A COMPARATIVE STUDY BETWEEN TURKISH TAX LAWS AND INTERNATIONAL ACCOUNTING STANDARDS: HOW DO DEFERRED TAXES AFFECT PROFIT?

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ABSTRACT

A COMPARATIVE STUDY BETWEEN
TURKISH TAX LAWS AND INTERNATIONAL ACCOUNTING STANDARDS:
EFFECT OF DEFERRED TAX ON PROFIT

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This thesis has been written to explain and emphasize the differences between the Turkish Tax Laws and International Accounting Standards which cause the phenomenon called deferred tax. The purpose of the research is to identify individual reasons particularly influential in creating deferred tax through a thorough literature examination, then later using a sample drawn from Borsa Istanbul Sustainability Index to observe whether or not these differences have any tangible effect in the Turkish context. Total tax expense of an entity which is calculated in accordance with financial accounting standards is composed of two separate components; (i) current tax, (ii) deferred tax. Deferred tax is either a liability or an asset on the subjected entity's part which affects the total tax expense positively or negatively also which subsequently affect net profit. The research attempts to identify most prominent causes of deferred tax, observes the effect of it and also attempts to offer insight on the two contradicting approaches, i.e. lawmakers' and accounting standard boards' and tries to give an idea of the extent of the contradiction in Turkey on a fundamental level. The findings show that deferred tax has an impact on financial profit and is a significant part of total tax expense.

Keywords: Tax laws, accounting standards, deferred tax, current tax, net profit.

ÖZ

TÜRK VERGİ KANUNLARI VE ULUSLARARASI MUHASEBE STANDARTLARI
ARASINDA KARŞILAŞTIRMALI BİR ÇALIŞMA:
ERTELENMİŞ VERGİNİN KARA ETKİSİ

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Tez Yöneticisi: Doç. Dr. Adil Oran

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Bu tez Türk Vergi Kanunları ve Uluslararası Muhasebe Standartları'nın arasındaki farklar dolayısıyla ortaya çıkan ertelenmiş vergi ismi verilen olguyu açıklamak ve ertelenmiş vergiye sebep olan farkları incelemek amacıyla yazılmıştır. Araştırmanın temel amacı, detaylı bir literatür taraması vasıtasıyla ertelenmiş vergiye sebep olan farklılıkları Türkiye bağlamında belirlemek ve sonrasında Borsa İstanbul Sürdürülebilirlik Endeksi'nden alınan bir örneklemle söz konusu farklılıkların ölçülebilir bir etkisinin olup olmadığını tespit etmektir. Bir tüzel kişi şirketin uluslararası finansal raporlama standartlarına göre hesaplanan toplam vergi yükü iki ayrı parçadan oluşmaktadır; (i) cari vergi, (ii) ertelenmiş vergi. Ertelenmiş vergi hem bir yükümlülük, hem de bir varlık olma ihtimaline sahiptir ve bu niteliğine göre net karı olumlu ya da olumsuz yönde etkileyebilmektedir. Araştırma, ertelenmiş vergi yaratan en baskın unsurları belirlemeye, bu unsurların etkilerini ölçmeye ve bu unsurları ortaya çıkaran vergi otoriteleri ve muhasebe standartları komisyonları arasındaki yaklaşım farklarının belirlenmesine çalışmaktadır. Bulgular göstermektedir ki ertelenmiş vergi şirket karı üzerinde kayda değer bir etkiye sahiptir ve toplam vergi yükümlülüğünün önemli bir parçasını oluşturmaktadır.

Anahtar Kelimeler: Vergi kanunları, muhasebe standartları, ertelenmiş vergi, cari vergi, net kar.

To My Family,

who are everything to me.

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CHAPTER I

INTRODUCTION

Ever since the financial accounting as we know today have gotten into use, especially in the last few decades, the need for standardization, a common financial language so to speak, grew more and more.

The obvious reasons for that, of course, are globalization and an ever-increasing need for accurate and useful financial information for the users of financial information. It is desirable that the financial information from different sources, e.g. countries, businesses, to be comparable. Thus, investors demand that the information presented by the corporations they invested in be meaningful, trustworthy, timely and understandable. It will only then be possible to move the limited economic resources and capital in an efficient way. That is why financial information should be presented in accordance with the International Financial Reporting Standards (Koç, 2011). A consistent financial language will help investors to compare businesses and will eliminate investment risks and reduce the cost of investments. Hence, an efficient market will be established (Tweedie, 2006).

This is where deferred tax comes into play. Though, before starting to delve into the details of deferred tax, it may be beneficial to understand the pretext behind. Deferred tax, in its most basic definition, is the temporary difference between the carrying amount and tax base of an asset or liability. While there are many specific reasons for these differences to occur, the main reason is the differences in objectives, approach and mentality between tax laws and the accounting standards. Tax authorities, i.e. governments, will more often than not demand that accounting be done in a certain way for tax purposes while the standards will uphold the informatory purpose of accounting. In other words, the former is designated for a particular purpose, i.e. collecting income tax, while the latter serves to a broader audience.

This causes a controversy regarding the accounting for revenues and expenses. On one side, businesses have to compute and report income, which is called accounting profit and includes the entirety of gains or losses in the accounting period, for informatory purposes. On the other hand, income has to be reported for tax purposes, which is called taxable income. The problem is, tax codes might not always be taxing a current year income until a further year, or might not allow for the deduction of expenses until a certain period of time passes. In other words, the amount of profit calculated in accordance with financial accounting standards may be different from the amount of taxable profit calculated in accordance with the tax laws and regulation of a certain country due to temporary differences of recognition of income and expenses.

The name deferred tax comes from this discrepancy between the recognition of income and expenses. When computing accounting profit, all income and losses that are accrued are taken into account whether or not they are recognized by tax laws in that period. Tax code prohibits the deduction of certain loss items and allows for the exemption of certain income items. For instance, exemption of a gain from income tax for the current period creates a tax obligation in the future, i.e. deferred tax liability. Similarly, prohibition of a loss to be deducted from the current period's profits creates a future tax gain when that loss is recognized by the tax code, i.e. a deferred tax asset.

Even though it may seem like a straightforward process to determine what are the deferred tax assets and liabilities, it is not always easy to do so. The differences between the financial accounting standards and tax code have to be identified. There are two types of differences in terms of duration. First, there are permanent differences. These are differences that stems from the tax code's stance. There are financial accounting expenses that are not allowed to be deducted from taxable profit at any instance and financial accounting gains that are not subject to tax. These create a "permanent" difference between the accounting profit and taxable income because, as we have said, taxable income is computed by deducting and adding certain items to the accounting profit. As a result, these permanent differences change taxable income indefinitely, unless of course tax laws are changed, and do not get reversed in the future.

Secondly, there are differences that also stem from the recognition of certain items by tax laws in a certain tax accounting period but these are not exempted from taxation or prohibited from deduction according to financial accounting standards in the same accounting period. What this means is that accrual of a gain or loss is not always instantly recognized by tax laws and sometimes will have to be held until they are actually paid or cashed in. Only then they are recognized by tax laws and can be deducted or exempted for tax purposes. But as has been said, accounting standards recognize these gains or losses when they are accrued and that creates a "temporary" difference between accounting profit and taxable income until they are recognized by the tax laws. Unlike permanent differences, there are not fundamental separations in application. Differences create a deferred tax effect via deduction from or addition to taxable income in the future accounting periods (Akdoğan, 2006, p.3).

There are two approaches to computation of deferred tax, timing approach and temporary approach. Temporary approach bases its deferred tax calculations on financial statements while timing approach is based on income statements. As the name implies, timing approach solely uses timing differences resulting from recognition of income and expenses in an accounting period according to financial accounting standards in a different accounting period according to tax laws and regulations when computing deferred tax whereas temporary approach uses temporary differences between the tax base of an asset or liability and its carrying amount defined by financial accounting standards. One drawback of timing approach is that deferred tax arises only on items which have an impact on the income statement, thus, items that are not reported in income statement are left out. However, the temporary approach is broader in scope and includes temporary differences and timing differences as well. IFRS, and subsequently Turkish Accounting Standards / Turkish Financial Reporting Standards, adopts the temporary approach. These two approaches are also known as "income statement approach" and "balance sheet approach" as well.

Ultimately, the goal of any accounting standard is to achieve relevancy via reporting useful, unbiased, and transparent information. With that overarching goal in mind, there are separate standards for each specific accounting topic.

As it has been mentioned, deferred tax is ultimately the natural result of earning a profit, and as such, there is a specific standard which mostly deals with matters regarding the accounting for income and deferred taxes; International Accounting Standards 12 (IAS 12). The specific purposes of IAS 12 are computing the tax expense or income and ensuring that realized deferred tax asset and liabilities are reported in the financial statements (Kieso, Weygandt, Warfield, 2008, p.969).

Likewise, Turkish Accounting Standards 12 (TMS 12) is translated from IAS 12 and follows the same principles. It mainly deals with issues regarding income tax and deferred taxes. Aforementioned income taxes included in the standard cover all income whether they are generated domestically and / or internationally. A business expects to benefit from an asset and expects to settle a liability when it is recording a journal entry. If the income tax in a certain accounting period, which will be paid when the said benefit is obtained or debt is paid, is either higher or lower compared to the instance where there is no tax effect for the said benefit or debt in the same accounting period; the business is obliged to record a deferred tax asset or a deferred tax liability in the same accounting period (TMS 12, paragraph 2).

The main reason that gives rise to deferred tax is the discrepancy above but there are many specific occurrences where a deferred tax asset or a deferred tax liability may occur. As should be clear, deferred tax occurs due to discrepancies between tax laws and accounting standards and as a natural result, specific causes of deferred taxes are likely to differ, albeit does not have to be by much, from country to country due to different tax laws in each country.

The Purpose of this study is to identify the causes specific to Turkey that give rise to deferred tax assets and deferred tax liabilities, to bring them together and to try to draw a conclusion whether or not deferred taxes have a significant effect on computation of profit and income taxes. International Accounting Standards and International Financial Reporting Standards will also be referred to as standards from hereon.

CHAPTER II

DEFERRED TAXES: CONCEPTUAL FRAMEWORK

According to international accounting / financial reporting standards, income tax expense consists of the sum of current tax and deferred tax, the latter of which will be paid in the future. Hence, some introductory definitions are in order with regards to the essence of the matter, i.e. income and profit.

TMS 12[1] states that businesses will calculate the total income tax expense by using accounting profit and taxable income. Income taxes included in the standard include the entirety of domestic and international income and expenses. Following are a few definitions that are important for understanding the concept in international accounting standards;

Accounting profit represents the income before tax for a period. The standard defines it as "profit before tax expense". Another definition of accounting profit is done in the Turkish Income Tax Law as "the established difference in capital between the beginning and end of the period" (Income Tax Law 193, Article 38).

Taxable profit is the amount that is determined by tax authorities for a period and the amount income tax is paid from. Exemption of certain gains and prohibition of certain losses is allowed while at the same time some are not allowed.

Articles from 38 to 41 of Turkish Income Tax Law gives detailed definitions regarding the topic.[2]

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[1] Used interchangeably with IAS as Turkish Accounting Standards are directly translated from International Accounting Standards.

[2] See Appendix I for further information.

> *When establishing accounting profit, irrespective of tax laws' recognition, every expense and profit belonging to that period is included in the calculation. On the other hand, there are rulings in tax laws that prevent deduction of certain expenses from the accounting profit, and allow for the exemption of certain gains (Gücenme, Poroy Arsoy, 2007, p.2).*

Tax base represents the value of an asset or liability, or amount that is subject to taxation.

Tax payable is the amount of tax that is calculated and will be paid either from current or previous periods' taxable profit.

Deferred taxes are taxes that are either will have to be paid or will be secured back in future periods after earning an asset's carrying amount or paying debts back, or carrying unused losses or tax advantages forward.

Tax expense reflects the amount that will be taken into account when calculating net profit. It is the sum of current tax payable and deferred taxes.

Deferred tax assets are the amount of income tax that will be gained back in the future periods. Source of deferred tax assets can either be; deductible temporary differences, loss carry-forwards or unused tax advantages.

Deferred tax liabilities refer to the amount of income tax that will be paid in future periods due to taxable temporary differences.

II.I. Deferred Taxes

Deferred taxes only arise if and when there are differences between accounting profit and taxable profit. It is calculated from the temporary differences on an asset or liability's carrying amount and its tax base. If there will be a difference in tax payable when a benefit is realized through an asset's use or debt is paid, it is mandatory to record a deferred tax entry (TMS 12, paragraph 1).

It is important to know that not every difference between accounting profit and taxable profit results with a deferred tax effect. These differences are divided into two categories.

II.II. Permanent Differences

If a difference between accounting profit and taxable profit is the result of tax laws not recognizing a gain or loss at any time, and the difference will not disappear in the future, that difference is called a permanent difference. Hence, unlike in the definition of deferred tax, permanent differences do not create a future tax effect. They only create a difference for the period they occur in. These type of differences are usually the result of unrecognized expenses according to tax laws and regulations such as fines, late payment interests, certain donations, and exempted gains such as income generated from a free trade zone.

The difference between accounting profit and taxable profit resulting from the said difference will hold for every future period as long as that difference occurs. Thus, it will be the same for every period and will not create a deferred tax asset or liability.

> *Permanent differences are components that will be accepted as income or loss in the calculation of either accounting profit or taxable profit, and will not be accepted in the other. These differences come to pass due to tax regulations in effect and will not disappear in later periods* (Akdoğan, 2006, p.2).

Permanent differences between accounting profit and taxable profit arise due to tax and commerce regulations, and consequently, will differ from country to country (Sevinç, 2003, p.62).

II.III. Temporary Differences

Temporary differences create a temporary difference between accounting profit and taxable profit as the name implies. These differences are expected to be reverse in the not too distant future and recorded accordingly. They may occur due to the date they will be recognized by tax authorities or the difference in the valuation of assets and liabilities between the standards and tax laws.

Deferred tax may arise due to both timing differences and differences between the carrying amount and tax base of an asset or liability. While timing differences are indeed a significant source of deferred tax, temporary differences due to valuation encompass timing differences as well, and they are overall a more accurate way of detecting deferred taxes.

> Even though *at a first glance, it may seem like timing differences and temporary differences are basically the same, timing differences are actually a part of temporary differences. Temporary differences comprise timing differences as well as some differences that do not create a timing difference (Sevinç, 2003, p.64).*

There are also certain circumstances in which the deferred taxes are not created due to timing differences when;

- Identifiable assets and liabilities taken over when merging with another business are recognized at fair value in accordance with the standards but it is not possible to make equal adjustments for tax purposes.
- Assets are revalued but no adjustments made for tax purposes.
- Goodwill is created during mergers.
- Carrying amount of an asset or liability on initial recognition differs from its initial tax base.
- Subsidiaries, joint ventures, associates, or investments in joint agreements have different carrying amounts and tax bases.

To determine the amount of temporary difference, which creates the deferred tax asset or liability, both carrying amount and tax base of the said asset / liability has to be identified. The standard defines tax base of an asset as "the amount of economic benefit that will be deductible as expense from the carrying amount of an asset." and tax base of a liability as "the amount left over from the carrying amount after the future tax deductions are made."

Overall, a temporary difference can be defined as the difference between carrying amount of an asset and its value for tax purposes. As opposed to permanent differences, there are no fundamental conflicts in the application. Due to them being time related, valuation differences create tax effect via their deduction from taxable income or their addition to taxable income (Akdoğan, 2006, p.3).

