

The Export Exceptional Application In Means Of Value Added Tax: The Example Of Antalya

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1 In order to save space, the results from the panel unit root tests are not reported here, but available upon request.

Abstract

Purpose of this study is constituted by the exceptional VAT applied in export activities and the lineal and rudiments related to the rejection mechanism process. The exception included into this study, the one concerned with the exception are initially those real and legal persons involved in export activities in domestic borders and abroad, secondly the accountants of these persons, Public Accountant Members and finally the public closely related to the subject. Therefore; Value Added.

Tax (VAT) is of great importance in means of tax collection in the Turkish Tax Structure. The 11th and 12th articles within the relative Law subjecting to the “export exceptions” and the 32nd article subjecting the discount applied to the process related to the exceptions are of great importance within the scope of the VAT.

In the final division of the study there is a survey applied to the companies that realize export in Antalya in order to gain general information about the companies and the issues faced related to the reject mechanism of VAT that rise from the export realized by these companies. In general; it is noticed that most of the exporting companies in Antalya constitute of Small and Medium Size Enterprises and that they are generally complaining about the mass of official procedures and about the processes realized very slow.

Keywords: Export Realized in Antalya, The Application of Exceptions in Export, Value Added Tax, Export Survey

1.INTRODUCTION

Limitations in the commercial exchange of goods and services are disappeared with commerce agreements between countries created commerce and economic system that associations, and labor, customer, and capital are circulated in worldwide were settled. Dynamics such as the political changes all over the world, raising gap between rich countries and poor countries triggered international commerce. Being the world market such a large and its accessibility directed countries and companies to sell products that are not consumed in internal market to foreign market. The reason of that the new world pattern countries drag competition based on export is to expand bracket per country as an element of international development level.

The purpose of this research is to examine export exemption and refund implementations since 1985 about refunding VAT to the exporter for goods and services that will export. VAT export exceptions, analysis of our country and the world export will be discussed, then,

a survey about refunding, implemented to exporters in Antalya, arising from the general export status and exceptions in export VAT will be involved.

2.IMPORTANCE OF VAT IN TURKISH TAX SYSTEM

There have been many definitions of the tax until today. Tax, as a word, means “Impot” in France, and mainly is a Turkish term. It means generally gifted, disinterested given value. However, they are values as participation shares to public spending given by taxpayers to the government (SAYAR; Nihad Public Finance - Public Expenditure and Income Principles I-II, Sermet Printing House, Istanbul, 1970, pg.77) in financial meaning. Taxes defined with money today although, in financial meaning, it is actually the meaning of material values paid with money and goods.

VAT, known as sales tax in tax system, is an impersonal, multi-stage, general turnover tax that grasps of every phase by the time that every stage of the production-consumption and import chain reach the final customer, received from the sale of the goods, and based on the increase in value by allow tax cuts. According to first item of TAX legislation numbered 3065, delivery of goods and services fulfillments in the framework of commercial, industrial, agricultural activities and independent business activities in Turkey are subjected to be implemented under all kinds of imports of goods and services, and other proceedings.

As follows, the sum of VAT shown in documents are deducted from the sum of VAT shown in documents like bill etc. that are issued by that firm due to good sales or service fulfillment during the same period, because of goods and services bought by a firm with documents like bill etc. from another firms during the taxation period. Affirmative spread between these will be paid until the evening of 26th of the following month by declared to relevant tax authority until the evening of 24th of the following month. Negative spread between these will be transferred to the next period and the sum of VAT shown in documents like bill etc. that are issued by that firm due to goods or services during the taxation period will be added on the memorandum in this period.

The essence of VAT is implemented in every stages from production or importation to consumption of goods and services, that tax value added in each stage. (YILDIRIM; Muhsin, BAĞRIAÇIK; Atila, Implemented VAT in Foreign Commerce Operations and Accounting , Science and Technology Publishing House, İstanbul 2000, page:1).

In our country, principle adopted for international circulation of goods and services is “arrival country” principle. In other words, it is essential that Turkey is taxed by the countries where international movement of goods and services originating from Turkey arrived (consumed), is not taxed by countries where they emanate (produced).

The two main methods, mainly taxation, are implemented in the Turkish Tax System. First of them is direct taxation group subjected under the name of income during the investigation of income. Second is indirect taxation group subjected under the name of tax conditions during spending income. (Essentials of refunding and VAT in import, İGEME – İSO, Joint Publication, İstanbul 2010, page:1).

