

## Turkey: FINANCIAL PRECAUTIONS DUE TO COVID-19 OUTBREAK

At the press conference held on 18.03.2020 after the coordination meeting regarding COVID-19 outbreak, President Recep Tayyip Erdogan announced that a 100 billion liras economic measure package called “**Economic Stability Shield** (Ekonomik İstikrar Kalkanı)” will be implemented in order to reduce the negative effects of the COVID-19 outbreak.

The outline of the economic package, even though the details and framework of which has not yet been clarified and formalized, is as follows:

- **Withholding Tax, VAT withholding tax declarations and SSI premiums** of *April, May and June* periods for the Retail, Shopping Mall, Iron-Steel, Automotive, Logistics-Transportation, Cinema-Theater, Accommodation, Food-Beverage, Textile-Garment and Event-Organization sectors will be postponed for 6 months.
- **Accommodation Tax** will not be applied until November 2020.
- **Easement fees and revenue share payments** for hotel rentals which needs to be assessed for *April, May, June* will be postponed for 6 months.
- In domestic air transport, the VAT rate will be reduced from 18 percent to 1 percent for **three months**
- The loan principal and interest payments of the companies whose cash flows are impaired due to COVID-19 outbreak will be delayed for at least **three months**; also, additional financing support will be provided if necessary.
- In order to maintain capacity utilization rates during the temporary slowdown in exports, exporters will be provided with **stock financing support**.
- The principal and interest payments concerning April, May and June related to the credit debts of the tradesmen and craftsmen to Halkbank will be postponed for **three months without interest** if they declare that their work was adversely affected in this period.
- The Credit Guarantee Fund limit will be increased from 25 billion liras to **50 billion liras**, and will be given to SMEs and firms with liquidity needs and collateral deficits, since the priority in loans is negatively affected by the developments.
- The introduction of **credit packages for social purposes** will be encouraged under appropriate and advantageous conditions for citizens.

- In houses under 500 thousand liras, the **credible amount** will be increased from 80 percent to 90 percent, the minimum down payment will be reduced to 10 percent.
- With the effect of the measures taken against the spread of the virus, firms that become overdue in April, May and June will be provided with a **“force majeure” grade in the credit registry**.
- The period of submission of concise declarations, including the payments of the deductions made at the source such as withholding, will be postponed for **three months**.
- **Minimum wage support** will continue.
- **Flexible and remote working models** will be made more effective in the legislation.
- **Short Work Allowance** will be put into use and the processes required to benefit from this will be facilitated and accelerated. Thus, while temporary income support is given to workers at workplaces that their activities are interrupted, and the cost of employers will be reduced.
- The lowest pension will be increased to 1,500 liras. In addition, retirement bonuses will be paid at the beginning of April.
- According to the criteria set by the Ministry of Family, Labor and Social Policies, an **additional 2 billion liras** resource will be allocated for financial aid to families in need.
- In order to ensure continuity in employment, the 2-month **compensatory working period** will be increased to 4 months.
- Alternative channels will be developed in line with the priorities determined both in production and retail in case of disruption in global supply chains.

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