II.III.I. Taxable Temporary Differences

Taxable temporary differences occur when accounting profit is larger than taxable profit. It is caused by assets having a higher carrying amount than their tax base, or liabilities having a lower carrying amount than their tax base (Akdoğan, 2006, p.3). Case in point, when a company reports a higher (than taxable profit) accounting profit, it means that its actual profits are larger than what they are reporting to tax authorities and will have to pay out the difference in the coming periods. These taxable temporary differences create a future tax burden for the company. Hence, a deferred tax liability has to be recorded according to tax laws.

II.III.II. Deductible Temporary Differences

Contrary to taxable temporary differences, deductible temporary differences are the result of a larger taxable profit. It means that a company would have to declare a higher profit (for tax purposes) than it actually made and pay a higher income tax for the current period. This higher payment in the current period then creates a future receivable, i.e. deferred tax asset. As a result of the higher current income tax payment, future tax payments will be lowered when the deferred tax asset is recognized by the tax authorities. This situation is the result of the difference between an asset or liability's tax base and carrying amount. If carrying amount of an asset is smaller than its tax base or a liability's tax base is smaller than its carrying amount, a deductible temporary difference has to be recorded as per the standards.

Table 1 – Temporary Differences

ASSETS	TYPE OF DIFFERENCE	TAX EFFECT
Tax Base > Carrying Amount	Deductible Temporary Difference	Deferred Tax Asset
Tax Base < Carrying Amount	Taxable Temporary Difference	Deferred Tax Liability
LIABILITIES		
Tax Base > Carrying Amount	Taxable Temporary Difference	Deferred Tax Liability
Tax Base < Carrying Amount	Deductible Temporary Difference	Deferred Tax Asset

As a rule of thumb, if a temporary difference will lead to higher tax payments in the future, it creates a deferred tax liability. On the other hand, if it will lead to lower tax payments in the future, it creates a deferred tax asset. When there are temporary differences, the amount of income tax in a given period will be different than the tax expense in the same period, but tax payments will eventually catch up.

The main disparity between temporary differences and permanent differences is that temporary differences create a tax effect for the future periods whereas permanent differences create a discrepancy between accounting and taxable profits indefinitely.

II.IV. Calculating Deferred Taxes

In order to report deferred taxes in the statement of financial position, first they have to be calculated. There are two inputs needed for the calculation; corporate income tax rate and the net balance of either deferred tax asset or liability account. To find the net balance of the deferred tax account, every asset and liability in the balance sheet has to be inspected for deferred tax purposes. The difference between carrying amount and tax base for each item is then listed and the resulting values netted out to find the final taxable or deductible temporary difference. The output of the procedure is then multiplied with the corporate income tax rate in effect to find the final deferred tax amount. The result will differ depending on which temporary difference is used; if taxable temporary difference is used, the result will be deferred tax liability. If deductible temporary difference is used, it will be deferred tax asset.

Deferred Tax Asset = Deductible Temporary Difference * Corporate Income Tax Rate

Deferred Tax Liability = Taxable Temporary Difference * Corporate Income Tax Rate

Calculating the deferred tax alone is not enough for it to be reported in the financial statement. This is especially important for deferred tax assets. The standard mandates that in order deferred tax assets to be reported, there has to be sufficient taxable income or deferred tax liability (which will be used for netting) in the period that deductible temporary differences will revert back and/or losses carried forward. It is under this criterion it will be possible to carry the losses of the prior periods forward.

II.V. Accounting for Deferred Taxes

The standards give extensive guidance on the recognition and measurement of deferred tax. However, there is not any method is specified for accounting, leaving it to the governments or tax authorities. The standards try to lay out the way for reachable financial information. Hence, they primarily deal with “reporting”.

II.V.I. Recognition of Deferred Tax Liabilities

According to IAS 12, a deferred tax has to be recognized for all taxable temporary differences except for three cases;

- liabilities arising from initial recognition of goodwill (IAS 12, paragraph 15A)
- liabilities arising from the initial recognition of an asset/liability other than in a business combination which, at the time of the transaction, does not affect either the accounting or the taxable profit (IAS 12, paragraph 15B)
- liabilities arising from temporary differences associated with subsidiary, branch and associate investments and joint arrangement interests, only to the extent that the entity will be in control of the reversal time and that the reversal will not occur in the foreseeable future (IAS 12, paragraph 39).

II.V.II. Recognition of Deferred Tax Assets

A deferred tax asset can arise from three different sources, i.e. deductible temporary differences, unused tax benefits and unused tax losses that are carried forward. They are recognized “to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized, unless deferred tax assets arise from the initial recognition of an asset or liability other than in a business combination which, at the time of the transaction, does not affect accounting profit or taxable profit" (IAS 12, paragraph 24).

Unused tax credit and loss carry-forwards are recognized the same way. A deferred tax asset is recognized for these only if there will be sufficient taxable profit which the carry-forwards can be utilized from (IAS 12, paragraph 34).

It is the same for the deferred tax assets arising from subsidiary, branch and associate investments and interests from joint arrangements. They are only recognized if there will be sufficient taxable profit from which the deductible temporary difference can be utilized (IAS 12, paragraph 44).

II.V.III. Measurement of Deferred Taxes

Deferred taxes are measured at the corporate income tax rate in effect at the period when the deferred tax asset is realized or the liability is settled (IAS 12, paragraph 47).

Following are the provision IAS 12 gives on measurement of deferred taxes;

- Where either the corporate income tax rate or tax base is impacted by how the entity recovers its assets or settles its liabilities (e.g. selling or using an asset), the measurement of deferred taxes should be consistent with the asset's initial recovery or debt's settlement (IAS 12, paragraph 51A).
- When deferred taxes arise from revalued non-depreciable assets (e.g. revalued land), they should directly reflect the tax consequences of selling the asset (IAS 12, paragraph 51B).
- Deferred taxes which arise from investment property measured at fair value under *IAS 40 Investment Property* reflect the rebuttable presumption

that the investment property will be recovered through sale (IAS 12, paragraph 51C).

- If the entity pays dividends to its shareholders, which consequently results in income taxes to become payable at a different rate, or the entity pays additional taxes or receives a refund, deferred taxes should be measured at the corporate income tax rate applicable to undistributed profits (IAS 12, paragraph 52A).
- Deferred tax assets and liabilities cannot be discounted (IAS 12, paragraph 53).

Consistent with the general principles of accounting and principles underlying IAS 12 as well, tax consequence of every transaction or event is recognized in the same way as the items which give rise to those tax consequences in the first place. Consequently, deferred taxes too are recognized as income/expense and included in profit/loss for the period except for (IAS 12, paragraph 58);

- Transactions or events that are recognized outside of profit or loss (i.e. other comprehensive income or equity) (IAS 12, paragraph 61A)
- A business combination, in which case the tax amounts are recognized as identifiable assets or liabilities at the acquisition date, and accordingly effectively taken into account the determination of goodwill when applying *IFRS 3 Business Combinations* (IAS 12, paragraph 66).

Further guidance on the subject of deferred tax recognition by IAS 12;

- If it is difficult to determine the exact amount of current and deferred tax relating to items recognized outside of profit/loss (e.g. where there are graduated rates or tax), the amount is determined via a reasonably proportional allocation, or using another more appropriate method (IAS 12, paragraph 63).

- The impact of business combinations on the recognition of pre-combination deferred tax assets are not included in the determination of goodwill as part of the business combination, but are separately recognized (IAS 12, paragraph 68).
- The recognition of acquired deferred tax benefits subsequent to a business combination are treated as "measurement period" adjustments (see *IFRS 3 Business Combinations)* if they qualify for that treatment. Otherwise, they are recognized in profit or loss if the carrying amount of the goodwill is zero (IAS 12, paragraph 68).
- If the tax benefits of equity settled share based payment transactions exceed the tax affected cumulative remuneration expense, it indicates that the tax deduction relates to an equity item as well and is recognized directly in equity (IAS 12, paragraph 68C).

Example 1 – A Simple Deferred Tax Asset Exercise

XCOM Inc. has equal accounting and taxable profit of ₺500.000 in 2015 and 2016 (corporate income tax rate is 20%). In 2015, ₺20.000 of its receivables became doubtful but there has not been any legal action taken regarding the situation. Therefore, the entity will not be able to benefit from a provision for its doubtful receivables for tax purposes. Yet, according to IFRS, a provision for doubtful receivables still has to be charged. Clearly, this will lead to a difference between accounting profit and taxable profit, i.e. a deductible temporary difference.

Assume that legal action is taken in 2016. Subsequently, the entity will now be able to charge a provision for tax purposes as well. This time however, the entity will reverse the situation in 2015 by debiting the provision for doubtful receivables account and the temporary difference will cease to exist.

	2015		2016	
	Taxable Profit	Accounting Profit	Taxable Profit	Accounting Profit
Pre-doubtful Receivables	500.000	500.000	500.000	500.000
Doubtful Receivables	0	(20.000)	(20.000)	0
After Doubtful Receivables	500.000	480.000	480.000	500.000
Deferred Tax		(4.000)	(4.000)	
2-Year Profit		980.000		980.000

It should be now clear that how an unrecognized loss can give rise to a deductible temporary difference. As can be seen in the above table, temporary difference of ₺20.000 in 2015 causes taxable profit to be higher than the actual accounting profit. As a result, the entity pays a higher income tax. However, as you can see in 2016, that difference causes a reduction in taxable profit and entity pays a smaller amount this time. Hence, in 2015, a deferred tax asset –which will be utilized in 2016 - is created.

Of course, the actual amount of deferred tax will not be ₺20.000 per se. It is found by multiplying the temporary difference with the tax rate in effect;

Deferred tax asset = ₺20.000 * 0,2 = ₺4.000

Journal entries for 2015;

129 – Allowance for Doubtful Receivables	20.000	
120 - Receivables		20.000
691 - Income Tax Expense	96.000	
282 – Deferred Tax Asset	4.000	
370 – Current Period Profit Tax and Other Obligations		100.000

Journal entries for 2016;

570 – Past Period Profits	20.000	
129 – Allowance for Doubtful Receivables		20.000
691 – Income Tax Expense	100.000	
370 – Current Period Profit Tax and Other Obligations		96.000
482 – Deferred Tax Liability		4.000

Example 2 – Deferred Tax Effect of Depreciation Methods

XCOM Inc. purchased a depreciable asset in January 1st 2012 for ₺200.000. The asset's useful life is 5 years under both tax laws and IFRS. However, the company uses double declining balance method for tax purposes and straight line method for financial reporting purposes. Assume ₺100.000 taxable profit and accounting profit before the depreciation expense.

		Straight Line Depreciation (Financial Reporting)				
	2012	**2013**	**2014**	**2015**	**2016**	**TOTAL**
Carrying Amount	160.000	120.000	80.000	40.000	0	
Depreciation Expense	40.000	40.000	40.000	40.000	40.000	200.000
Calculations	200.000*20%	200.000*20%	200.000*20%	200.000*20%	200.000*20%	

		Double Declining Depreciation (Tax Purposes)				
	2012	**2013**	**2014**	**2015**	**2016**	**TOTAL**
Tax Base	100.000	50.000	25.000	12.500	0	
Depreciation Expense	100.000	50.000	25.000	12.500	12.500	200.000
Calculations	200.000*50%	100.000*50%	50.000*50%	25.000*50%	12.500	

	2012	**2013**	**2014**	**2015**	**2016**	**TOTAL**
Timing Differences	60.000	10.000	(15.000)	(27.500)	(27.500)	0
Deferred Tax Liability(Asset)	12.000	2.000	(3.000)	(5.500)	(5.500)	0
Accounting Profit	0	50.000	75.000	87.500	87.500	300.000
Taxable Profit	60.000	60.000	60.000	60.000	60.000	300.000

As is above, depreciation for tax purposes leads to a lower taxable profit (than the accounting profit) in 2012 and 2013. Therefore, there should be deferred tax liability for these two years;

Deferred tax liability = (₺60.000 + ₺10.000) * 0,2 = ₺14.000

However, years after that tell a different story. Straight line method allows for depreciation of the same amount throughout an asset's useful life whereas double declining method enables the aggressive depreciation of the asset. This allows for businesses to pay lower than normal taxes in the first few years of the investment.

Governments do this to encourage new investments, especially for new businesses which are often vulnerable financially.

Years after 2012 and 2013 in the example have higher taxable profit (than the accounting profit). Consequently, they will have deferred tax assets due to higher than normal income tax payments.[3]

Deferred tax asset = (15.000 + 27.500 + 27.500) * 0,2 = ₺14.000

At the end of the asset's useful life in 2016, deferred tax liability from the first two years is effectively canceled out by the deferred tax assets in the following years and the difference between accounting profit and taxable profit is eliminated.

Journal entries for subsequent years from 2012 to 2016;

2012	691 – Income Tax Expense 370 – Current Period Profit Tax and Other Obligations 482 – Deferred Tax Liability	24.000	 12.000 12.000

[3] There has to be either a sufficient amount of taxable income in the year where deferred tax assets will be realized or a sufficient amount of deferred tax liability against which deferred tax assets could be deducted. In this case, there is enough deferred tax liability from previous periods.

2013	691 – Income Tax Expense	14.000	
	370 – Current Period Profit Tax and Other Obligations		12.000
	482 – Deferred Tax Liability		2.000

2014	691 - Income Tax Expense	12.000	
	282 – Deferred Tax Asset	3.000	
	370 – Current Period Profit Tax and Other Obligations		15.000

2015	691 - Income Tax Expense	12.000	
	282 – Deferred Tax Asset	5.500	
	370 – Current Period Profit Tax and Other Obligations		17.500

2016	691 - Income Tax Expense	12.000	
	282 – Deferred Tax Asset	5.500	
	370 – Current Period Profit Tax and Other Obligations		17.500

These examples help to show how the basic mechanisms behind deferred tax work. A deferred tax asset means that an entity will initially pay higher income tax and will enjoy a reduction in its income tax for the periods deferred tax asset will be realized. Similarly, an entity which has deferred tax liability will have lower income tax initially but will have to pay additional income tax in the future. In which circumstances a deferred tax occur or how much an entity will have to pay or benefit depends on the tax laws in each country.

CHAPTER III

APPROACHES TO DEFERRED TAX

It is obvious that income tax is a burden on the liable party's part. The issue is that there is controversy on the status of income tax and how should it be recognized in financial statements. One side of the argument approaches to the problem by basing the income tax expense on the taxable profit. This approach equals income tax expense to current tax.

> *Here we come across the issue that whether corporate income tax is an expense or a component of profit. Tax law recognizes it as a distribution component of profit. The main reason for this argument is that corporate income tax is not recognized as expense when calculating taxable profit. In literature, this view is called taxes payable method (Sevinç, 2003, p.77).*

On the opposite side of the argument is tax effect accounting method. This method tries to rectify the issue, i.e. differences between accounting profit and taxable profit, by recognizing an income tax expense figure which aligns with accounting profit, rather than taxable profit. This is due to the view that income tax is the result of an entire accounting period's transactions and events that creates accounting profit in the first place (Wong, 2006, p.56). As previously stated, these differences are known as deferred tax in the accounting literature. In tax effect accounting method, income tax expense is the sum of current tax and deferred tax. It is a more healthy approach in the sense that it points out to the differences in income tax expense rather than ignoring the deferred tax portion of the tax expense.

Even though taxes payable method acknowledges that there are temporary differences that affect taxation, it does not deem the said effects are enough to warrant additional recognition neither in the balance sheet nor in the income statement.

III.I. Taxes Payable Method

According to taxes payable method, income tax is simply the state's share from profit. Consequently, income tax expense is equal to current tax. Temporary differences are given and clarified in footnotes.