The biggest factor crowning The VAT, as an indirect tax, is the mechanism of reduction feature. The final customer, not the taxpayers who law is not mentioned as, undertake tax burden of goods or services by means of this reduction system. The cumulative tax receipt and the additional tax burden on goods and service will be prevented.

3.EXPORT EXCEPTION IN VAT

It is necessary requirement that goods and services relating to export don't burden VAT. On the other hand, competitive chance in international markets of these goods and services will be reduced. (MAÇ; Mehmet, VAT Implementation Electronic Book, 11th item, page: 3). Countries tent to sell goods and service to the abroad. In order to ease and increase doing this, they prepare essential substructure. Exportation are exempted in our country like all the countries where VAT is implemented.

About exception of exportation, with the 11th item of VAT, exportation transactions will be subjected to a full exemption; in following 12th item, transactions which would meet the conditions will be exported. In the following 32th item, it is provisioned that taxpayers will offsetting VAT that they paid in used certificates from VAT counted (payable), but if this counted VAT is less than deductible VAT, VAT that we couldn't deduct will be refunded to taxpayer within the framework conditions determined by the Ministry of Finance. Therefore, goods and services subjected to the exportation will disburden of VAT and be vested in the final customer.

Exportation is exempted in countries where VAT is implemented. In our country, parallel with EU mandates, some principles are adopted during the harmonization process of common tax system in the unity. One of them is a destination principle (taxation in the country of destination), adopted by every country where VAT is implemented, goods and services are subjected to VAT in the countries where they are consumed and used. Importation of every goods and service is taxed in Turkey when exportation of every goods and services that will consumed in the abroad is extended. Therefore, competitiveness in international markets for goods and services can be increased and it is prevented that taxpayers and administration do the same thing twice by solving the double taxing problem. VAT refund system, refunding of burdens in goods production and procuration, was an important to international competitive and finance of exporters. Reason of this is that VAT rates differ between countries so that exportation are extended for VAT is based on this principle. According to destination principle, VAT burden on goods that were bought by tourists from Turkey to their countries and will be consumed in their countries should be vanished. Because, goods that are bought in such a way in Turkey, and received to abroad should be appraised as exportations, and this way in literature as a term is named as "retail exportation"(ÜNALAN;Sedat,<http://www.yaklasim.com/mevzuat/dergi/makaleler/199508588.htm>). Parallel with the international implementation, in our country, (<http://www.gib.gov.tr/index.php?id=1028>);

- Refunding of VAT that was paid to exported goods. (VAT , 32th)
- Making arrangement to provide exporter buy goods without paying VAT(VAT, 11th/1)
- Not computing VAT in refunding relating to exportation (VAT, 11th / 1-a)
- With them, exempting exported goods from VAT completely, that means, provisions providing exceptional implementation are involved in VAT. Therefore, goods and services exempted from VAT will be subjected to VAT in arrival country. On the other hand, according to 11th /11-c item of VAT,
- It is provided in some conditions that exporter can get goods without paying VAT, and get rid of having deal with tax refunding.
- It is enabled that importer can get VAT that he couldn't get from exporter from tax office, and get rid of finance burden by means of billing with VAT and showing this in his memorandum, and postponing VAT debts with interest free, in fact, offsetting to

the other tax debts or in cash this money if he does not pay the debt or the money is less than probation.

- (<http://www.divandenetim.com.tr/Makaleler/Details.aspx?MakId=69f68255-0afb-4ef4-9564-eb490b78aa1>).

4.EXPORTATION ANALYSES IN OUR COUNTRY

Sectors of commodities that are subjected to foreign-trade; agriculture, industry, and mining. In 2011, the sum of exportation in Turkey have reached 134.571.338 Thousands of USD , the maximum exportation is in 111.537.870 Thousands of USD in industry sector, second is 17.887.224 Thousands of USD in agriculture sector, and the last is 3.876.383 Thousands of USD in mining sector. (<http://www.tim.org.tr/tr/ihracat-ihracat-rakamlari-tablolar.html>).

The maximum contribution to being the maximum exportation sector of Industry is industry products. In this subtitle, automotive industry has 15,16% of exportation in our country. (<http://www.tim.org.tr/tr/ihracat-ihracat-rakamlari-tablolar.html>).

