

# DIGITAL SERVICES TAX IN TURKEY



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## **PREFACE**

In the New World order under the thumb of globalization, it is clear that there is a process in which large capital groups try to monopolize digital technology and services while international capital and national economies, namely, nation-states, face an open or secret conflict between them. Due to this conflict, most of the nation-states; advocates the necessity of determining new principles and rules at the international and national level to tax the digital field of activity in a way that includes all economic relations, and the search for an international common solution to the problems experienced in the taxation of the digital economy continues.

In the face of difficulties in reaching an international consensus on the tax law rules that have been tried to be brought in the field of digital services, a significant part of the States has decided to set rules at the national level to re-establish tax justice, which has been shaken by the exclusion of giant companies in the digital economy from taxation, and to sanction the acts that violate these rules. For instance, many European Union countries (France, England, Spain, Italy, Austria, and Hungary), which do not expect the European Union to draft a directive or to accept the draft it has created, have adopted a digital service tax.

## IV

In this context, the Digital Service Tax, which is a new type of tax accepted by Law No. 7194 in our country, is a result of the studies carried out to determine the activities in the digital field, to bring some main criteria on problematic issues, especially the concept of the permanent establishment, and to tax digital services to avoid tax avoidance.

Although states undoubtedly have the right and the authority to tax those who operate in their areas of taxation and earn income; while using this authority, it is clear that the taxation of the digital economy should be carried out by the principles of law, in particular tax law, and that the existing tax burden should not be aggravated in violation of these principles.

At this point, it should be noted that the fact that France, India, and Turkey (which have adopted digital services tax) are all subject to an official investigation by the United States of America (where many important companies exporting digital technology are present) constitutes an important obstacle to the search for tax justice in the field of the digital economy. Although it does not mean that we adopt the views in its content, the report organized by the United States of America on Turkey about this issue has been appended to the end of this book to better understand the discussions on this subject and due to its value in terms of academic studies.

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