According to the supporters of this method, tax effects of temporary differences are merely a component of the period in which they occur, therefore, there is no need for further accounting so as not to complicate the financial statements. However, it is clear that this argument contradicts with realization principle where revenue is recognized only after it has been earned (Günel, 1994, p.27).

III.II. Tax Effect Method

The basic principle behind the methods under the tax effect approach is matching principle due to the recognition of income tax as a direct result of making profit. Corporate income tax is an expense that has to be incurred to make profit, and should be recognized in the same period along with the income and expenses of that period. Hence, it is important to identify which income / expense belong in which period and separate current income / expense from the future liabilities or assets.

There are two broadly used approaches in tax effect method. These are the "income statement approach" and the "balance sheet approach".

III.II.I. Income Statement Approach

As it was mentioned in the introduction, income statement approach uses timing differences. Consequently, to calculate deferred taxes under this approach, timing differences have to be identified. They arise when revenue and expense items that are used in the calculation of accounting profit are included in the calculation of taxable profit in different periods. In other words, tax laws recognize these items in different periods than the standards. Hence, these differences occur in one period and reverse in future periods when they are recognized by tax laws.

Income statement approach puts emphasis on the items that appear in the income statement at the end of the period and by definition, it is limited in scope that it can only show differences that arise due to timing differences. While in some situations it is possible that the amount of timing differences will be equal to temporary differences, they cannot be greater than temporary differences.

III.II.II. Balance Sheet Approach

Balance sheet approach takes taxable and deductible "temporary differences" into account rather than timing differences alone. This, consequently, results in a more comprehensive approach to deferred tax when compared to income statement approach. Whereas income statement approach is only interested in the items that are included in the income statement, balance sheet approach encompasses each and every item in balance sheet. Since the income statement is derived from the balance sheet, the term "temporary differences" also includes timing differences. Temporary differences are "differences between the carrying amount of an asset or liability in the statement of financial position and its tax bases" (IAS 12, paragraph 5).

As it has been said above, the amount of timing differences cannot surpass the amount of temporary differences. Not every asset or liability will necessarily have an effect that will extend over to the income statement. Thus, some temporary differences may not necessarily be also timing differences whereas every timing difference is a temporary difference.

For an in-depth explanation of these two approaches, take a look at the following example.

An income statement and a statement of financial position are prepared based on the information given in Example 3 for CDPR Inc. as per IFRS and Corporate Tax Law [4];

Example 3 – A Comprehensive Exercise on Two Different Methods

Following are the selected transactions of CDPR Inc. in the year of 2015:

1. January 1, 2015: CDPR Inc. was formally organized with a registered capital of ₺50.000 and collected ₺50.000 cash from the shareholders.

2. January 1, 2015: Paid ₺9.520 (rounded) to purchase ₺10.000 of 3 – year Treasury bonds issued on 01 January 2015, paying 10% interest per annum on January 2nd each year. Effective interest rate is 12%. The interest and the capital gain are subject to corporate income tax upon collection. The company classified the investment as “held-for-collection”.

3. February 1, 2015: Purchased a land for ₺25.000 and paid in cash.
4. March 31, 2015: Paid ₺4.000 of stamp tax on the amount of capital and in addition ₺60 as late payment penalty to the tax office.
5. May 1, 2015: Purchased a computer system for ₺6.000 on account. The computer system has 3 years of useful life with no residual value. CDPR Inc. uses double-declining balance of depreciation method for tax purposes and straight-line method for financial reporting purposes.

[4] The journal entries are in Appendix II.

6. June 1, 2015: Purchased 1.000 units of goods at ₺20 each on account (₺20.000 in total)

7. August 1, 2015: Sold 600 units of goods at ₺50 each on account (₺30.000 in total)

8. September 1, 2015: Paid ₺16.000 to the suppliers.

9. November 1, 2015: Collected ₺20.000 from the customers.

Additional Information at December 31, 2015:

- Value added tax is ignored for simplicity. Corporate Tax rate is 20%
- The net realizable value of accounts receivable is ₺9.000
- The net realizable value of the inventories is ₺8.000
- The net realizable value of other receivable is ₺1.000
- The market value of the Treasury bond is ₺9.662.
- The fair value of the land is ₺60.000
- The recoverable amount of the computer system is ₺4.667
- The net payable value of the accounts payable is ₺8.000

Income Statement Approach to Deferred Tax

Income statement approach focuses on the timing differences in the income statement. Under this approach, accounting profit is compared only with taxable profit. Then, deferred tax is calculated by multiplying the timing differences with the tax rate in effect. Timing differences are differences between taxable profit and accounting profit that originate in one period and are expected to reverse in one or more subsequent periods.

Provided below is the income statement prepared based on the transactions given for Example 3.

Table 2 – Income Statement

CDPR Inc. **INCOME STATEMENT**					**Differences Between IFRS & Tax**	**Nature of Differences**
TAXABLE INCOME & TAX DEDUCTIBLE EXPENSES		**For the Period Ended Dec. 31, 2015**		**IFRS**		
30.000		Sales Revenue		30.000		
(12.000)		Cost of Goods Sold		(12.000)		
18.000		**Gross Profit**		**18.000**		
(7.000)		OPERATING EXPENSES		(5.333)		
	(4.000)	Stamp Tax	(4.000)			
	(3.000)	Depreciation Expense	(1.333)		1.667	Temporary
11.000		**OPERATING INCOME**		**12.667**		
		Other Income				
		Interest Income		1.142	1.142	Temporary
		Other Expenses		(1.060)		
		Late Tax Payment Penalty	(60)		-60	Permanent
		Provision for Uncollectible Accounts	(1.000)		-1.000	Temporary
11.000		**PROFIT BEFORE TAX**		12.749		
(2.200)		Tax Expense (20%)		(2.562)	-362	
8.800		**NET PROFIT**		**10.187**	**1.387**	

Only the taxable income and tax deductible expenses are shown on the left hand side of the Income Statement. Income and expenses as per IFRS are given on the right hand side. The last column to the right shows the nature of the differences.

Sales Revenue and Cost of Goods Sold: The revenues of ₺30.000 and cost of goods sold of ₺12.000 are the same under both IFRS and the tax laws. That is, the revenue recognition principles of IFRS and tax laws match and result in ₺18.000 gross profit. Therefore, there is no current or future difference between accounting gross profit and taxable gross profit.

Stamp Tax: The amount of stamp tax paid is an operating expense under IFRS and a tax deductible expense under the tax laws. There is no difference between IFRS and tax laws here as well.

Depreciation Expense: The cost of ₺6.000 of the computer system is also the basis of depreciation and the useful life of the computer system is 3 years under both IFRS and tax laws. The amount of tax deductible depreciation expense of ₺3.000 is ₺1.667 higher than the depreciation expense of ₺1.333 under IFRS. The difference in the amount of depreciation expense between tax laws and IFRS is a timing difference.

There are two reasons for the difference of ₺1.667 of depreciation expense in 2015;

- The company uses double-declining-balance method of depreciation (DDB) for tax purposes and straight-line method of depreciation (normal depreciation) for financial reporting purposes as allowed by IFRS. According to the Tax Procedures Law DDB rate cannot exceed 50% (Tax Procedures Law 213, Article 315).
- The depreciable asset (computer) is acquired on 01 May 2015. IFRS allows for partial depreciation but tax laws do not. Instead, tax laws require deduction of full year of depreciation from taxable income even if the depreciable asset is acquired on the last day of the year[5]

Table 3 – Depreciation Expense as per IFRS & Tax Laws

		IFRS DEPRECIATION- Straight Line				
		2015	2016	2017	2018	TOTAL
1	COST	6.000				
2	DEPRECIATION EXPENSE	1.333	2.000	2.000	667	6.000

[5] This might be considered as an incentive for businesses for investment. Partial depreciation is required for only transportation vehicles of businesses whose main operation is renting or operating vehicles. See Tax Procedures Law 213: Article 320 for details.

Table 3 (continued)

	Calculations	6.000/3x8/12	6.000/3	6.000/3	6.000/3x4/12	

		TAX DEDUCTIBLE DEPRECIATION- DDB				
		2015	**2016**	**2017**	**2018**	**TOTAL**
3	COST	6.000	6.000	6.000		
4	DEPRECIATION EXPENSE	3.000	1.500	1.500		6.000
	Calculations	6.000x50%	(6.000-3.000)x50%	(6.000-4.500)x50%		

		2015	**2016**	**2017**	**2018**	**TOTAL**
5	TIMING DIFFERENCES (row 4 – row 2)	**1.667**	**(500)**	**(500)**	**(667)**	**0**
6	TAX (EXPENSE) INCOME 20% x row 5	**(333)**	**100**	**100**	**133**	**0**

Row 2 of Table 2 shows the calculation of depreciation expense as per IFRS for each year. Since the depreciable asset is purchased in 01 May 2015, it is used for 8 months in 2015 and 4 months in 2018. Therefore, the depreciation expense in 2015 is (₺6.000 / 3 years * 8 months / 12 months) = ₺1.333. The depreciation expenses for 2016 and 2017 is (₺6.000 / 3 years) = ₺2.000. Since the asset is only used for 4 months in 2018, the depreciation expense is (₺6.000 / years * 4 months / 12 months) = ₺667.

Row 4 of Table 2 shows the tax deductible depreciation expense for each year. DDB rate of depreciation is two times of the straight-line depreciation rate but it cannot exceed 50% and the amount of depreciation for a whole year can be deducted from taxable income. Therefore, tax deductible depreciation expense for 2015 is (₺6.000 * 50%) = ₺3.000.

Assuming that the company uses cost model (IAS 16, paragraph 30), i.e. does not revalue the cost of computers at the end of the accounting period, and the useful life remains as 3 years, the sum of the amount of depreciation expense by the end of the asset's useful life must be ₺6.000, i.e., total acquisition cost of the asset.

Table 4 illustrates the depreciation expenses under both IFRS and tax laws and the deferred tax liability (asset).

Table 4 – Deferred Tax Liability (Asset) due to Depreciation

	2	3	4 (3 – 2)	5 (4 x 20%)
Years	**Accounting (IFRS) Depreciation Expense**	**Tax Deductible Depreciation Expense**	**Timing Differences**	**Deferred Tax Liability (Deferred Tax asset or debit to tax liability)**
2015	1.333	3.000	1.667	333
2016	2.000	1.500	(500)	(100)
2017	2.000	1.500	(500)	(100)
2018	667	0	(667)	(133)
TOTAL	**6.000**	**6.000**	**0**	**0**

The amount of depreciation expense between IFRS and tax laws is different each year as illustrated in Table 4. As shown under column 4, row 1 in the table, the amount of tax deductible depreciation expense is ₺1.667 higher than IFRS depreciation expense in 2015, and ₺500, ₺500, ₺667 lower in subsequent years. The sum of the differences over the period of four years is zero (column 4). Consequently, the company's current tax payable is ₺333 less than the tax expense in 2015 (column 5, row 1). Therefore, the company's deferred tax liability would increase by ₺333 due to the depreciation expense differences at December 31, 2015. Since the depreciation expense as per IFRS is ₺500 more than the tax deductible depreciation expense in both 2016 and 2017, and ₺667 more in 2018, the company's deferred tax liability would decrease by ₺100 and ₺133 respectively. The sum of the tax liability over the period of four years is also zero (sum of column 5). The tax expense and the amount of tax paid to the tax office are equal over the four year period. The effect of the depreciation expense recognized as per IFRS reverses over the four year period. This is called timing difference.

Interest Income: Interest income of ₺1.142 is recognized in 2015 in accordance with IFRS but the interest income on treasury bonds taxed as collected in cash. From a taxation point of view, ₺1.000 is a taxable interest income and ₺142 is a capital gain. From an IFRS point of view, the entire ₺1.142 is interest income. Total capital gain, i.e. the difference between the purchase price of the bond, ₺9.520, and the maturity value of ₺10.000, (₺10.000 - ₺9.520) = ₺480 will be included into taxable income at the date of maturity, 31 December 2017 as per tax laws. Hence, there is a temporary difference of ₺142, ₺159, and ₺179 (total of ₺480) in the years 2015, 2016 and 2017 respectively (see Table 8 for calculations)[6].

Stamp Tax Late Payment Penalty: Late payment penalty is charged according to tax laws and it is not allowed to be deducted from income neither in the year in which it is paid nor in the future. But it is an expense in accordance with IFRS. Thus, tax penalty payment is a permanent difference. When tax base is calculated, permanent differences is added back to accounting profit.

Provision for Uncollectible Accounts: The amount of accounts receivables is ₺10.000 but the company estimates that the net (cash) realizable value is ₺9.000. Therefore, ₺1.000 of accounts receivables will be uncollectible and recognized as a loss in the income statement as per IFRS (IAS 39, paragraphs 58, 63-65). Tax Procedures Law allows for deduction of doubtful receivables from taxable income if a specific receivable (i) is contested for collection through a court case or filed with the debt collection department of the Ministry of Justice, or (ii) if the amount is too small to go to court or debt collection department and the debtor did not pay upon protesting or despite written warning at least two times (Tax Procedures Law 213, Article 323). Since businesses wish to keep good relations with the customers, they are reluctant to go to court for the collection of receivables. The doubtful account expense will be tax deductible in the future after it is recognized

[6] Income Tax Law 213, Provisional Article 67. There is a withholding tax on the interest and capital gain paid to the taxpayers other than capital companies.

for accounting purposes. Hence, we have another timing difference and a deferred tax liability of (₺1.000 * 20%) = ₺200 should be taken into account.

Calculation of Tax Expense under Income Statement Approach

Tax expense for the period is calculated by making adjustments to the accounting income for the permanent differences; adding non-deductible expenses and deducting non-taxable income from the accounting income in this example.

The calculation of tax expense for the accounting period of 2015 as per IFRS is given in Table 5 below;

Table 5 – Calculation of Tax Expense

COMPUTATION OF TAX EXPENSE FOR 2015		
Pretax financial income, 31 December 2015		₺12.749
PERMANENT DIFFERENCES:		₺60
Non-deductible expenses - penalties	₺60	
ACCOUNTING INCOME FOR 2015		**₺12.809**
Tax rate: 20%		20%
TAX EXPENSE for 2015		**₺TL2.562**

Eliminating the permanent differences result in ₺12.809 of accounting income. The tax expense for 2015 is found by applying the prevailing tax rate of 20% to the accounting income (₺12.809 * 20%) = ₺2.562

Calculation of Current Tax Payable under Income Statement Approach

Table 6 provides the calculations for taxable income and current tax liability for 2015. Since the accounting records are kept on IFRS basis, we start out with the pre-tax financial income of ₺12.749. Then, permanent and timing differences are added or deducted, as the tax laws require, from the financial income to obtain the taxable income. Then, the tax payable is calculated by applying the current (or substantively enacted) tax rate which was assumed as 20%. The amount of tax payable to the tax office on the taxable income is (₺11.000 * 20%) = ₺2.200. Calculations for current tax payable are below;

Table 6 – Taxable Income and Current Tax Payable

COMPUTATION OF TAXABLE INCOME for 2015		
Pretax financial income, 31 December 2015		12.749
PERMANENT DIFFERENCES:		60
Non-deductible expenses - penalties	60	
TIMING DIFFERENCES		-1.809
Interest revenue on bond	-1.142	
Additional depreciation expense	-1.667	
Provision for doubtful accounts	1.000	
Taxable income for 2015		**11.000**
Tax rate: 20%		20%
Income tax payable (current tax) for 2015		**2.200**
		8.800

In order to calculate current tax payable, first permanent differences are deducted from pre-tax accounting income as in calculation of tax expense under IFRS in Table 6 above. Then, timing differences are deducted (not tax deductible depreciation expense in 2015) or added back (not tax deductible provisions in 2015) to pre-tax financial income to obtain the taxable income as per tax laws. The prevailing tax rate is applied to the taxable income to calculate the current tax payable for the period, which is (₺11.000 * 20%) = ₺2.200.