All sector figures that we get is comprised of 13 Exporter Associations General Secretaries and 61 Exporter Associations in General Secretariats. Each General Secretariat has different business segment; and it has total 24 different business segments. Exporter Associations which its members are exporters service as institutions connected with Turkish Republic Prime Ministry Undersecretariat of Foreign Trade.

According to information in 2011, association that has maximum exportation in Exporter Unions is Istanbul Mine and Metal Exporters' Association with 37.711.868 Thousands of USD that has 1/3 of the whole exportation, and association that has minimum exportation is Antalya Exporters Association with 1.073.591 thousands of USD and 0.8% contribution and it is the last of the list. (<http://www.tim.org.tr/tr/ihracat-ihracat-rakamlari-tablolar.html>).

According to information about geographic area in 2011, we exported mostly to Europe. This found seems to be on the basis of the countries we export mostly. As follows, the first four countries that we export mostly are the countries that have the largest economy of Europe. We export mostly to Germany with 13.882.788 thousands of USD, 10.41%, and respectively UK, Italy and France. At the sum, Turkish products are exported to 229 different countries, pieces of land not declaring independence, or island communities. (<http://www.tim.org.tr/tr/ihracat-ihracat-rakamlari-tablolar.html>).

Any other numerical information that should not be overlooked is increase variety of sector and country in exportation. This increase is very important to exhibit stable export performance with decreasing problems that may be in external demands. When looking at contribution of the first ten exported sectors, there is an increasing variety of products. In fact; contribution of the first ten sectors of 66 sub sectors in the exportation is 73.8% in 1996, but it is 65.6% in 2011. In addition, the another method is to look at equivalent sector number in order to observe change in sectoral variety. Equivalent sector number gives the number of the main sectors with equivalent contribution to the whole exportation by excluding unimportant sectors with minor contribution to the exportation. Equivalent sector number is 11 in 2000, but it is 18 in 2011. (<http://www.tuik.gov.tr/Start.do>).

After the 2001 crisis, there was reduction in equivalent sector number, and after 2008 global crisis, there was increase in variety of our exportation. (ÖZLALE; Ümit, CUNEDİOĞLU; H. Ekrem, Turket Exportation Performance 2: Variety of the basis of sector, Competitiveness and Adaptation, Economic Policy Research Foundation of Turkey (TEPAV), Ankara 2011).

5.SAMPLE OF ANTALYA CITY

It can be understood that Antalya is not only a tourism city when information in Table 1 is examined. In addition to tourism, there are mainly fruit, vegetable and cut flower crops; industry products mainly cement and iron; mining. To sum up, in addition to city center and tourism, agriculture and industry was also developed.

TABLE-1: Exportation in Antalya City on the Basis of Sectors (2011)

SECTOR	EXPORTATION (USD)
Wood and Forest Products	77.264.878,18
Cement and Soil Products	15.461.467,49
Valuable Mine and Jewelry	9.311.771,28
Iron and Steel Products	18.225.319,94
Ferrous and Non-Ferrous Metals	19.671.854,44
Leather and Leather Products	23.887.470,28
Other Industrial Products	2.933.431,84
Electricity – Electronics	8.806.940,64
Hazelnut and Products	18.255,59
Ship and Yacht	2.808.782,75
Carpet	242.045,68
Clothing and Apparel	18.577.734,26
Cereals, Pulses, Oil Seeds and Products	21.697.295,84
Chemicals and Chemical Products	88.393.127,25
Dried Fruits and Products	312.435,76
Mining and Metals	154.697.026,55
Machinery and Parts	25.303.093,17
Fruit and Vegetable Products	22.475.160,48
Fisheries and Livestock Products	12.095.172,50
Ornamental Plants and Products	31.501.890,84
Automotive Parts and Supply Industry	7.254.041,52

Textile and Raw Materials	43.977.145,17
Fresh Fruits and Vegetables	403.389.262,78
Olive and Olive Oil	444.394,38
TOTAL EXPORTS IN ANTALYA	1.008.749.998,61

SOURCE: <http://www.tim.org.tr/tr/ihracat-ihracat-rakamlari-tablolar.html>

According to information in 2011, total exportation is 133.301.459.479,77 USD. Istanbul has the maximum exportation with 59.048.557 thousands of USD in the basis of the cities, and respectively Bursa and Kocaeli. Antalya, area where research was made at the end of the survey, has 1.008.749 Thousands of USD and it is 16th city in exportation. (<http://www.aib.org.tr/html/>).

