

BDO TAX BULLETIN



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THE ECONOMIC STABILITY SHIELD PROGRAM HAS BEEN ANNOUNCED AIMING TO LIMIT THE ECONOMIC EFFECTS OF CORONA VIRUS OUTBREAK

Following the Coordination Meeting Against Corona Virus Outbreak, President Recep Tayyip Erdoğan announced the "Economic Stability Shield" program. In this context, it is planned to allocate the 100 billion TL resource set. The Program is as follows and will become clear with the regulations that will come into force in this context. The regulations to be made will be announced separately.

- 1- The payments of Withholding Tax, Reverse Charged VAT and Social Security Premiums regarding April May and June will be postponed for 6 months for; Retail, shopping center, iron & steel, automotive, logistics, transportation, cinema, theater, accommodation, food & beverage, textile & confection and event & organization industries.
- 2- Recently established Accommodation Tax will not be applied until November.
- 3- The payments of easement fees and revenue share payments for hotel rentals regarding April, May and June will be postponed for 6 months.

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- 4- The VAT rate for domestic airway transportation will be reduced from 18 percent to 1 percent for 3 months.
- 5- The principal loan and interest payments to banks of firms whose cash flow is impaired due to the measures against Covid-19 outbreak will be postponed for a minimum of 3 months and additional financial support will be provided if necessary.
- 6- In order to maintain capacity utilization rates during the temporary slowdown in exports, stock financing support will be provided to the exporter companies.
- 7- April, May and June principal and interest payments of the loan debts to Halkbank of the tradesmen and artisans who claim that their business was adversely affected in this period will be postponed for 3 months without any interest.
- 8- Credit Guarantee Fund limit will be increased from TRY 25 billion to TRY 50 billion, and Small and Medium-sized Enterprises (SMEs) and firms with liquidity needs and collateral deficits due to the outbreak will be prioritized for the provision of credits.
- 9- The introduction of socially-purposed credit packages under appropriate and advantageous conditions will be incentivized.
- 10- For houses valued under TRY 500.000, the amount available for credit will be increased from 80 percent to 90 percent. Namely, the minimum advance payment will be reduced to 10 percent.
- 11- The firms defaulted in April, May and June due to the adverse effect of outbreak will be provided with a “force majeure” annotation in their credit registry.
- 12- Minimum wage support will continue.
- 13- Flexible and remote working models in the legislation will be made more effective.
- 14- Short-Time Working Allowance will be implemented. The processes required to benefit from this application will be eased or accelerated.
- 15- The lowest retirement pension will be increased to TRY 1,500.
- 16- The eid premium of retired persons will be paid at the beginning of April.

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- 17- An additional TRY 2 billion resource will be allocated for cash benefits to be made to vulnerable families which will be determined according to the criteria set by the Ministry of Family, Labor and Social Policies.
 - 18- In order to ensure the continuity of employment, compensation working period will be increased from 2 months to 4 months.
 - 19- Periodic follow-up program, consisting of social services and home health services, will be implemented for the elderly people who are over 80 years old and living alone.

Regards,