc.

D214 – Taxes on Products, Except VAT and Import Taxes:

D.214 consists of taxes on goods and services that become payable as a result of the production, export, sale, transfer, leasing or delivery of those goods or services, or as a result of their use for own consumption or own capital formation.

D214 – Other taxes on products includes:

- **excise duties and consumption taxes (other than those included in taxes and duties on imports);**
- **stamp taxes on the sale of specific products, such as alcoholic beverages or tobacco, and on legal documents or cheques;**
- **car registration taxes;**
- **taxes on entertainment;**

D214—Other taxes on products includes (continued):

- **taxes on financial and capital transactions;**
- **taxes on lotteries, gambling and betting, other than those on winnings;**
- **taxes on insurance premiums;**
- **other taxes on specific services: hotels or lodging, housing services, restaurants, transportation, communication, advertising;**
- **general sales or turnover taxes: these include manufacturers' wholesale and retail sales taxes, purchase taxes, turnover taxes;**

D214 – Other taxes on products includes- (continued):

- **profits of fiscal monopolies. Fiscal monopolies are public enterprises that have a legal monopoly over the production or distribution of a particular kind of good or service may be heavily taxed in some and its productions is restricted to certain consumer goods, such as, alcoholic beverages, tobacco, matches, etc. or fuels);**
- **export duties and monetary compensatory amounts collected on exports.**

D29 – Other Taxes on Productions:

D29 comprise all the taxes that a producer has to pay in virtue of being engaged in production.

- ✓ **These taxes are independent of the quantity or value of the products that are produced or sold.**
- ✓ **They may be levied on the use of land or fixed assets, on labour employed in the production process.**
- ✓ **They may be payable by certain economic activities, such as fees or licenses as long as they are not proportional to the cost of issuance of the licenses.**

e.g. Building tax, motor vehicle tax, fee for business site opening permission, etc.

Borderline Between Fee and Service

ESA 2010 states that if a fee is very much out of proportion (for instance, much higher than 100%) of the cost of production it should be recorded as a tax.

Usually a service is paid by the user of the service. If the user is different from the buyer then most likely it is a tax.

If a group of units pay a fee to a supervisory body that supervises all those units, it is a service provided to the payers and therefore it is the payment for a service and not a tax.

Fees or licenses issued by government units are issued under the verification or certification of security and competences of the staff are recorded as services rendered

D5 – Current taxes on income, wealth is divided into



D51 – Taxes on income



D59 – Other current taxes

D51 – Taxes on Income

Taxes on income (D.51) consist of taxes on incomes, profits and capital gains. They are assessed on the incomes of individuals, households, corporations or NPIs. These are;

- **taxes on individual or household income examples of which are income from employment, property, entrepreneurship, pensions, etc.);**
- **taxes on the income or profits of corporations**
- **taxes on holding gains;**
- **taxes on winnings from lottery or gambling. For instance: Sport Toto-Loto Shares –D214 and Taxes on games –D51.**

D59 – Other Current Taxes include:

- **current taxes on capital which consist of taxes payable periodically on the ownership or use of land or buildings by owners, and current taxes on net wealth and on other assets;**
- **poll taxes, charged by adult or per household, independently of income or wealth;**
- **expenditure taxes, payable on the total expenditures of persons or households;**
- **payments by households for licences to own or use vehicles, boats or aircraft (which are not used for business purposes), or for licences to hunt, shoot or fish, etc.;**

- **taxes on international transactions (travel abroad, foreign remittances, foreign investments, etc.), except those payable by producers and import duties paid by households. (Fee for travelling abroad, Passport and consulate fees)**

D59 – Other current taxes exclude:

- **occasional or exceptional levies on capital or wealth, which are shown under the heading capital taxes (D.91);**
- **taxes on land, buildings or other assets owned or rented by enterprises and used by them for production, such taxes being treated as other taxes on production (D.29);**
- **payments by households for licences other than licences on the use of vehicles, boats or aircraft, or licences to hunt, shoot or fish: driving or pilot's licences, television or radio licences, firearm licences, museum or library admissions, garbage disposal fees, etc. which are treated in most cases as purchases of services rendered by government**

D91 – Capital Taxes:

- Taxes whose incidence is quite irregular and occasionally and are over fixed assets and net wealth of the units as well as over the value of transmission between units such as inheritance, legacies, death duties or taxes on gifts *inter vivos*, which are considered to be levied on the capital of the beneficiaries. These taxes are usually easy to determine.