Calculation of Deferred Tax under Income Statement Approach

Deferred tax liabilities (assets) are the amounts of income taxes accrued in a certain accounting period but payable (deductible) in future periods. The tax expense for 2015 is found to be ₺2.562 in Table 5 and the current tax payable is ₺2.200 as shown in Table 6. Thus, deferred tax liability under income statement approach is (₺2.562 – ₺2.200) = ₺362 and recorded as part of the income allocation process (below entry ignores income reserves as per Turkish Code of Commerce);

19	__________Dec. 31, 2015____________		
	690 - PERIOD'S INCOME (LOSS)	12,749	
	691 - PROVISION FOR CORPORATE TAX		2,200
	491 - DEFERRED TAX LIABILITY		**362**
	692 - PERIOD'S NET INCOME (LOSS)		10,187

Tax expense for the period could be higher than current tax in some instances. In this case, there would be deferred tax liabilities.

Under income statement approach, deferred tax arises only on items that have an impact on the income statement. In other words, income statement approach assumes that all the income and expenses are accrued in the income statement. However, items such as gain on revaluation of financial instruments (e.g. increase or decrease in fair value of available-for-sale securities), fixed assets (e.g. revaluation reserve) which are reported only in the statement of financial position are not taken into account for deferred tax purposes under this approach. Also, in insurance companies and banks, financial investments are reported at fair market value and the gain is parked in a reserve account until it is realized. Although the income is accrued in the above case, deferred tax on the same items is not recognized in the income statement as the transactions do not impact the income statement directly. Hence, IASB adopted the concept of temporary differences and balance sheet approach in IAS 12 (revised).

Balance Sheet Approach to Deferred Tax

Balance sheet approach to deferred tax takes into account the "taxable and tax deductible temporary differences" reflected in income statement as well as the differences that are included in the statement of financial position but not in the income statement.

As we have said before, the concept of temporary difference is wider in scope as compared to timing difference. Hence, all of the timing differences explained above under income statement approach also constitute a part of the temporary differences as well considering income statement is a by-product of the statement of financial position. Temporary differences cover the timing differences and also those differences which originate in accounting as per IFRS in one period and are capable of reversal in one or more subsequent periods. IAS 12, paragraph 5 states that "Temporary differences are differences between the tax base of an asset or liability and its carrying amount in the statement of financial position." (IAS 12, paragraph 5).

The statement of financial position in Table 7 will be used along with the additional examples next page to explain balance sheet approach to deferred tax.

Table 7 – The Statement of Financial Position

CDPR Inc.
THE STATEMENT OF FINANCIAL POSITION
AT DECEMBER 31, 2015

Table 7 (continued)

ASSETS		
CURRENT ASSETS		**33,420**
Cash and Banks		15,420
Accounts Receivable	10,000	9,000
Less: Allowance for Uncollectible Accts.	(1,000)	
Other Receivables (interest)		1,000
Merchandise Inventory		8,000
NON-CURRENT ASSETS		**74,329**
Financial Investments (Held-For-Collection)		9,662
Tangible Fixed Assets		64,667
Land	60,000	
Plant, Property and Equipment	6,000	
Less: Accumulated Depreciation & Impairment Loss	(1,333)	
TOTAL ASSETS		**107,749**
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		**12,200**
Accounts Payable		10,000
Provisions for Corporate Tax		2,200
LONG-TERM LIABILITIES		**7,362**
Deferred Tax Liability		7,362
SHAREHOLDERS' EQUITY		**88,187**
Share Capital		50,000
Asset Revaluation Surplus - Land		28,000
Period's Net Income		10,187
TOTAL LIABILITIES & STOCKHOLDERS' EQUITY		**107,749**

Since the temporary differences arise between the "carrying amount" and "tax base" of assets and liabilities, these two amounts need to be calculated for each single one of the accounts reported in the statement of financial position for deferred tax purposes under balance sheet approach.

Carrying Amounts

Carrying amounts (or book value) are asset and liability balances net of valuation allowances, accumulated depreciation, amortization, and impairment losses.

Items in the Table 7 above are recorded as per IFRS and the necessary inventory procedures are duly performed.

1. **Cash and Banks:** As long as the reporting currency and the amount of money reported in cash and banks are the same (₺ in the example), the paper money and coins are valued at face value and it is equal to the carrying amount in practice. Foreign currencies are valued at market rate. Generally, the buying exchange rate of The Turkish Republic Central Bank at the date of valuation is used for valuation purposes. The resulting difference between the carrying amount and year-end exchange rate is recognized as an exchange rate gain or loss. Therefore, the carrying amounts of cash and banks are their face values.
2. **Accounts Receivable:** The debit balance of account receivables is ₺10.000 at the end of 2015. Net realizable value of accounts receivables is estimated to be ₺9.000 as per IFRS (IAS 39, paragraph 9). The "allowance for doubtful accounts" has no carried forward balance in the example. As a result, the carrying amount of account receivables will be (₺10.000 - ₺1.000) = ₺9.000. It is the estimated recoverable value of accounts receivable to the best knowledge of the management of the company in the following accounting period. The amount of receivables of ₺1.000 is expected to be uncollectible based on the evidence and information obtained and as evaluated by the company. ₺1.000 of uncollectible amount is not tax deductible in 2015 but will be as explained under the title of income statement approach, "allowance for uncollectible accounts". Consequently, ₺1.000 becomes a temporary difference.

The company records the following journal entry to recognize the uncollectible accounts expense;

12	____________________Dec. 31, 2015______________________		
	654 - PROVISION EXPENSES	1.000	
	129 - ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS		1.000
	Recognition of uncollectible accounts receivable (10,000-9,000)		

The Carrying amount of accounts receivable regarding the accompanying contra-account is given below;

TITLE OF ACCOUNTS	AMOUNTS	CARRYING AMOUNT
Account Receivables	10,000	
Less: Allowance for Doubtful Accounts	(1,000)	
Carrying Amount of Account Receivables = Net Realizable Value		9,000

3. **Interest Receivable:** The carrying amount of interest receivable is ₺1.000. It is the amount that is expected to be collected in cash from the issuer of the bond (The Treasury) according to the “contract”, i.e. the bond indenture.
4. **Merchandise Inventory:** Merchandise inventory is valued at lower of cost or net recoverable amount and it is valued at cost in the company’s balance sheet. Since there is no impairment on inventories, the carrying value of the inventory is ₺8.000.
5. **Land:** On 01 February 2015 the company purchased a land for ₺25.000 in cash and it uses revaluation model for its property.[7] A qualified appraiser appraised the fair value of the land as ₺60.000. The new carrying amount of the land is ₺60.000, giving rise to a taxable temporary difference of ₺35.000. A deferred tax liability of (35.000 * 20%) = ₺7.000 must be taken into consideration to account for the expected tax to be paid in relation to

[7] IAS 16, paragraphs 29, 31. The other model is the revaluation model under which the assets could be revalued by using an index of appraisal method. See paragraph 35 of IAS 16.

the increase in expected benefits from the asset (IAS 36, paragraph 64). The asset revaluation surplus will be the net after-tax increase of (35.000 – 7.000) = ₺28.000 in the asset.

The appropriate accounting entry on the revaluation of the asset is shown below;

14	________________Dec. 31, 2015__________________		
	250 – LAND (60,000 – 25,000)	35.000	
	Revaluation Adjustment		
	491 - DEFERRED TAX LIABILITY		7.000
	Tax effect of revaluation (60,000 - 25,000=35,000 x 20%		
	552-ASSET REVALUATION SURPLUS (35,000 – 7,000)		28.000
	Revaluation of land with associated tax effect.		

The carrying amount of the land is (Cost of land ₺25.000 + Revaluation surplus ₺35.000) = ₺60.000.

Title of Accounts	Details	Carrying Amount
Cost of Land	25,000	
Add: Revaluation Adjustment	35,000	
Carrying Amount of Land		60,000

6. **Equipment:** The company purchased ₺6.000 of equipment for cash on 01 May 2015 with 3 years of useful life and no residual value. It uses straight-line method of depreciation for financial reporting and double declining method for tax purposes and does not revalue its equipment (uses cost model). The impairment test carried out and the recoverable amount of the equipment[8] is found to be ₺4.667 (or not materially different from carrying amount of the equipment). Since there is no impairment in the

[8] The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use. Fair value less costs to sell is the amount obtainable from the sale of an asset or cash-generating unit in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal. IAS 36, paragraphs 6 and 9.

value of the equipment, an adjusting entry for depreciation would be made at 31 December 2015;

15	___________Dec. 31, 2015_____________		
	770 - GENERAL & ADM. EXPENSES	1.333	
	Depreciation Expense		
	257 - ACCUMULATED DEPRECIATION		1.333
	Accrual of depreciation (6,000/3/12*8)		

After the above entry, the recoverable amount and the resulting asset's carrying value of the equipment are;

		Details	Carrying Amount
1	Cost of the equipment	6,000	
2	Less: Accumulated Depreciation	(1,333)	
3(=1-2)	Carrying Amount - Tax Base		4,667

7. **Long-Term Debt Investments:** The Treasury bond investment of the company is a financial asset and should be measured at "amortized cost" as opposed to fair value.[9] Based on the information provided in the initial example, the bond with a face value of ₺10.000 paying 10% annual interest was purchased for ₺9.520 on 01 January 2015 at an effective interest rate of 12%. The cash flow schedule of the bond is provided in the table below;

Table 8 – Amortization of Bond Investment

	Date	Cash Received (on Jan. 2 of the following year)	Interest Revenue	Bond Discount Amortization	Carrying Amount of Bond
0	01 Jan. 2013				9.520

[9] IFRS 9, paragraph 4.1. A financial asset shall be measured at fair value unless it is measured at amortized cost in accordance with paragraph 4.1.2.

Table 8 (continued)

1	31 Dec. 2013	1.000	1.142	142	9.662
2	31 Dec. 2014	1.000	1.159	159	9.821
3	31 Dec. 2015	1.000	1.179	179	10.000
	TOTAL	**3.000**	**3.480**	**480**	

The cost of the bond is ₺9.520 at 01 January 2015 which is equal to the present value of the cash interest to be received each year plus the present value of the principal to be received at 31 December 2017 at 12% interest rate. Present value (purchase price) of the bond is calculated as follows;

PV of interest collections= 1,000/(1+0,12)^1 + 1,000/(1+0,12)^2+1,000/(1+0,12^3)= **₺2.401,83**

PV of Principal = 10,000/(1+0,12)^3 = **₺7.117,80**

2,401.83 + 7,117.80 = **9.520 (rounded).**

The bond is purchased at a discount of (10,000 – 9,520) = **₺480**

The journal entry for the investment into the Treasury bond;

3	__________Jan.1, 2015____________		
	240 - LONG-TERM INVESTMENTS	9.520	
	102 - BANK ACCOUNTS		9.520
	Purchase of Treasury bonds, 3-year,10%		

The carrying amount of the bond at 31 December 2015 is found following the recognition of the interest revenue as follows;

13	__________Dec. 31, 2015____________		
	136-OTHER RECEIVABLES (10,000 x 10%)	1.000	
	240-LONG-TERM INVESTMENTS	142	
	642 - INTEREST REVENUE (9,520 x 12%)		1.142
	Interest accrual on bond investment		

The amount of interest to be collected from the Treasury is ₺1.000 and it is taxable in the period in which it is collected. The interest earned on ₺9.520 at 31 December 2015 is (9520 * 12%) = ₺1.142 as per IFRS. The difference between the interest revenue of ₺1.142 and the interest collected ₺1.000 is the amortization of discount and added to the cost of the bond. The resulting amount (₺9.520 + ₺142) = ₺9.662 is the carrying amount of the bond investment at December 2015 as per IFRS. The carrying amount of the bond investment at the end of 2016 and 2017 is given in the Table 8 above. Note that the carrying value of the bond at 31 December 2017, i.e. at the date of maturity, is equal to face value of the bond, ₺10.000.

		Amount, ₺
1	Cost of the financial investment	9,520
2	Add: Discount Amortization	142
3(=1+2)	Carrying Amount of financial investment at 31 Dec. 2015	9,662

Tax Bases of Assets

Income tax, as the name implies is calculated from taxable profit.[10] If there is no taxable profit then there is no income tax to be paid to the state. Taxable profit or gain is the difference between taxable revenue and the tax deductible cost of revenue. In general, the following formulations could be used to calculate taxable profit provided there is an accounting profit or loss (Alfredson, Leo, Picker, Pacter, Radford, 2005, p.209);

+ ACCOUNTING PROFIT	**- ACCOUNTING LOSS**
+ Accounting expenses not deductible for tax	- Accounting expenses not deductible for tax
+ Accounting expenses where the amount differs from deductible amounts	- Accounting expenses where the amount differs from deductible amounts
+ Taxable income where the amount differs from accounting revenue	- Taxable income where the amount differs from accounting revenue
- Accounting revenues not subject to taxation	+ Accounting revenues not subject to taxation
- Accounting revenue where the amount differs from taxable income	+ Accounting revenue where the amount differs from taxable income
- Deductible amounts where the amount differs from accounting expense	+ Deductible amounts where the amount differs from accounting expense
= TAXABLE PROFIT	**= TAXABLE PROFIT**

[10] Property taxes (e.g. building and land tax collected by the municipalities) are accrued on the value of the property and are not income tax. They are collected from wealth.

The balance sheet approach to deferred tax defines the tax base using the elements from balance sheet, i.e. assets, liabilities, and equity, as the basis. The economic benefits embodied in an asset are normally taxable when recovered by the entity through the use or sale of that asset unless the profit or gain is tax exempted. The entity then can deduct all or part of the cost and the tax exempted amounts related to the benefits from the benefits obtained.

The tax base of an asset or liability is the amount attributed to that asset or liability for tax purposes (IAS 12, paragraph 5). Tax bases of assets and liabilities are essentially defined by the related laws, i.e. Income Tax Law, Corporate Tax Law, Tax Procedures Law.

> *"The tax base of an asset is the amount that will be deductible for tax purposes against any taxable economic benefits that will flow to an entity when it recovers the carrying amount of the asset. If those economic benefits will not be taxable, the tax base of the asset is equal to its carrying amount." (IAS 12, paragraph 7)*

With respect to tax base of assets, we can speak of two different values for the same assets; (i) the economic benefit obtained through sale or use of an asset by the entity and (ii) tax deductible amount of an asset. For instance, if a company purchases an item of inventory for ₺15 and sells it for ₺40;

- the recovered amount of the asset (benefit obtained) would be ₺40
- tax deductible amount of the asset would be ₺15
- therefore, the taxable profit would be (40 – 15) = ₺25

Although this simple example is useful in understanding the concepts involved, when the measurement or timing of recognition basis of carrying and recovery values are different under IFRS and tax laws; if the acquisition and/or recovery method is different than purchases or sales, the problem gets complicated.

To improve the understanding of the tax base concept, Table 9 below provides examples of calculations for tax bases of assets. The amounts used are determined at the end of the accounting period.