5.1.SURVEY

The purpose of this survey is to evaluate exportations and problems in duration of exportation in Antalya that contributed to exportation in our country by operating at the large area from the mining products to service exportation; agricultural products to industry. During the study, the main questions of sought answers are towards the intended targets.

- What are the qualifications who carry out export activities?
- What are the characteristics of firms that carry out export activities?
- What do firms care except the financial income when firms export cares what?
- What problems are seen frequently in the process of export?
- What obstacles firms encounter the collection of export exemption arising from the VAT refund?
- What aspects of Antalya are the advantages and disadvantages for export?

In order to answer these questions, this survey was prepared and exportations in Antalya were tried to examine. 34 questions were directed to the exporters. This survey was sent to the 2.083 subjects (universe) via electronic message and 115 of them turned back (sample). Interpretation was prepared from these information to general. These participants were not chosen random, and it was tried to reach all the exportation firms. (simple random sampling) Here, it is wanted to help to get electronic mail of firms from professional chambers and associations.

It should not be underestimated that attendance of exportation firms' owners, their shareholders or employees is 5.52%. Time period that survey was done is the period when implementation of Some of the Restructuring of the Public Debt, and Social Insurance and the other General Health Insurance Law on Amendments to Some Laws and Decree Law. When this arrangement that a lot of companies benefit from is considered to make workload difficult, it can be said that this rate is too much and it is enough to induct.

5.1.1.SURVEY RESULTS

Increase in exportation in our country since integrating European Customs Union in 1996 affected positively exportation in Antalya. Total exportation was increased 315% in the last

10 years, and exportation in Antalya was increased 706% so it gained acceleration 2 times higher than total exportation in the country.

TABLE-2: Last 10 Year Analysis of Antalya and Turkey Exportations (Million USD)

YEARS	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
TURKEY	6.059	7.252	3.167	3.476	5.534	07.271	32.027	02.135	13.682	30.769
ANTALYA	60	22	56	89	39	48	90	13	.130	.009

SOURCE: Turkey Exporters Assembly (www.tim.org.tr)

As the table suggests; hypothesis of “A couple of exportation enterprise in Antalya are the special exporters in first Mediterranean Sea, then Turkey, and then World in the immediate future by getting rid of structural problems; or with human capital, organizational capital, external capital, and exportation performances.” is realistic. As the same, being 500 billions of USD of our total exportation of TIM in 2023 is not a dream.

6.RESULT AND EVALUATION

These findings are gotten by comparing 34 questions in survey to exportation firms with each other. Because 66% of attendants in survey says that 500 billions of USD goal is difficult reach under these current conditions, entrepreneur to export the administrative authority should be encouraged like free of charge in accommodation. In survey, being 54% of rate of firm without gadgets in foreign language is because of that 54% of them is comprised from enterprises that like KOBİ (Small and Medium Sized Enterprises) enterprises providing interim good to large companies rather than exporting their own brand. Another consequential result is 59% of real and legal persons dealing with exportations in Antalya are not interested in the relating activities. In this case, firms can't know developments relating to their fields and Ar-Ge (R&D), and if they are going to behave like that, unavoidable results will appear day after day. However, attending enterprises with their own sectors and activities related to exportation will affect positively in a city with Expo exhibition and convention area.

In the survey results, enterprises with exportation activities are mostly KOBİs. A lot of KOBİs begin to export because they emulate the other KOBİs or the foreign customer wants to goods from them. In this case, KOBİs are not completely related to scientific facts of exportation. Most of KOBİs don't know their rivals, how much rivals they have, whether they have any rival or not.

In the results of the survey, 60% of attendants complain about plenty of bureaucratic processes and its loginess in refunding of VAT. In order to solve this problem, number of physical controls should be decreased in the custom gates, information technologies should be benefited more, number of qualified servant should be increased and recommended that they should work more efficiently.

Encouragement implementations like encouragement models in developed countries should be insurance, guarantee, Ar-Ge, quality control and credit instead of financial encouragements

because directly given government supports make exporters lazy. However, encouragements integrated to the various stages of exportation may direct them to new pursuits.

It is recommended that certificate system carried out by the authorities of EU countries is going to be on the electronic system after 2017(TİM, December Europe Agenda, 2010, page:18). Therefore, it is expected that decreasing bureaucracy that exporters always complain and saving time and labor.

As a result, exportation enterprises in Antalya are enterprises that are not professional, and can't stand on its own legs; but have potential for the future.

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