The total value of the taxes which should be recorded includes any interest charged on arrears of taxes due and any fines imposed by taxation authorities if it is impossible to record such interest and fines separately from taxes.

Methods of recording taxes - according to ESA:

- ✿ **Taxes should be recorded on an accrual basis. That is when economic value is created, transformed or extinguished.**
- ✿ **ESA 2010 states that taxes assessed as due but unlikely to be collected (for various reasons such as bankruptcy of companies, disappearance of individual taxpayers, etc.), shall not be included as government revenue.**

Taxes recorded in the accounts may be derived from two sources

- **Assessments and declarations**
- **Cash receipts**

Assessments and declarations

- Tax are in pure accrual, assessed by tax statements and in each year the amounts of taxes assessed by unlikely to be collected are recorded under D995. It's important to notice that to use this method not only the amounts assessed by tax statements must be known but also when D995 is estimated it is necessary to know which year they refer to. Otherwise this method can not be used at all.

Cash receipts

- If the cash receipts are used, they shall be time adjusted so that the cash is attributed when the activity took place to generate the tax liability. This adjustment is based on the average time difference between the activity and cash tax receipt. Taxes are in a time-adjustment method by using a lag-time in which the arrears are estimated as being the same within a certain lag time which can differ for each tax. Also by adopting this method no recording is made in D995 (taxes and social contributions assessed but unlikely to be collected).

- Any of the methods for recording the taxes may be chosen by the national statistical authorities. The best way for recording revenue according to the accrual principle; either based on assessment and declarations corrected for reliable estimates of the amounts unlikely to be collected or based on a time-adjusted cash approach.
- Eurostat closely analyses such methods and might ask for a change in the method, if the method chosen by the statistical authorities is deemed as not appropriate or as providing unsatisfactory results. For practical reasons, the use of a time-adjusted cash approach may be preferable when there are some difficulties to make reliable estimations for amounts unlikely to be collected or when there are no reliable assessments available. **In such cases, the time-adjusted cash is an acceptable proxy for accruals.**

In addition to the time of recording of taxes, this presentation also provides guidance on other tax issues such as the time of recording of tax refunds, tax amnesties and tax credits.

Recording of tax refunds

For some taxes, there can be regular prepayments by taxpayers (on a monthly or quarterly basis) and the final tax settlement is established in a later period, once the tax declarations are submitted and assessed by tax authorities. This final adjustment may imply a further payment by the taxpayer or, on the contrary, it may entitle the taxpayer to obtain a tax refund.

Tax refunds should be analysed on a case-by-case basis for each country, taking into account data availability and national deadlines for presenting tax declarations. Unusual tax patterns or events that would result in an unusual trend in the series should be closely monitored to ensure the correct time of recording.

Recording of tax amnesties

They are issued by government to forgive tax debts of taxpayers for previous years. Through this measure, government provides a benefit to taxpayers and, at the same time, collects revenue on a one-off basis.

Concerning the time of recording, each case should be carefully analysed.

In this sense, the use of pure cash recording is more appropriate. If a method based on assessments and declarations is used for the recording of tax revenue, the coefficient for amounts unlikely to be collected should be re-assessed after a tax amnesty takes place.

Recording of tax credits

Governments may grant tax credits to promote specific behaviors that benefit the economy, environment, or anything else the government deems important.

A tax credit is a form of tax relief subtracted directly from the tax liability due by the beneficiary after the tax liability has been computed in opposition to any mechanism (such as tax allowance, exemptions or deductions) which impact the tax base.

ESA 2010 distinguishes two categories of tax credits which are non-refundable and refundable.

A non-refundable tax credit can reduce the tax you owe to zero, but it can't provide you with a tax refund.

As far as tax refunds and tax amnesties are concerned, the treatment in national accounts should not depend on estimations and be the cause of significant revisions that affect the credibility of the data on government revenue.

Türkiye Applications

The estimation of taxes is a high priority in the context of ESA 2010.