Table 9 – Calculation of Tax Bases of Assets

	Carrying Amount	Tax Base	Future Taxable Amounts	Future Deductible Amounts
1. Accounts Receivable is ₺10.000 Less Allowance for Uncollectible Accounts ₺1.000. Sales revenue is already included in taxable income.	9.000	10.000	0	1.000
2. The cost of equipment is ₺6.000, and its carrying value is ₺4.667. Accumulated depreciation as per tax laws is ₺1.500.	4.667	4.500	(4.667)	4.500 (₺6.000 – ₺1.500)
3. Prepaid rent is ₺4.000: it is tax deductible in the following accounting period. Note that ₺4.000 is not included in income statement.	4.000	0	(4.000)	0
4. Bank loan receivable is ₺10.000: The principle amount of loan will not be taxable when collected.	10.000	10.000	0	0
5. Interest Receivable (in Other Receivables) is ₺1.000. Interest revenue recognized as revenue in the income statement as per IFRS is ₺1.142. The interest to be collected is taxable upon collection as per tax laws.	1.000	1.000	0	0
6. Carrying value of Held-for-collection bond investment is ₺9.662: ₺10.000 of Treasury bond is purchased on 01 Jan.2015 for ₺9.520. The amount of discount is (10,000 – 9,520=) 480. The capital gain on Treasury bonds is taxable upon collection of the face value at the maturity date as per tax laws.	9.662	9.520	142	

Future taxable amount refers to the amount that will be added to (as income) or deducted (as expense) from the tax base in the future. Future deductible amount is the amount which will be deducted from the taxable income.

Formulae below could be used for tax base calculations (Alfredson, Leo, Picker, Pacter, Radford, 2005, p218-219);

(i) Tax base of accounts receivable = Carrying amount – Future Taxable Amount + Future Deductible Amount. Tax base of accounts receivable: 9,000 – 0 + 1,000 = 10,000 (ii) The formula could be restated as: Carrying amount – Tax base = Future taxable amount – Future deductible amounts. Accounts receivable: 9,000 – 10,000 = 0 – 1,000 1.000 = 1000

Formula (ii) states that a temporary difference, i.e. the difference between the carrying amount and the tax base, occurs when the future taxable amount is not equal to the future deductible amounts.

Table 9 reveals the following;

- Future taxable amounts are equal to carrying amounts unless economic benefits have already been included in taxable profit. Prepaid rent of ₺4.000 is not deducted from the current year's income and therefore carrying amount of prepaid rent is equal to future taxable amount.
- When future benefits are taxable, the carrying amount equals the future taxable amount. Hence, the tax base equals the future deductible amount as in the equipment, prepaid rent examples in Table 9.
- *Account Receivable:* The company recognized ₺1.000 of bad debt which will be, as estimated by the management, tax deductible in the future. The tax base of accounts receivable equals to the carrying amount and the future deductible amount.
- *Equipment:* To the best knowledge of the management, the equipment's net recoverable value is ₺4.667 at 31 December 2015. The fair value could be regarded as "sales revenue". The tax base of the equipment is ₺4.500 which would be deducted from the sales revenue as the cost of the sales. The result of the sales is (4.667 – 4.500) = ₺167 of taxable gain.

- *Bank Loan:* There is no taxable amount regarding the principle of the bank loan receivable; hence, the deductible amount is zero and the tax base equals to carrying amount.
- *Interest Receivable:* The interest revenue of (9.520 * 12%) = ₺1.142 is calculated and recognized in the income statement in accordance with IFRS. The cash amount of interest to be collected, ₺1.000, is recognized as other receivables in the balance sheet. The interest on Treasury bonds is taxable when collected, i.e. 02 January 2016. Therefore, the carrying amount of receivable, ₺1.000, is equal to its tax base.[11]
- *Held-for-collection Financial Investments:* Carrying value of the bond investment at 31 December 2015 is 9.662. At 12% interest rate, the carrying value is supposed to be the market value of the bond. In addition, since this is a held-for-collection investment, the carrying value is the market value. Therefore, the tax base of the bond on 31 December 2015 is ₺9.662.

Tax Bases of Liabilities

> *The tax base of a liability is its carrying amount, less any amount that will be deductible for tax purposes in respect of that liability in future periods. In the case of revenue which is received in advance, the tax base of the resulting liability is its carrying amount, less any amount of the revenue that will not be taxable in future periods (IAS 12, paragraph 8).*

Liabilities do not create taxable amounts; instead, settlement gives rise to deductible items. Unearned revenue is an exception to this rule.

Tax base of liabilities can be formulated as follows;

Tax base = Carrying amount + Future taxable amount – Future deductible amounts

Table 10 below provides examples of the calculation of tax bases for liabilities.

[11] Please review Table 8 and the explanations.

Table 10 – Calculation of Tax Bases of Liabilities

	Carrying Amount	Tax Base	Future Taxable Amounts	Future Deductible Amounts
1. Accounts Payable ₺10.000; the related expense already deducted from taxable income.	10.000	10.000	0	0
2. Loan Payable ₺50.000, when repaid will have no tax consequences	50.000	50.000	0	0
3. Unearned Rent Revenue ₺600; taxed upon collection	600	0	(600)	0
4. Accrued social security premiums ₺12.000; tax deductible when paid (accrued expense)	12.000	0	0	12.000
5. Provision for Severance Indemnity ₺63.000, tax deductible as paid.	63.000	0	0	63.000
6. Accrued tax penalty ₺1.200; not tax deductible	1.200	1.200	0	0

Table 8 reveals the following;

- If the carrying amount is equal to the future deductible amount, the tax base is zero. The provision for termination indemnity is recognized as period expense as per IAS (IAS 19, paragraph 132), but this expense is tax deductible when paid to the employee who left the firm under certain conditions as defined by the Labor Law. Therefore, the carrying amount of the provisions for severance indemnity is ₺63.000 and this amount will be tax deductible in the future. Consequently, the tax base is zero.
  Tax base of provisions for severance indemnity is (63.000 + 0 – 63.000) = 0.

  Similarly, social security premiums are tax deductible after it is paid to the Social Security Agency of Turkey (Law No 5510 on Social Security and General Health Insurance, Article 88), therefore the tax base of the premiums, accrued expense, is (12.000 + 0 – 12.000) = 0.

- When there is no future deductible amount, the carrying amount equals tax base. The payments for accounts payable and loans payable are not tax deductible. Hence, the carrying amounts and the tax bases are equal.

The examples in Table 9 and 10 cover the liabilities that are reported in the statement of financial position. There are some items that are not recognized neither as assets or liabilities but have tax bases. Research costs are an example of a tax base which is not recognized as an asset as per IAS (IAS 38, paragraph 54). Tax laws allow deduction of 40% of the research costs from the taxable income, but if the non-taxed amount is distributed as dividend, the amount of dividend is subject to 10% withholding tax (Income Tax Law 193, Article 94/6-b). The research cost is expensed as per IFRS but it has a tax base. For example, if the total amount of research costs is ₺100, then the tax deductible amount, i.e. the tax base, is ₺40. Assume that the company distributes ₺40 as dividend, (₺40 * 10%) = ₺4 of tax has to be paid to government. Therefore, the tax base is ₺40, but an asset is not reported in financial statements.

The manner in which an asset or liability is recovered or settled may affect the tax base of that asset or liability. When a company sells a fixed asset with the intention of replacing the asset with a similar one, the gain on sale of the asset can be deferred for at least 3 years without taxation. The intent of the company for replacement should be supported by the decision and the necessary attempts, e.g. bidding, signed contract etc. If the company does not replace the asset by the end of the third year following the recognition of gain, then the gain is added to taxable income.

CHAPTER IV

DEFERRED TAXES IN TURKEY

As we have tried to explain in the previous chapter(s), deferred taxes are the results of temporary differences. Also note that, there are both permanent and temporary differences between IAS / IFRS and tax laws.

IAS / IFRS are, by definition, standard across the board and apply the same in countries which adopted them. However, tax and commercial laws vary from country to country and both permanent and temporary differences change depending on those laws.

Main purpose of this chapter is to identify, describe, and summarize the sources of deferred tax in Turkey. It is stated in the law that corporate tax shall be calculated using the profits that are obtained in a full accounting period. It is further mandated that businesses whose profits are dependent on agricultural activity are subject to Income Tax Law, Article 59 as well (Corporate Tax Law 5520, Article 6).

IV.I. Permanent Differences

By definition, permanent differences do stay in effect permanently unless the laws they are sourced from change. As these differences are always in effect, there will not be a reversal in the future similar to temporary differences. Permanent differences are created due to corporate tax deductions, exceptions, and exemptions in the tax laws, as well as the prohibition of deduction of certain cost items from the taxable profit.

These deductions, exceptions, and exemptions are not applied unless certain criteria set by laws are met. For instance, Turkish Airlines benefits from such a corporate tax deduction on the condition that they meet the necessary criteria set by the government (Turkish Airlines, 2015, p.24).

IV.I.I. Deductions, Exceptions, and Exemptions

Logic would dictate that in order to deduct certain gains from the taxable profit, first there would have to be a profit to begin with. But in the articles 5, 12 and 13, Corporate Tax Law allows for deduction even if there is loss and describes them in detail. The reason for that are loss carry-forwards which create deferred tax assets in future periods. Below are the gains exempted from corporate income tax, as detailed in the Corporate Tax Law (Corporate Tax Law 5520, Article 5/1/a to 5/1/i);

- Gains from joint ventures or associations which have unlimited tax liability.
- Gains from joint ventures or associations whose corporate or legal headquarters are not in Turkey.
- Gains (by companies who have unlimited tax liability) from the sale of joint venture or association shares.
- Gains from shares issued at a premium.
- Gains from investment fund partnership portfolios.
- Gains from the sale of ownership of real property and association as well as certain legal contracts.
- Gains from the sale of associations who have liabilities to banks and TMSF (Savings Deposit Insurance Fund).
- Gains from abroad branches.
- Gains from abroad construction, repair, installation activities and technical services.
- Gains from educational institutions and rehabilitation centers.
- Risturn exceptions for cooperatives. [12]

[12] Risturn is a type of commission that is granted by laws to the related institutions under certain conditions described by laws.

- Gains from foreign funds. (Corporate Tax Law 5520, Article 5/A)
- Gains from industrial ownership exceptions.(Corporate Tax Law 5520, Article 5/B)
- Gains from technology development zones.(Law no 4691 on Technology Development Zones, Temporary Article 2)
- Gains from tax-free zones.(Law no 3218 on Tax-free Zones, Temporary Article 3)

After the deductions above are made to the taxable income, further deductions from the taxable income are allowed by corporate and income tax laws on the condition that the income statement still has a positive balance, i.e. profit. These deductions are summed up as “other deductions” and detailed in the Article 10 of Corporate Tax Law (10/1/a to 10/1h);

- Research and development exemptions.
- Sponsorship expenditures.
- Aid and donations.
- Aid and donations related to education and health facilities, dormitories.
- Aid and donations related to religious centers.
- Aid and donations related to culture and tourism.
- Aid and donations via Prime Ministry.
- Aid and donations to Türkiye Kızılayı Derneği (Turkish Red Crescent) and Türkiye Yeşilayı Cemiyeti (Turkish Green Crescent).
- Amounts allocated as enterprise capital funds according to Tax Procedures Law, Article 325/a.
- Exemptions due to education, health and other services given to individuals and/or legal entities which are not located and/or resident in Turkey.
- 100% of the before-tax wage expenditures to citizens with severe mental and/or physical disabilities that are likely to impair their ability to actively take part in work life.

- Investment allowance exemptions. (Income Tax Law 193, Temporary Article 69)

IV.I.II. Unpermitted Expenses for Deduction

There are permanent differences that arise from unpermitted items as well as the ones that are permitted. Similarly, the standards recognize these items as expenditure but the tax laws do not. Thus, in turn, creates a permanent difference between the accounting profit and the taxable profit.

Article 11 of Corporate Tax Law details these instances in which the deduction is not permitted (11/1/a to 11/1/i);

- Interest calculated or paid over capital.
- Interest, exchange rate, or other similar expenditures calculated or paid over disguised capital.
- Gains distributed in disguise via transfer pricing.
- Irrespective of the purpose or form, entirety of reserve funds.
- Entirety of fines, tax penalties, late payment fees and interests.
- Losses due to underpriced selling of securities and/or commission payments or similar payments tied to these securities.
- Depreciation or other costs tied to rental engine-powered air and water vehicles that are not related to the main business activity.
- Apart from contractual reparations, entirety of damages caused by the entity, partners, management, or employees.
- Acts carried out via the press and/or damages caused by radio or television broadcasts.
- 50% of all types of tobacco and alcoholic product advertisement expenditures.

- Apart from credit institutions, financial institutions, leasing, factoring, and financing companies, in businesses which use outside sources as primary financing source; interest, commission, dividend, exchange rate compensation and similar expenditures related to the outside sources.
- Value added tax generated due to unrecognized expenditures by income and corporate tax laws. (Value Added Tax Law 3065, Article 30/d)
- Private communication tax. (Expenditure Tax Law 6802, Article 39)
- Motor vehicle tax (to a specific extent). (Motor Vehicle Tax Law 197, Article 14)

IV.II. Temporary Differences

Temporary differences are the actual causes of deferred tax in the first place and they can either rise due to recognition period of expense and gains, i.e. timing differences, or due to differences between in the tax base and carrying amounts of assets and liabilities, i.e. temporary differences.

Temporary differences are more encompassing and as such, IFRS and IAS use them as the basis for the tax and profit calculations. Given the emphasis put on temporary differences rather than timing differences, we will first take a look at how the tax laws and standards determine an asset or liability's value, i.e. tax base or carrying amount.

The term "valuation" in its broader meaning might be far-fetched, as in financial analysis, but for tax and accounting purposes it has a more narrow definition. It is closer to "measurement" of asset and liability values in the statement of financial position. Tax laws prefer to use valuation but both are pretty close in terms of what they actually refer to, and often used interchangeably.

Nevertheless, we will take a look at valuation measurements that are described in the tax laws and the standards.

IV.II.I. Valuation Measurements in the Tax Laws

Tax Procedures Law describes valuation as "Valuation is the estimation and determination of economic worth of assets regarding the tax base calculations." (Tax Procedures Law 213, Article 258)

Below are the valuation measurement descriptions as per Tax Procedures Law(Articles 261, 262-268);

- **Cost Value:** It stands for acquisition of an asset or payments and/or costs incurred for its revaluation.
- **Market Value:** Whether it be in the stock market, currency or commodity exchange, it is the average value at the last day of the market before the valuation.
- **Value in Use:** It is the value of an economic asset for the owner at the day of valuation.
- **Carrying Amount:** It is the value of an asset in accounting records.
- **Nominal Value:** It is the face value written on any kind of bonds, bills, and shares.
- **Going Rate:** It is the current value/price of an asset at the day of valuation.
- **Assessed Value:** It is the rate that will be applied for assets, whose real value is either unknown or cannot be determined accurately, on the day they are sold. It is determined by looking at the value of similar assets on the day of the sale/valuation.
- **Tax Value:** It is the value for buildings and land determined as per Real Estate Tax Law, Article 29.

For further detail regarding these measurements and how do they apply to each item the statement of financial position, see tables in Appendix III.[13]

Apart from the definitions above, there are three main topics directly related to valuation. While they do not give specific definitions like above, or directly describe additional measurements, they emphasize three important element that affect valuation measurements. These are cost of borrowing, inflation correction, and depreciation. Although they are very important, they exceed the scope and purpose of this paper, hence they will only be mentioned briefly and sources will be cited for additional information.

