Turkish - Stamp Duty

Notification by the Government of Turkey

The following communication, dated 14 April 1967, has been received from the Turkish Government.

It is proposed to place this matter on the provisional agenda of the next meeting of the Council.

1. The CONTRACTING PARTIES decided on 20 July 19631 to waive the provisions of paragraph 1 of Article II of the General Agreement to allow the Government of Turkey to maintain the stamp duty of 5 per cent ad valorem on all imports. The Government of Turkey had informed the contracting parties in the annual reports it submitted that it intended to remove the existing 5 per cent stamp duty on imports by 31 December 1967.

2. Since one of the major goals of our Development Plan, as it is the case with other developing countries, is to secure a reasonable growth in stability, the Government of Turkey has felt the necessity, under present circumstances, to increase the rate of stamp duty and to extend its validity in order to:

   (i) meet financial requirements of the Development Plan;
   (ii) maintain internal price stability; and
   (iii) prevent the worsening of the balance-of-payments position.

3. For this purpose a new law authorizing the Council of Ministers to levy stamp duty not to exceed 15 per cent on imports, and a decree thereof fixing the rate of duty as 10 per cent entered into force on 13 February 1967.2 The previous law levying 5 per cent stamp duty on imports has been abrogated by this new law.

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1 BISD, Twelfth Supplement, page 55.
2 The texts of the law and the decree are annexed hereto.
4. Increasing the rate of stamp duty is one of a number of fiscal measures taken recently by the Government of Turkey to meet the financial requirements of the Development Plan; namely the increases in the rates of taxes in monopoly goods (i.e. cigarettes, alcoholic beverages, salt) and petroleum products, and in prices of main products of the State Economic Enterprises as well as considerable increases in the property tax. The additional financing requirement foreseen for the public sector for the year 1967 was LT 2.2 billions. The 5 per cent increase in stamp duty as a result of the new law, would constitute around 13 per cent of the new tax revenues to be obtained under legislation recently approved by the Parliament to meet this requirement.

5. This is a fiscal measure taken within the framework of the Development Plan which stipulates growth in stability. In this respect, the International Monetary Fund also welcomes the decision of the Turkish Government to ask the Parliament's approval for the measures concerning a substantial increase in tax revenues to ensure the development in price stability with a balanced budget. On the other hand, from the standpoint of balance of payments, it is generally recommended for developing countries to set up import surtaxes instead of new quantitative restrictions.

6. The main characteristics of the new stamp duty are almost the same as the previous one. As it was before, all imports apart from some exceptions are subject to this duty. According to the special provision of the law, the new stamp duty will stay in effect till 1972, which is the end of the Second Five-Year Development Plan. The Council of Ministers has the authority to decrease or increase up to 15 per cent the rate of duty when the circumstances necessitate it.

7. It is not the intention of the Turkish Government either to reduce the present volume of imports or to protect national industry with this measure. Taking into consideration the existing very high level of import demand and large profit margins in import trade due to special circumstances in Turkey, it is believed that 5 per cent increase in the stamp duty will not affect the volume of total imports foreseen in the Development Plan.

8. The Turkish delegation stands ready to furnish any further information in this respect which may be required by contracting parties.
ANNEX I

IMPORT STAMP DUTY LAW

Law No: 828
Date of approval: 7 February 1967
Date of entry into force: 13 February 1967

Article 1

Customs entries submitted to the customs office shall be subject to a stamp duty on the value declared for the customs purposes.

In those cases where a customs entry is not submitted, replacement documents thereof shall be subject to the same duty.

This liability shall occur when customs duty becomes payable under the Customs Law.

Article 2

The rate of duty shall be determined by the Council of Ministers not to exceed 15 per cent.

The Council of Ministers is authorized to change the rate so determined when it is deemed necessary.

Article 3

Stamp duty to be levied on the replacement documents pertaining to the goods entered into the country as temporarily shall be subject to the same provisions relating to the customs duty.

Article 4

Customs entries and replacement documents relating to the goods which are exempted from the customs duty under the Customs Law, the Customs Tariff, the International Agreements and the Law No. 2510, and its amendments, the Law Nos. 4119, 5798, 6326, 6529, 6593, 7269, 7479 and the Law No. 581, dated 20 April 1965, shall also be exempt from the import stamp duty.
Importation exempted from the customs duty and all other duties or charges under the provisions of the laws other than those mentioned above shall be subject to the import stamp duty.

Article 5
The import stamp duty shall not be included in the base of the production tax. It shall be collected by the customs administrations together with the customs duty.

Article 6
The Law No. 185, dated 15 February 1963, shall be abrogated on the date of the entry into force of the Decree of the Council of Ministers mentioned in Article 2, in relation with the rate of duty.

Provisional Article
Customs entries and replacement documents thereof relating to the goods which are not actually imported at the time of the entry into force of the present Law shall also be subject to the import stamp duty.

Article 7
The present Law shall enter into force on the date when it is published in the Official Gazette, and shall be applied till 31 December 1972 which is the end of the period of the Second Five-Year Development Plan.

Article 8
The present Law shall be executed by Minister of Finance and Minister of Customs and Monopolies.
ANNEX II

DECREES OF THE COUNCIL OF MINISTERS

No: 6/7684
Date of adoption: 11 February 1967
Date of publication: 13 February 1967

The rate of the import stamp duty has been decided as 10 per cent in accordance with the authority given in Article 2 of Law No. 828, dated 7 February 1967, according to the proposal of the Ministry of Finance.