Data sources



The national legislation



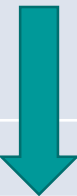


Exhaustive detailed classification



recording

Analyzing the data source regarding the tax

General Consolidated Budget

CENTRAL GOVERNMENT		LOCAL GOVERNMENT
BUDGETARY INSTITUTIONS	EXTRA BUDGETARY INSTITUTIONS	
		
General Budgetary Institutions	Revolving Funds	Municipalities
Special Budget Institutions	Non-Budgetary Funds	Special Provincial Administrations
Regulatory and Supervisory Institutions	Social Facilities	Development Agencies
	Other Non-Budgetary Institutions	Provincial Sports Directorates
		Local Government Associations

Time Adjusted Cash Method

For Instance: **VAT**

Assesment and Declarations

January

February

March

April

100

120

110

90

= 1st Q

= 330

Time Adjustment

Cash Receipts

February

March

April

120

110

90

= 1st Q

= 320

Time Adjusted Taxes

Name of the Time Adjusted Taxes		
ESA	TR	ENG
D51	Gelir Vergisi Tevkifatı	Income tax deduction
D51	Kurumlar Vergisi Tevkifatı	Corporate tax deduction
D91	Veraset ve İntikal Vergisi	Gift and inheritance tax
D21	Beyana Dayanan KDV	Declaration based VAT
D21	Tevkif Suretiyle Kesilen KDV	VAT for deduction
D21	Motorlu Taşıt Araçları	Motorized vehicles tax
D21	Alkollü İçkiler	Alcoholic drinks
D21	Tütün Mamülleri	Tobacco Products
D21	Kolalı Gazozlar	Soft drinks with cola
D21	Dayanıklı Tüketim ve Diğer Mallar	Durable consumption and other type of goods
D21	Banka ve Sigorta Muameleleri Vergisi	Banking and insurance transactions tax
D51	Şans Oyunları Vergisi	Taxes on games
D21	Özel İletişim Vergisi	Special communication tax

Tax List

e-Code	Tax name according to national classification (in Turkish)	Tax name according to national classification (in English)	ESA	Institutional Sectors	Proportion	Codes used for economic functions and environmental taxes	
1311	Beyana Dayanan Katma Değer Vergisi	Declaration based VAT - 01	TRD211REC	S11+S12+S14	1	C	_Z
1421	İthalde Alınan Katma Değer Vergisi	VAT on imports - 03	TRD211REC	S11+S12+S14	1	C	_Z
1312	Tevkif Suretiyle Kesilen Katma Değer	VAT for deduction - 02	TRD211REC	S11+S12+S14	1	C	_Z
1411	Gümrük Vergileri	Customs duty- 01	TRD2121REC	S11+S14	1	C	_Z
1412	Ek Mali Yükümlülük	Extra Financial Liabilities- 02	TRD2121REC	S11	1	C	_Z
1321	Petrol ve Doğalgaz Ürünleri	Petrol and natural gas products - 01	TRD2122CREC	S11	0.9	C	E
1322	Motorlu Taşıt Araçları	Motorized vehicles tax - 02	TRD2122CREC	S11+S12+S14	0.25	C	T
46123	Afet Riski Altındaki Alanların Dönüşümü	Revenues from transformation of c	TRD2122CREC	S11	1	C	RP
52518	İthal. Yüzde Bir ve Binde Beş Or. Al. Çe	Environment support share charged	TRD2122CREC	S11	1	C	P
1321	Petrol ve Doğalgaz Ürünleri	Petrol and natural gas products - 09	TRD214AREC	S11+S12+S14	0.1	C	E
1322	Motorlu Taşıt Araçları	Motorized vehicles tax- 02	TRD214AREC	S11+S12+S14	0.75	C	T
1323	Alkollü İçkiler	Alcoholic drinks- 03	TRD214AREC	S11+S12+S14	1	C	AT
1324	Tütün Mamülleri	Tobacco Products- 04	TRD214AREC	S11+S14	1	C	AT
1325	Kolalı Gazozlar	Soft drinks with cola- 05	TRD214AREC	S11+S12+S14	1	C	_Z
1326	Dayanıklı Tüketim ve Diğer Mallar	Durable consumption and other typ	TRD214AREC	S11+S12+S14	1	C	_Z
13280	6111 sayılı Kanun Kapsamında Tahsil O	Special Consumption Taxes (under	TRD214AREC	S11	1	C	_Z
1621	Noter Harçları	Notary fees - 08	TRD214AREC	S11+S12+S14	1	C	O
1911	Kaldırılan Vergi Artıkları	Residual accruals of cancelled taxes	TRD214AREC	S11	1	C	_Z
5215	Petroldevlet Hissesi	Government bills from petroleum -	TRD214AREC	S11	1	C	RS
52514	Bandrol, Kayıt, Tescil Ücret ve Payı	Stamp tax, registration fees and sha	TRD214AREC	S11	1	C	O
1511	Damga Vergisi	Stamp taxes - 01	TRD214BREC	S11+S12+S14	1	KS	O
1521	Eğitime Katkı Payı Ayrılması Gereken D	Stamp taxes to support fund share	TRD214BREC	S11+S12+S14	1	KS	O
1641	Tapu Harçları	Title deed fees - 01	TRD214CREC	S11+S12+S14	1	KS	O

ESA Table 9 and the National Tax List

- EU Member States report their detailed tax and social contribution receipts by type of tax or social contribution and by subsector of general government and for the EU institutions to Eurostat annually. This annual data covers the time period from 1995 onwards with a transmission deadline of t plus 9 months (i.e., September).
- Member States are required to transmit the full detail of the national classification of taxes and social contributions in both Table 0900 and Table 0999 (National Tax List-NTL) for subsector of general government.