Cost of borrowing is an additional cost which directly affects the tax value. Naturally, the tax laws recognize the need for additional clarification on how to include these costs in the valuation process. Cost of borrowing mainly comes in the form of interest and/or exchange rate fluctuations.[14]

Inflation correction is another element the tax laws emphasize. According to the law, if the price index has increased 100% in the last three years and a further 10% in the current accounting period, businesses are to make corrections on non-monetary assets (Tax Procedures Law 213, Reiterated Article 298).

Finally, procedures regarding depreciation are thoroughly detailed and explained in the law (Tax Procedures Law 213, Article 313-330). It should be remembered that depreciation not only creates deferred tax due to timing differences, but temporary differences as well. The effects on valuation measurements (as explained in the law) are confirmation as to how engrossing temporary differences are when compared to timing differences.

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[13] All articles in the tables are from the Tax Procedures Law.

[14] See Tax Procedures Law General Notices 163, 238, 334 at Appendix IV.

IV.II.II. Unused Tax Benefits and Prior Year Losses

Apart from the valuation measurements aforementioned, unused tax benefits and losses from previous years affect deferred tax as well. As we have said previously, a deferred tax asset means that an entity will pay less income tax in the future, namely an asset. Hence, both an unused tax benefit and an unused loss from a prior year or years will result in a deferred tax asset as long as the tax authorities allow it.

Case in point, Corporate Tax Law allows for carrying losses forward up to five years (Corporate Tax Law 5520, Article 9). Notice how the article specifies losses in the filed tax returns and not the losses in the financial statements. This is the cue which helps us identify the deferred tax asset. Basically, the standards do not recognize this carry-forward and only accepts the loss in the year it is accumulated.

There are also several articles that specify unused tax benefits. Tax Procedures Law mainly deals with gains and losses which arise from matters regarding depreciation (Tax Procedures Law 213, Article 328-329). Related articles state that businesses are allowed to hold the profits generated from the sale of a depreciated assets up to 3 years for renovation purposes. This effectively creates a tax benefit for said businesses.

Corporate Tax Law on the other hand, emphasizes the importance it gives to investment and research & development (Corporate Tax Law 5520, Article 10, 32/A). The first of these two articles allow for the deduction of 100% of research and development expenses (in the following years) and the second one allows a certain portion of the taxable income to be taxed with a lower rate. Whereas the tax authorities try to encourage investment and research & development, the standards only act with the purpose of accurate information and transparency, they do not recognize these benefits. Due to these differences between the tax laws and the standards, deferred tax assets come into existence.

IV.II.III. Valuation Measurements in the Standards

Albeit quite similar to tax laws in terms of definition and use, there are still a few differences in naming. Naturally, standards define valuation measurements that are closely related to accounting as well and some are not mentioned in the tax laws.

- **Cost Price:** It is the direct expense which has to be incurred when acquiring goods, commodities, assets, securities etc. It is the amount that has been paid to acquire an item. It is not specifically defined in a certain paragraph but mentioned on various articles.
- **Present Value:** Be it an asset or a liability, or inflow or outflow, every future cash flow is discounted at a specified rate of return to determine its current worth. Every item in the statement of financial position should be recognized at present value.
- **Net Realizable Value:** "Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and the estimated costs necessary to make the sale." (IAS 12, paragraph 6)
- **Amortized Cost:** IAS 39 defines amortized cost as;

  > the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount and the maturity amount and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility. (IAS 39, paragraph 8 (superseded by IFRS 9 where IFRS 9 is applied))

  IFRS 9 further clarifies the use of amortized cost as well. Financial liabilities held for trading are "measured at fair value through profit or loss", and all other financial liabilities should be measured at amortized cost unless the fair value option is applied (IFRS 9, paragraph 4.2.1).

- **Fair Value:** It is “the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.” (IFRS 13, Appendix A)
- **Equity Method:** It is a method of accounting by which an investment first recognized at cost price and then adjusted for changes in the investor’s share of the investee company’s net assets. The investor’s profit / loss and other comprehensive income include its shares in the investee company. (IAS 28, paragraph 3)
- **Value in Use:** It is the present value of future cash flows that are expected to be gained from an asset. (IAS 36, paragraph 6)
- **Recoverable Amount:** It is also called the net selling price and is defined as “the higher of an asset’s fair value less costs of disposal and its value in use”. (IAS 36, paragraph 6)
- **Carrying Amount:** It is the amount recognized in the balance sheet after the deduction of accumulated depreciation and accumulated impairment losses. (IAS 36, paragraph 6)

Table 11 below summarizes which valuation measurements are used for each category of statement of financial position (Boyraz, 2011, p.23);

Table 11 – Valuation Measurements for Statement of Financial Position

	First Measurement	Second Measurement	Loss of Value	Depreciation
Inventories	Cost	Cost / Net Realizable Value (the lower one)	Prerequisition of the method	-
Tangible Assets	Cost	Cost / Revaluation Model	Depending on the result of measurement (for Cost)	Yes
Intangible Assets	Cost	Cost / Revaluation Model	Depending on the result of measurement (for Cost)	Yes
Investment Property	Cost	Cost/Fair Value	Depending on the result of measurement (for Cost)	Yes (Cost)

Table 11 (continued)

Property Held for Sale	Carrying Amount or Fair Value less Cost of Sales (the lower one)		Prerequisition of the method	No
Financial Securities	Fair Value	Fair Value/Amortized Cost	Depending on the result of measurement (for Amortized Cost)	-

As in the tax laws, borrowing costs and depreciation have a profound effect on the valuation measurements. Inflation though, is a little different in this case. While it is true that inflation has an effect on the accuracy of measurements, revaluations are done to counteract this and there is not a dedicated standard for inflation alone. However, there is a separate, full-fledged accounting standard (i.e. IAS 29 – Financial Reporting in Hyperinflationary Economies) to establish standards and provide guidance for entities reporting in a hyperinflationary economy. Description of a hyperinflationary economy is emphasized on the Tax Procedures Law as well, as we have said before (Tax Procedures Law 213, Reiterated Article 298).

Borrowing costs include interest on bank borrowings, charges on financial leases and exchange rate differences on foreign currency borrowings.

> An entity shall capitalize borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset [15] as part of the cost of that asset. An entity shall recognize other borrowing costs as an expense in the period in which it incurs them (IAS 23, paragraph 8).

What this means is that some expenses are big enough, and done during the production phase of the product, that they should be recognized as part of the product itself, increasing its cost.

In the way of identifying, or measuring, these costs;

> To the extent that an entity borrows funds specifically for the purpose of obtaining a qualifying asset, the entity shall determine the amount of borrowing costs eligible for

[15] A qualifying asset is an asset that takes a long period of time to complete for its intended use or sale, such as the construction period of a plant.

> capitalisation as the actual borrowing costs incurred on that borrowing during the period less any investment income on the temporary investment of those borrowings. (IAS 23, paragraph 12)
>
> Whereas an entity borrows funds generally and uses them for the purpose of obtaining a qualifying asset, the eligible amount is determined by applying a capitalization rate to the expenditure on that asset. The capitalization rate will be the weighted average of the borrowing costs applicable to the general pool. (IAS 23, paragraph 14)

These two descriptions clarify exactly how borrowing costs should be measured. If funds are borrowed specifically for the purpose of that investment, any gains made over them should be omitted to reach the net borrowing cost. On the other hand, if the said funds are taken from a general reserve, the amount that will be capitalized, i.e. added to the cost of the product, should be determined by a capitalization rate.

Effects of depreciation on valuation are more comprehensive in its scope, given that many assets are depreciated yearly. Consequently, there are more than one standard that mentions depreciation, including;

- IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations
- IAS 16 – Property, Plant and Equipment
- IAS 38 – Intangible Assets
- IAS 40 – Investment Property

Depreciation is a highly comprehensive subject in itself and thoroughly explaining it exceeds the scope of this paper. A brief description of cost and revaluation models from the standards on the recognition of an asset should suffice our needs in understanding the effects of depreciation in valuation measurements. An asset should either be recognized at cost less accumulated depreciation and impairment, or at a revalued amount, being its fair value at the date of revaluation less subsequent depreciation and impairment, provided that fair value can be measured reliably (IAS 16, paragraphs 30, 31). Consequently, depreciation will have a significant effect on the value of an asset and directly affect profit calculations.

IV.II.IV. A Comparison between the Tax Laws and the Standards

After explaining how the tax laws and the standards measure the value of financial statement items separately, we will now examine the differences between the two. Following tables are either taken from Mr. Fazıl Boyraz's presentation on accounting profit to taxable profit (with minor modifications), or built using information from the same presentation (Boyraz, 2011, p.23, 31-106, 111-125).

Table 12 – Valuation of Cash and Cash Equivalents

	Tax Laws		**IAS / IFRS**	
	Initial Recognition	**Subsequent Measurement**	**Initial Recognition**	**Subsequent Measurement**
Cash	Nominal Value	Nominal Value	Fair Value	Fair Value
Cash (foreign currency)	Market Value	Market Value	Fair Value (Local currency equivalent)	Fair Value (Local currency equivalent)
Bank	Carrying Amount	Carrying Amount	Fair Value	Fair Value
Bank (foreign currency)	Market Value	Market Value	Fair Value (Local currency equivalent)	Fair Value (Local currency equivalent)
Bank (deposit accounts)	Nominal Value	Pro-rata Yield [16]	Fair Value	Amortized Cost
Bank (deposit accounts in foreign currency)	TL equivalent of the amount deposited	Pro-rata Yield + Market Value	Fair Value	Amortized Cost

Table 13 – Valuation of Receivables

	Tax Laws		**IAS / IFRS**	
	Initial Recognition	**Subsequent Measurement**	**Initial Recognition**	**Subsequent Measurement**
Receivables	Carrying Amount	Carrying Amount / Rediscount in notes receivables	Fair Value	Amortized Cost

[16] See Tax Procedures Law 213, Article 281 for a detailed description.

Table 13 (continued)

Cheques Received	Carrying Amount	Carrying Amount	Fair Value	Fair Value
Cheques Received (with a maturity date)	Carrying Amount	Carrying Amount	Fair Value	Amortized Cost
Doubtful Receivables	Value in Use	Value in Use	Fair Value	Fair Value
Worthless Receivables	Transferred to losses at carrying amount		Ommitted from the financial statemets	

Table 14– Valuation of Securities

	Tax Laws		IAS / IFRS	
	Initial Recognition	**Subsequent Measurement**	**Initial Recognition**	**Subsequent Measurement**
Stocks	Purchase Price	Purchase Price	Fair Value	Fair Value
Profit/loss Shares	Purchase Price	Purchase Price	Fair Value	Fair Value
Bonds (Public-Private)	Purchase Price	Market Value or Pro-rata Yield	Fair Value	Amortized Cost

Table 15– Valuation of Payables

	Tax Laws		IAS / IFRS	
	Initial Recognition	**Subsequent Measurement**	**Initial Recognition**	**Subsequent Measurement**
Payables (with or without notes)	Carrying Amount	Carrying Amount / Rediscount in notes payables	Fair Value	Amortized Cost
Credits	Nominal Value	Pro-rata Interest Expense	Fair Value (principal amount)	Amortized Cost
Cheques Given	Carrying Amount	Carrying Amount	Fair Value	Fair Value
Cheques Given (with a maturity date)	Carrying Amount	Carrying Amount	Fair Value (discounted amount)	Amortized Cost
Issued Bonds	Nominal Value	Nominal Value	Fair Value	Amortized Cost
Write-offs	Transferred to profits if not reported as loss in 3 years		Reported in profit / loss	

Table 16– Valuation of Inventories

	Tax Laws	IAS / IFRS
Initial Recognition	Cost	Cost
Subsequent Measurement	Cost	Less of Cost and Net Realizable Value
Loss of Value	Assessed Value if sale price drops %10 or more than the initial cost	Net Realizable Value
Borrowing Costs	Cost	Capitalized (in qualifying assets)
Subsidiaries	Assessed Value	Net Realizable Value

Table 17– Valuation of Tangible Assets

	Tax Laws	IAS / IFRS
Initial Recognition	Cost	Cost if purchased from outside Fair Value if obtained via bartering
Subsequent Measurement	Cost - Depreciation	Either Cost Model or Revaluation Model[17]
Loss of Value	Exceptional Depreciation [18]	The difference between the carrying amount and the recoverable amount
Borrowing Costs	Capitalized in the year of acquisition. Beyond that year, it can either be capitalized or recognized as expense.	Capitalized (in qualifying assets)
Depreciation	Per annum during the useful life determined by tax authorities	Per annum(only as much as the asset is used) during the useful life determined by the entity
Sale	The difference between the revenue and the book value is recognized as either loss or profit. The recognized profit can be held for renovation up to 3 years.	The difference between the revenue and the book value is recognized as either loss or profit.

[17] See IAS 16, paragraphs 30, 31 for further detail.

[18] Exceptional depreciation is a term used for assets that are depreciated under extra-ordinary conditions and / or assets that wear and tear faster than a normal rate. See Tax Procedures Law 213, Article 317 for further detail.

Table 18– Valuation of Intangible Assets

	Tax Laws	IAS / IFRS
Initial Recognition	Cost	Cost if purchased from outside Fair Value if obtained via bartering
Subsequent Measurement	Cost - Depreciation	Either Cost Model or Revaluation Model
Loss of Value	Exceptional Depreciation	The difference between the carrying amount and the recoverable amount
Borrowing Costs	Capitalized in the year of acquisition. Beyond that year, it can either be capitalized or recognized as expense.	Capitalized (in qualifying assets)
Depreciation	Per annum during the useful life determined by tax authorities	Per annum(only as much as the asset is used) during the useful life determined by the entity Assets with indefinite useful life are not depreciated.

Table 19– Valuation of Investment Property

	Tax Laws	IAS / IFRS
Initial Recognition	Cost – If purchased from outside Cost – If built by the entity Less of Market Value and Present Value of Minimum Rental Payments – If obtained via financial lease	Cost - If purchased from outside Less of Fair Value and Present Value of Minimum Rental Payments – If obtained via financial lease Fair Value or Cost – If built by the entity Fair Value or Cost – If obtained via bartering
Subsequent Measurement	Cost	Fair Value or Cost
Loss of Value	Exceptional Depreciation	The difference between the carrying amount and the recoverable amount
Borrowing Costs	Capitalized in the year of acquisition. Beyond that year, it can either be capitalized or recognized as expense.	Capitalized (in qualifying assets)
Depreciation	Per annum during the useful life determined by tax authorities	Per annum(only as much as the asset is used) during the useful life determined by the entity Assets valued using fair value measurement are not depreciated.

Table 20– Valuation of Assets Held for Sale

	Tax Laws	IAS / IFRS
Sale	Cost	Less of Fair Value(minus the cost of sale) and Carrying Amount
Distributables	Cost	Less of Fair Value (minus the distribution costs) and Carrying Amount
Loss of Value	Exceptional Depreciation	The difference between the Carrying Amount and the Fair Value (minus the cost of sale)
Borrowing Costs	Capitalized in the year of acquisition. Beyond that year, it can either be capitalized or recognized as expense.	Capitalized (in qualifying assets)
Depreciation	Per annum during the useful life determined by tax authorities	Not applied

Table 21– Valuation of Revenue

	Tax Laws	IAS / IFRS
Sale	Sale Price	Fair Value
Bartering	Assessed Value	Fair Value (exchange of equal assets/services are not recognized as revenue)
Service	Accounting Period Concept	Percentage of completion
Interest	Simple Interest	Interest in Effect
Provisions	There are certain legal conditions for the recognition (as expense) of uncollectible receivables.	Uncollectible receivables are recognized as expense.

