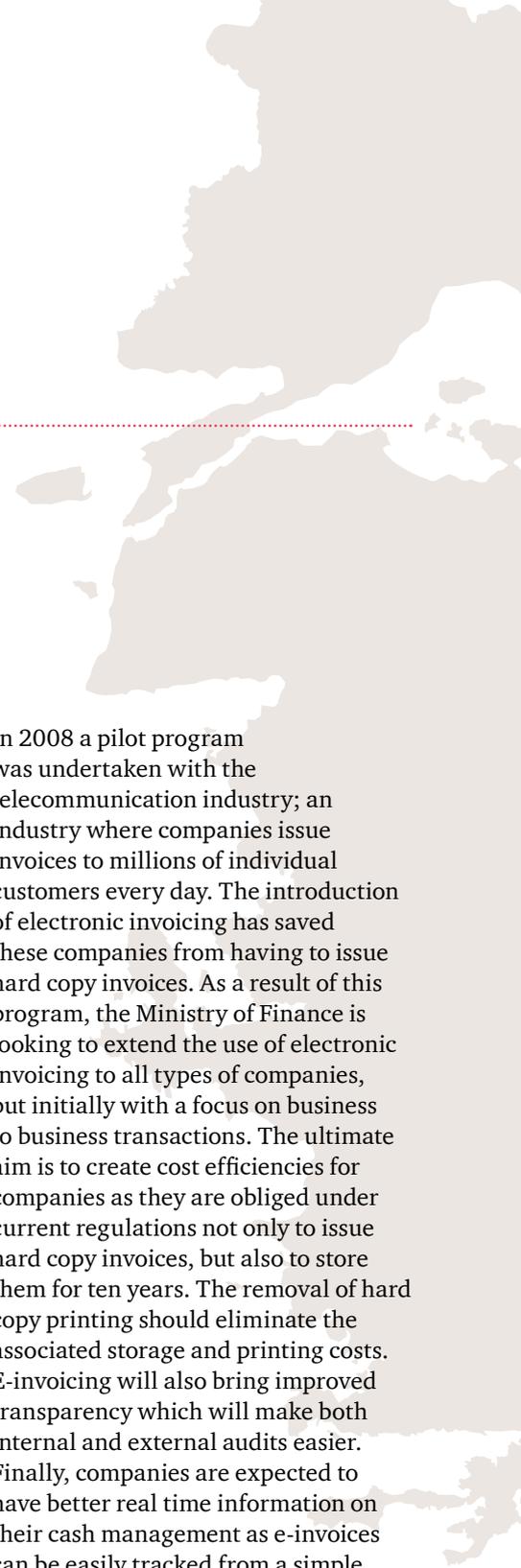


# *Paying Taxes 2014*





# Turkey

## Turkey's tax system goes digital

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The Ministry of Finance embarked on a program almost nine years ago to move tax administration onto an electronic platform. The move from hard copy filing to electronic filing started back in 2004. This change has saved taxpayers time on the preparation and filing of their tax returns and enabled electronic record keeping at the tax office.

It has also set a precedent for other e-initiatives and has been followed by a number of further e-government type applications (e.g. an e-tax office which enables taxpayers to access to certain information, e-confiscate which enables the confiscation of property to settle tax debts owed). There are several electronic initiatives that deserve a special mention which involve electronic invoicing and electronic accounting records.

In 2008 a pilot program was undertaken with the telecommunication industry; an industry where companies issue invoices to millions of individual customers every day. The introduction of electronic invoicing has saved these companies from having to issue hard copy invoices. As a result of this program, the Ministry of Finance is looking to extend the use of electronic invoicing to all types of companies, but initially with a focus on business to business transactions. The ultimate aim is to create cost efficiencies for companies as they are obliged under current regulations not only to issue hard copy invoices, but also to store them for ten years. The removal of hard copy printing should eliminate the associated storage and printing costs. E-invoicing will also bring improved transparency which will make both internal and external audits easier. Finally, companies are expected to have better real time information on their cash management as e-invoices can be easily tracked from a simple electronic platform.



The second initiative to mention is the move to allow companies to keep in an electronic format those accounting records which they are required to keep by law. Companies with electronic invoicing systems are able to keep their related statutory accounting records electronically subject to certain conditions. This will be revolutionary as it will save companies from the need to print piles of statutory accounting records, including general ledgers and inventories which must be stored for 10 years for regulatory reasons.

Currently there are additional costs associated with adopting both e-invoicing and the change to electronic accounting records, but the savings related to reduced storage costs are expected to exceed these, as well as the savings related to printing. A further advantage is that it should also bring increased transparency to tax audits and should help deter tax evasion.

Finally there is an e-payment initiative, which is still at the conceptual stage, but when it has been designed and introduced it is expected that it will vastly improve the efficiency of tax audits. The idea is to set up a tracking system with banks to monitor the flow of cash between the accounts of taxpayers in order to match the delivery of goods/services with payments and to help detect any tax evasion.

Once these measures are in place, it is expected that they will bring benefits to both business and the tax authorities; tax audits should become more efficient and effective and in return taxpayers should enjoy material savings on the costs associated with the considerable administrative burden of producing and maintaining statutory records.

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