<https://data.tuik.gov.tr/Bulten/Index?p=Devlet-Hesaplari-2020-37185>

National Tax List

ESAP2GOV_NTL_A_V1 4_final - Kopya [Uyumluluk Modu] - Excel

Dosya Giriş Ekle Sayfa Düzeni Formüller Veri Gözden Geçir Görünüm Ne yapmak istediğinizi söyleyin...

Leyla BAYRAK NEVES DE ALMEIDA Paylaş

A31

Questionnaire NTL - Detailed list of taxes and social contributions according to national classification

TABLE_IDENTIFIER: T0999 UNIT_MULT: 6
 FREQ: A DECIMALS: 2
 REF_AREA: 4D Eurostat
 TIME: Row 33 Footnotes

- In addition to ESA2010 table 0900, Member States are asked to provide the full detail of the national classification of taxes and social contributions with corresponding amounts and ESA2010 codes.
 - The grey-coloured cells should be filled with the sum of individual taxes (in white cells) in the respective category. Please adjust the number of columns in the parameter sheet with each.
 - Insert more transactions each time above the line labeled "new".

STO	DETAILS	Tax name according to national classification (in one of national languages)	Tax name according to national classification (in English) CUST_BREAKDOWN_LB	Economic function	Alcohol, tobacco, environmental and property tax	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
D2	T		Taxes on production and imports	Z											
D21	T		Taxes on products	Z											
D211	T		Value added type taxes (VAT)	Z											
D211	C01		Custom Label - 01	C											
D211	C02		Custom Label - 02	C											
D211	C03		Custom Label - 03	C											
D211	C04		Custom Label - 04	C											
D211	C05		Custom Label - 05	C											
D212	T		Taxes and duties on imports excluding VAT	Z											
D2121	T		Import duties	Z											
D2121	C01		Custom Label - 01	C											
D2121	C02		Custom Label - 02	C											
D2121	C03		Custom Label - 03	C											
D2121	C04		Custom Label - 04	C											
D2121	C05		Custom Label - 05	C											
D2122	T		Taxes on imports, excluding VAT and import duties	Z											
D2122A	T		Levies on imported agricultural products	Z											
D2122A	C01		Custom Label - 01	C											
D2122A	C02		Custom Label - 02	C											
D2122A	C03		Custom Label - 03	C											
D2122A	C04		Custom Label - 04	C											
D2122A	C05		Custom Label - 05	C											
D2122B	T		Monetary compensatory amounts on imports	Z											
D2122B	C01		Custom Label - 01	C											
D2122B	C02		Custom Label - 02	C											
D2122B	C03		Custom Label - 03	C											
D2122B	C04		Custom Label - 04	C											
D2122B	C05		Custom Label - 05	C											
D2122C	T		Excise duties	Z											
D2122C	C01		Custom Label - 01	C											
D2122C	C02		Custom Label - 02	C											
D2122C	C03		Custom Label - 03	C											
D2122C	C04		Custom Label - 04	C											
D2122C	C05		Custom Label - 05	C											
D2122D	T		General sales taxes	Z											
D2122D	C01		Custom Label - 01	C											
D2122D	C02		Custom Label - 02	C											
D2122D	C03		Custom Label - 03	C											

S13+S212 GG+EUins S13 S1311 S1312 S1313 S1314 S212 Parameters VAL_Explanatory notes dim ...

Hazır Say: 0 18:00 4.03.2022

Suggestions

- **As regards the missing data for the backward years, an alternative method for estimation these data is proposed if it is not possible to have the figures directly from the sources:**
 - **The missing data can be estimated by using a structure based on the average structure for the more recent period for which data are available, or;**
 - **The data can be estimated by applying an average yearly growth rate assuming that for backward years the growth rate is the same.**
 - **For both methods it is important to have the same structure of taxes and of units. New taxes created in the middle or being abolished should be separately treated.**

Thank you for your attention