The tables above thoroughly explain the details of valuation between the tax laws and the accounting standards for each item in the statement of financial position. Those differences are the primary source of deferred tax as we have said before. They are temporary differences which also includes timing differences as well. Table 22 at the next page is a summary of those temporary differences (Akbulut, 2008, p.35-36);

Table 22– Sources of Temporary Difference

	Tax Laws	IAS / IFRS
Cash	Nominal Value	Fair Value (Nominal)
Foreign Currencies	Market Value	Fair Value (Market)
Bank	Carrying Amount	Fair Value (discounted)
Cheques Received	Nominal Value	Fair Value (discounted)
Cheques Given	Nominal Value	Fair Value (discounted)
Financial Assets	Purchase Price / Market Value (for assets bar shares)	Fair Value (Market) Valuation differences are recognized in income statement
Financial Assets Held for Sale	Purchase Price	Fair Value (Market) Valuation differences are recognized in equity capital
Financial Assets Held for Maturity	Market Price / Interest obtained if there is no market price	Fair Value (Discounted) / Provision for Loss of Value / Cost (if it is impossible to determine Fair Value)
Receivables	Carrying Amount / Provision for loss of value can be allocated under certain circumstances	Fair Value (discounted) / Provision for loss of value is allocated under risk
Notes Receivable	Value in Use / Provision for loss of value can be allocated under certain circumstances	Fair Value (discounted) / Provision for loss of value is allocated under risk
Inventories	Cost / Value in Use under certain circumstances	Cost at initial recognition, less of cost and net realizable value at subsequent measurements
Association and Partnerships	Purchase Price (for shares), Market Value (for the rest)	Cost at initial recognition, Equity Method at subsequent measurements
Tangible Assets	Cost at initial recognition, Amortized Cost at subsequent measurements	Cost at initial recognition, Cost or Revaluation Model at subsequent measurements
Intangible Assets	Cost at initial recognition, Amortized Cost at subsequent measurements	Cost at initial recognition, Cost or Revaluation Model at subsequent measurements
Investment Property	Cost at initial recognition, Amortized Cost at subsequent measurements	Cost at initial recognition, Cost Model or Fair Value at subsequent measurements
Goodwill	Carrying Amount at initial recognition, Amortized Cost at subsequent measurements	Cost at initial recognition. Tested for loss of value in subsequent measurements

Example 4 – Calculating Deferred Tax Using Temporary Differences

Below is the CDPR Inc.'s Statement of Financial Position at 31.12.2015. Let us calculate corporate tax and find deferred tax asset and liabilities.

- Corporate tax rate is 20%.
- Tax laws use straight line depreciation and accumulated depreciation according to this is 25.000.

Table 23 – Statement of Financial Position

CURRENT ASSETS	**240.000**	**CURRENT LIABILITIES**	**250.000**
Cash and Cash Equivalents	30.000	Notes Payable	240.000
Marketable Securities	75.000	Less Rediscount of Notes Payable	(40.000)
Less Provisions for Securities	(15.000)	Taxes and Other Liabilities Payable	50.000
Notes Receivable	105.000		
Less Rediscount of Notes Receivables	(25.000)		
Inventories	90.000		
Less Provision for Inventories	(20.000)		
PROPERTY AND EQUIPMENT	**200.000**	**OWNERS' EQUITY**	**190.000**
Buildings	150.000	Contributed Capital	110.000
Fixtures and Equipment	100.000	Retained Earnings	80.000
Less Accumulated Depreciation	(50.000)		
TOTAL ASSETS	**440.000**	**TOTAL LIABILITIES AND EQUITY**	**440.000**

We first have to identify the temporary differences between the standards and the tax laws;

- Both tax value and carrying amounts are the same for cash and cash equivalents.
- Securities (shares) are valued at purchase price according to tax laws, but valued at fair value by the standards. The tax laws do not recognize the

provision for securities, consequently creating a deductible temporary difference for the company.

- Rediscount of notes receivables is possible under both the standards and the tax laws.
- Inventories are valued at cost according to tax laws as well as the standards, but the standards uses net realizable value in subsequent measurements to identify any value loss which the tax laws do not recognize. As a result, any provision for inventories will create a deductible temporary difference here.
- A lower accumulated depreciation in the tax laws will result in a deductible temporary difference by requiring the company to pay more tax in the current accounting period.
- Rediscount of notes payable is possible under both the standards and the tax laws.
- Taxes and other liabilities are the same for both the standards and the tax laws.

Table 24 – Temporary Differences due to Valuation

	Tax Laws	**IAS / IFRS**	**Temporary Difference**
Cash and Cash Equivalents	30.000	30.000	-
Marketable Securities	75.000	60.000	15.000 (Deductible)
Notes Receivables	80.000	80.000	-
Inventories	90.000	70.000	20.000 (Deductible)
Property and Equipment	225.000	200.000	25.000 (Deductible)
Notes Payable	200.000	200.000	-
Taxes and Other Liabilities Payable	50.000	50.000	-
Contributed Capital	110.000	110.000	-
Profit	140.000	80.000	-

Accounting Profit = 80.000 **Taxable Profit** = (80.000 + 15.000 + 20.000 + 25.000) => 140.000 **Corporate Tax** = (140.000 * 0,20) => 28.000 **Deferred Tax Assets** = (15.000 + 20.000 + 25.000) * 0,2 => 12.000	**Accounting Profit** 80.000 **- Corporate Tax** (28.000) **+ Deferred Tax Asset** 12.000 **Net Profit** 64.000

As observed above, temporary differences cause a significant difference between the accounting profit and the taxable profit. Also notice that the net profit at the end of the period would still be 64.000 if there was no temporary difference recognition, but in that case, tax component of the profits would only be composed of corporate tax, not fully reflecting the actual situation.

IV.III. A Study on Deferred Taxes in Borsa Istanbul Sustainability Index

In this section, a short study will be conducted to understand the size of the impact deferred tax had on profit. As we have tried to show so far, deferred tax does have an effect on profit from financial a financial accounting perspective. But does it have a significant enough impact to force companies to react to it? That is the question we are hoping to answer.

The reason for using a sustainability index instead of a straightforward index with biggest companies is a sustainability index is much more comprehensive in projecting a picture of real life economic success and sustainability, whereas an index comprised of only the biggest companies is only interested in economic profit.

BIST Sustainability Index is a fairly new one and has higher entry requirements. The reason behind is to encourage improvement and it seems to be working as more companies are accepted each year and the index has been growing steadily for the past two years since it has been established. The goal is to provide companies which manage risk and opportunities well with competitive advantage, create capital by attracting investors in a sustainable business environment. According to Borsa Istanbul CEO Ibrahim Turhan, there has to be a lasting relation between sustainability and profitability. Once companies, investors and entrepreneurs all understand that sustainability has an impact not only on long term, but also on quarterly performance and profitability, then progress will have been made. (Turhan, 2014)

Using the sustainability index would not only give a recent picture, but also a comprehensive one as well due to the index's nature. The index offers a wide array of companies from various industries including automotive, energy, finance, heavy industry, oil refineries, technology, communications, construction, aviation, banking, and consumer goods. This allows for capturing a significant portion of the economy without omitting any substantially large company or industry.

IV.III.I. Methodology of the Study

The methodology employed while conducting this study primarily included gathering data from Public Disclosure platform of Turkey and from that data, calculating a deferred tax to pre-tax income to isolate deferred tax effect on profit. The reasoning behind using the sustainability index instead of a straightforward index, such as BIST30 or BIST50 which include biggest 30 and 50 companies respectively, is the emphasis put on the importance of long term decision making and risk management, social and environmental responsibility as well as economic factors by the Sustainability Index. To ensure these goals are achieved in the long run, companies included in the index are evaluated by EIRIS as per international sustainability criteria, i.e. environmental policy, biodiversity policy, climate change policy, board practices, countering bribery, human rights and health safety, supply chains, corporate loans, and retail banking. (Borsa İstanbul)

There are 29 companies in the index, 21 of which are also in the BIST30. The entirety of information in this study is directly taken from the publicly available yearly financial reports of each company at Public Disclosure Platform website except for three companies. The information for companies that are marked with an asterisk in Appendix V is taken from their respective websites. (Türkiye Garanti Bankası A.Ş., Türkiye İş Bankası A.Ş., Hacı Ömer Sabancı Holding A.Ş., 2011-2015)

As it has been said before, deferred taxes are directly related to income and affect primarily the income tax to be paid and the net profit subsequently. To understand the effect of deferred taxes on the net profit, a ratio of deferred tax to pre-tax profit is used, i.e. the portion of deferred tax in the pre-tax profits. How much exactly the net profit is influenced by deferred taxes, in other words.

Table in Appendix V shows by how much each company is affected over the course of five years from 2011 to 2015. The numbers in red mean the aggregate amount of deferred taxes is negative, hence the sum will be a deferred tax liability for that year. Consequently, using the ratio, it is then deduced that the net profits are influenced negatively as much as that percentage.

IV.III.I.I. Negatively Influenced Companies

The results show that out of the 29 companies included in the index, nine have been influenced negatively over the 5 years. Specifically, four of these are banks and at its highest, the largest negative ratio among the nine is 4,51 percent for the company coded CCOLA except for the company coded THYAO, which seems to be an outlier, with a negative influence ratio of 32,18 percent.

According to independent auditor reports and endnotes on the financial statements, most of the deferred taxes come from the differences between the tax base and the carrying amount of assets and liabilities. Below are two tables from the independent auditor reports of companies coded AKBNK and CCOLA for years 2014 and 2015

Table 25 – 2015 Endnotes of AKBNK

	Accumulated Temporary Differences		Deferred Tax Asset/(Liability)	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
Provision for employee benefits	192.906	127.637	38.502	25.550
Valuation differences between the carrying amounts and tax value of financial assets	1.244.837	524.361	252.769	107.773
Others	334.492	311.251	66.898	61.428
Deferred Tax Asset			**358.169**	**194.751**
Valuation differences between the carrying amounts and tax value of tangible assets	123.540	126.098	(24.708)	(25.220)
Valuation differences between the carrying amounts and tax value of financial assets	982.104	782.865	(183.724)	(156.573)
Differences related to domestic risk	140.736	142.171	(45.036)	(45.495)
Deferred Tax Liability			**(253.468)**	**(227.288)**
Deferred Tax Asset/(Liability), net			**104.701**	**(32.537)**

Two columns to the right show the net amounts for deferred tax assets/liabilities (shown in bold). The most significant item for deferred tax assets seems to be the valuation difference between tax base and carrying amounts of financial assets. Similarly, the most significant item for deferred tax liabilities is the difference between the tax base and carrying amounts for financial assets as well. The other noteworthy deferred tax asset seems to be the provisions for employee benefits.

Table 26 – 2015 Endnotes of CCOLA

	31 December 2015		31 December 2014	
***in (000 TL)**	**Valuation Differences**	**Deferred Tax Asset/(Liability)**	**Valuation Differences**	**Deferred Tax Asset/(Liability)**
Tangible and intangible assets	(1.809.344)	(458.427)	38.502	25.550
Financial debts	(22.081)	(4.416)	252.769	107.773
Provision for employee benefits	65.719	13.029	66.898	61.428
Unused investment incentive(Note 23)	107.922	21.004	358.169	194.751
Tax loss carryforward	382.892	118.603	(24.708)	(25.220)
Receivables	86.542	17.068	(183.724)	(156.573)
Financial tools	10.683	2.137	(45.036)	(45.495)
Inventories	55.507	11.471	(253.468)	(227.288)
	(1.122.160)	(279.531)	(824.552)	(212.317)

Table 26 (continued)		
Deferred Tax Asset/(Liability), net	**(279.531)**	**(212.317)**

There is a similar distribution here as well. Nearly the entirety of the deferred tax liabilities come from the valuation difference between the tax base and carrying amounts of tangible and intangible assets. Significant deferred tax assets, on the other hand, mainly come in the form of provisions for employee benefits, unused investment incentives and tax loss carry-forwards.

Tables above reflect the overall tendency throughout the index, however, company coded THYAO has a significantly higher negative ratio than the rest, and warrants further inspection as to why that is the case. Table 27 below helps to explain the situation;

Table 27 – 2015 Endnotes of THYAO

***İn (000.000 TL)**	**31 December 2015**	**31 December 2014**
Fixed assets	(3.309)	(2.049)
Provisional income	(218)	(32)
Fair value differences	272	128
Future income and expenses	137	65
Accumulated financial losses	137	55
Accrued expenses	131	124
Accrued miles	134	74
Provision for employee benefits	70	59
Provision for unused leaves	30	27
Others	38	31
Deferred Tax Asset/(Liability), net	**(2.578)**	**(1.518)**

Apparently the sole reason for such a high level of deferred tax liability is the fixed assets, the top row of the Table 27. The reason for such a high level of liability due to fixed assets, namely aircraft due to the industry in which THYAO conducts business.

IV.III.I.II. Positively Influenced Companies

There are eighteen companies which have been influenced positively. However, the amount of influence seems to vary from company to company more from 1,27% to 62,46%.

There is even one company coded TUPRS whose ratio is a seemingly outrageous 1976,86%. That is, of course, an extraordinary situation where in 2013 and 2014 this company had very low income due to its heavy investments and but still making profit due to its investment incentives. When we look at Table 28 below, on the rows underlined with red, we can see that the deferred tax assets are much higher in 2012 and 2013 and, in fact, there would have been a net deferred tax liability for those years were it not for the investment incentives.

Table 28 – 2013 Endnotes of TUPRS

	Accumulated Temporary Differences		Deferred Tax Asset/(Liability)	
	31 December 2013	31 December 2012	**31 December 2013**	31 December 2012
Valuation differences between the carrying amounts and tax value of tangible and intangible assets	1.226.381	1.281.465	(245.276)	(256.293)
Fair value difference in financial assets	46.790	41.559	(2.340)	(2.078)
Others	14.760	-	(2.952)	-
Deferred Tax Liability			**(250.568)**	**(258.371)**
Income from investment incentive	4.163.798	1.188.137	1.579.992	356.441
Net income due to strategic investment incentive certificate	-	-	(41.082)	-
Provision for employee benefits	121.452	(142.171)	24.290	23.993
Provision for lawsuits	12.305	12.193	2.461	2.439
Provision for loss of value in spare parts and materials	30.412	32.942	6.082	6.588
Provision for unused leaves	30.905	27.222	6.181	5.444
Provision for loss of value in inventory	-	2.621	-	524
Deferred financial income, net	4.621	5.147	924	1.029
Others	9.587	5.645	1.917	1.129
Deferred Tax Asset			**1.580.765**	**397.587**
Deferred Tax Asset, net			**1.330.197**	**139.216**

Table 29 – 2014 Endnotes of TUPRS

	Accumulated Temporary Differences		Deferred Tax Asset/(Liability)	
	31 December 2014	31 December 2013	31 December 2014	31 December 2013
Valuation differences between the carrying amounts and tax value of tangible and intangible assets	1.274.666	1.226.381	(254.933)	(245.276)
Financial losses	64.606	-	(12.921)	-
Fair value difference in financial assets	57.112	46.790	(2.856)	(2.340)
Others	-	14.760	-	(2.952)
Deferred Tax Liability			**(270.710)**	**(250.568)**
Income from investment incentive	6.297.223	4.163.798	2.888.214	1.579.992
Net income due to strategic investment incentive certificate	-	-	(72.933)	(41.082)
Provision for employee benefits	141.395	121.452	28.279	24.290
Provision for loss of value in inventory	90.204	-	18.041	-
Provision for unused leaves	35.550	30.905	7.110	6.181
Provision for tax fines	31.302	-	6.260	-
Provision for loss of value in spare parts and materials	28.812	30.412	5.762	6.082
Provision for lawsuits	13.743	12.305	2.749	2.461
Financial instruments fair value difference	559	-	112	-
Deferred financial income, net	148	4.621	30	924
Others	51.100	9.587	10.220	1.917
Deferred Tax Asset			**2.893.844**	**1.580.765**
Deferred Tax Asset, net			**2.623.134**	**1.330.197**

Again, when we look at the companies with higher influence ratios such as PETKM in 2014, ASELS in 2013 to 2015, FROTO in 2012 to 2015, it is observable in their independent auditor reports and endnotes that all has significantly high influence ratios due to investment and research & development incentives.

Table 30 – 2012 Endnotes of FROTO

	Accumulated Temporary Differences		Deferred Tax Asset/(Liability)	
	31 December 2012	31 December 2011	31 December 2012	31 December 2011
Investment incentive	531.833.087	122.767.903	158.503.824	12.085.516
Provision for employee benefits	72.876.906	55.081.174	14.575.381	11.016.235
Provision for guaranteed expenses	69.182.355	85.521.492	13.836.471	17.104.299
Accrued expenses	66.429.815	50.209.442	13.285.962	10.041.888
Inventory	10.269.456	3.746.431	2.053.891	749.286
Non-accrued financial income/expense, net	393.748	195.474	78.749	(39.095)
Difference between the carrying amounts and tax value of tangible and intangible assets	83.139.964	94.512.342	16.627.993	18.902.468
Deferred Tax Asset			**218.962.271**	**69.860.597**
Difference between the carrying amounts and tax value of tangible and intangible assets	656.780.718	522.615.725	(131.356.144)	(104.523.145)

Table 30 (continued)

Accrued income	22.191.210	28.210.078	(4.438.242)	(5.642.017)
Deferred Tax Liability			**(135.794.386)**	**(110.165.162)**
Deferred Tax Asset/(Liability), net			**83.167.885**	**(40.304.565)**

You can see in Table 30 above that most of FROTO's deferred tax assets comes from investment incentives in 2012. The very same trend continues with the aforementioned companies above as well.

IV.III.II. Results of the Study

Table 31 - Average Influence Ratios

Company Code	Influence Ratio	Company Code	Influence Ratio
AKBNK	1,05%	PETKM	18,10%
AKSEN	21,17%	SAHOL	0,79%
AEFES	20,39%	**SAFGY**	**0,00%**
ARCLK	5,03%	TSKB	0,61%
ASELS	62,46%	TAVHL	1,65%
BRISA	1,42%	TOASO	9,38%
CCOLA	4,51%	TCELL	0,24%
DOAS	1,27%	**TUPRS**	**1976,86%**
EREGL	4,25%	**THYAO**	**32,18%**
FROTO	24,08%	TTKOM	1,60%
GARAN	1,70%	ULKER	0,49%
ISCTR	2,49%	VAKBN	0,67%
KCHOL	19,99%	VESTL	18,60%
MGROS	1,06%	YKBNK	2,57%
OTKAR	5,59%		

Table 31 shows that out of the 29 companies in the sustainability index, 9 have been negatively influenced by deferred tax liabilities while the remaining 20 have been influenced positively by deferred tax assets.[19] To get more accurate and representative results, the outliers, i.e. SAFGY, TUPRS, and THYAO have been omitted from the calculations.

Negatively influenced companies had, on average, 2,48 percent lower profit due to deferred tax effect while positively influenced companies were, on average, affected by 12,40 percent. If we were to include outliers to our calculations, the positive influence ratio would have been 109,38%, and the negative influence ratio 5,78%.

In negatively influenced companies, a significant portion of the deferred tax liabilities are due to tax base and carrying amount differences of assets and liabilities, i.e. temporary differences. Unused tax benefits and loss carry-forwards, and provisions for employee benefits are significant items which have influence as well. The outlier among the negatively influenced companies is THYAO with its 32,18% influence ratio. The reason for that is the industry that company conducts business in.

[19] See Appendix V for details.

In positively influenced companies, items that create the deferred tax assets do not differ significantly from the negatively influenced companies. However, there are more than a few companies which have higher than average influence ratios. These companies all have large amounts of investment and research & development incentives which enables them to recognize significantly higher deferred tax assets. While it is beyond the scope of this study, it is clear that the general policy of the government here is to encourage industrial production and research and development.

One other thing that is worth mentioning is the company coded SAFGY. Apparently this company neither pays corporate tax nor has any deferred tax. As a publicly traded company, this would have been a strange situation normaly. Yet, real estate investment trust (REIT) incomes are exempted from corporate tax. According to SAFGY's independent auditor reports, it is exempted from corporate tax as per Corporate Tax Law Article 5/1/d-4, and neither it does have to pay taxes nor has to calculate deferred tax.

IV.III.II.I. Industry Results

The companies in the index have been divided into seven main industries to further examine the effects of deferred tax on an industry by industry basis. The seven industries in the study are finance and banking, energy and heavy industry, automotive, arms and defence, consumer goods and electronics, telecommunication and aviation.

The companies in the finance and banking sector are AKBNK, GARAN, ISCTR, SAFGY, TSKB,VAKBN, and YKBNK. As we have said, SAFGY is an outlier and has been omitted from the calculations as a result. The average influence ratio for finance and banking sector, in that case, is -1,29%. The individual results are seemingly fluctuating constantly but the amount of fluctuation is rather small and the yearly results do not change more than 1-2%. It can be said that the results are normal and the fluctuations are negligible.

Energy and heavy industry companies include AKSEN, EREGL, PETKM, and TUPRS. Similarly to the previous industry, outlier TUPRS has been omitted from the calculations in order not to skew the results. The average influence ratio for the industry is 11,67%. The positively influenced companies AKSEN and PETKM are energy companies and have investment incentives that increase their deferred tax assets. EREGL, however, is a steel producer does not enjoy such an incentive. It has consistently reported deferred tax liability from 2011 to 2014 and reported deferred tax asset only in 2015 without any significant change in the deferred tax composition.

Automotive companies in the index are BRISA, DOAS, FROTO, and TOASO. However, a closer inspection shows that only FROTO and TOASO are actual producers of motor vehicles, or motor vehicle parts and spare parts. Results are reflective of this too; the incentives are only given to encourage R&D and high technology production and the remaining BRISA and DOAS do not contribute to that objective. They are either sellers of automobile and/or producers of auxiliary parts such as automobile tyres. Hence, they have comparatively lower ratios than FROTO and TOASO. The average influence with all four companies are 9,04%, and the average influence without BRISA and DOAS is 16,73%.

Arms and defence industry is a similarly incentivized industry. But apparently, only ASELS has strong state backing in terms of investment incentives. It is heavily incentivized given the strategic importance of the company for Turkey. The average influence ratio for the industry is 34,03%.

The next group of industries is consumer goods, electronics, and house appliances. The companies included are AEFES, ARCLK, CCOLA, MGROS, ULKER, and VESTL. The notable companies here are ARCLK and VESTL. Both companies are producers of consumer electronics and house appliances, and both are incentivized by the state. The average influence ratio is 6,84%. However, it should also be pointed out that AEFES has reported significant losses in 2014 and 2015, and as a result, reported high amounts of deferred tax asset due to loss carry-forwards. If we omit AEFES's results from the calculation, the average influence ratio drops to 4,13%.

Aviation industry includes TAVHL and THYAO. TAVHL conducts business in airport management operations, and THYAO is an airline company. TAVHL's results inconsistent, but they are not significantly high in any case. THYAO on the other hand, as we have mentioned, has consistently high amounts of deferred tax liability due to its fixed asset expenses. The industry ratio is -16,91% but we believe it to be irrepresentative as an industry average due to strong differences in companies. Hence, the results of these two companies should be interpreted separately.

The last industry in the study is telecommunication. Both of the companies included in the industry, i.e. TCELL and TTKOM, have very low influence ratios. Also, both have fluctuating, albeit insignificantly, results with an industry average of -0,68%. Unlike aviation, however, results do not change from one company to another, and consistent with each other.

CHAPTER V

CONCLUSION

There are two separate profit figures reported by businesses. One is reported for tax purposes, and the other for information purposes in accordance with financial accounting standards primarily for shareholders or potential investors. The profit figure reported for tax purposes, i.e. taxable profit, differs from the profit figure reported for informative purposes, i.e. accounting profit, often significantly as well. The reason behind this difference is the discord in mindsets behind the tax laws and the accounting standards. Whereas the former is primarily interested in the identification of the tax money that shall be paid to the government, the latter is interested in the information that is reported be as accurate and transparent as possible. As a result, differences emerge in various forms such as the tax laws excluding certain losses from recognition as expense, or differences on the valuation of financial statement of items.

These differences can either be permanent or temporary depending on the source. Permanent differences arise due to prohibition of income and/or loss items from recognition when the accounting standards recognize them as income or loss, or exemption of gains when they are recognized by the accounting standards. As the name suggests, these differences are permanent and will not revert over time. Temporary differences on the other hand either arise due to differences in valuation of each item in the financial statement (temporary difference), or due to differences in the accounting period of recognition of losses or gains from any business activity (timing difference).

Ultimately, temporary differences lead to deferred tax asset or liabilities which of course change the profit from what would it be without deferred taxes. The reasoning behind recognizing deferred tax is the matching principle in accounting. Hence, when we accept that income tax is a burden that has to be incurred on profit, we should also emphasize the importance of identifying which income/expense belong in which period and separating current income/expense from future assets or liabilities, i.e. deferred tax assets or liabilities.

In the Turkish context, various laws, e.g. Corporate Tax Law 5520, Income Tax Law 193, Tax Procedures Law 213, describe and explain in detail what is deferred tax, how should it be recognized and reported. The very same laws also describe in detail how value of each asset and liability is to be measured, which subsequently leads to temporary differences.

Total tax burden is composed of (i)current tax, and (ii)deferred tax. Deferred tax is the future portion of the total tax. An aggregate deferred tax asset means that a business will pay more now but the difference, which is equal to deferred tax asset, will be deducted in the future and the business will pay less. The opposite, in the case of an aggregate deferred tax liability, is true as well.[20]

The importance of deferred taxes comes into play here. As the globalization increases and different markets connect to each other at an increasingly rate, the demand from investors and shareholders for accurate financial information becomes more and more prominent. As deferred tax affects total income tax and profit, it is crucial to recognize and report it accurately. Deferred tax effect can have a profound effect on profit. When we look at the financial reports from BIST Sustainability Index between 2011 and 2015, primary sources of deferred tax are valuation differences between the carrying amount and tax base of tangible and intangible assets, followed by loss carry-forwards and employee benefits. Another very important deferred asset item is the investment and R&D incentives given by the government. Most of the companies affected positively by deferred tax assets

[20] Example 4 at page 68 explains the subject in detail.

have large amounts of investment incentives. This lends weight to the governments aforementioned effort to encourage private investment and technology development.

The methodology employed while conducting this study primarily included gathering data from Public Disclosure Platform of Turkey and from that data, building a table to isolate deferred tax effect on profit. The basis for using a sustainability index is that such an index emphasizes the importance of long term decision making and risk management, takes not only economic factors but also social and environmental responsibility into account, and overall, measures corporate performance. In this respect, a sustainability index is much more reflective of the economic situation, and more importantly, appeal of a company in the investors' eyes. Moreover, BIST Sustainability Index is composed of companies from every major industry, which further gives weight to its reflectiveness of the overall market.

The sample data is gathered from the financial statements and independent auditor reports of 29 companies in Borsa Istanbul (BIST) Sustainability Index through years 2011 to 2015. Results show that out of the 29 companies in BIST Sustainability Index, nine have been affected negatively by deferred tax, i.e. their profits were, on average, lowered by 2,48 percent due to deferred tax. On the other hand, positively affected companies were, on average, had their profits increased by 12,40 percent due to deferred tax.

The main issue in Turkey is that tax authorities still see corporate tax as a distribution component and that corporate tax is not recognized as an expense when calculating corporate tax. Even though the new Turkish Code of Commerce had rectified many of these issues and encouraged the use of accounting standards and fundamental accounting principles such as independent auditing, many of these changes were reverted to the ways of the old. Though, vast majority of companies seem to adopt these principles and all publicly traded companies use accounting standards when reporting. The reason for that of course is many of these companies conduct business internationally and some are even multi-national companies or have subsidiaries overseas. Although the general view towards transparent financial reporting and independent auditing is somewhat skeptical and government is seemingly weary of it, for reasons beyond the scope of this thesis, the complete adoption of IAS and IFRS is due in no small part to the works of institutions such as Capital Markets Board, Banking Regulation and Supervision Agency, Union of Chambers of Certified Public Accountants.[21] Even though these institutions are self-governing, government's influence on them are undeniable. As such, a governmental level of support is needed ultimately.

[21] SPK, BDDK and TURMOB in Turkish acronyms respectively.

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Appendix I: Turkish Income Tax Law Articles 38 to 41

Madde 38 – Bilanço esasına göre ticari kazanç, teşebbüsteki öz sermayenin hesap dönemi sonunda ve başındaki değerleri arasındaki müspet farktır. Bu dönem zarfında sahip veya sahiplerce: 1. İşletmeye ilave olunan değerler bu farktan indirilir; 2. İşletmeden çekilen değerler ise farka ilave olunur.

Ticari kazancın bu suretle tesbit edilmesi sırasında, Vergi Usul Kanununun değerlemeye ait hükümleri ile bu kanunun 40 ve 41 inci maddeleri hükümlerine uyulur.

(Mülga üçüncü fıkra: 4/12/1985 - 3239/138 md.) (Ek: 26/12/1993-3946/8 md.;Mülga dördüncü fıkra: 17/12/2003-5024/9 md.) (Ek: 9/4/2003-4842/5 md.; Mülga beşinci fıkra: 17/12/2003-5024/9 md.) İşletme hesabı esnasında ticari kazancın tesbiti:

Madde 39 – İşletme hesabı esasına göre ticari kazanç, bir hesap dönemi içinde elde edilen hasılat ile giderler arasındaki müspet farktır. (Elde edilen hasılat, tahsil olunan paralarla tahakkuk eden alacakları; giderler ise,tediye olunan ve borçlanılan meblağları ifade eder.) Emtia alım ve satımı ile uğraşanlarda ticari kazancın bulunması için hesap dönemi sonundaki emtia mevcudunun değeri hasılata, dönem başındaki emtia mevcudunun değeri ise giderlere ilave olunur. Ticari kazancın bu suretle tesbit edilmesi sırasında Vergi Usul Kanununun değerlemeye ait hükümleri ile bu kanunun 40 ve 41 inci maddeleri hükümlerine uyulur.

Mükerrer Madde 39 – **(Ek: 4/12/1985 - 3239/47 md.; Mülga: 26/12/1993-3946/38 md.)** İndirilecek giderler:

Madde 40 – Safi kazancın tesbit edilmesi için, aşağıdaki giderlerin indirilmesi kabul edilir:

1. Ticari kazancın elde edilmesi ve idame ettirilmesi için yapılan genel giderler. **(Ek parantez içi hüküm: 25/5/1995 - 4108/19 md.)** (İhracat, yurt dışında inşaat, onarma, montaj ve taşımacılık faaliyetlerinde bulunan mükellefler, bu bentte yazılı giderlere ilaveten bu faaliyetlerden döviz olarak elde ettikleri hasılatın binde beşini aşmamak şartıyla yurt dışındaki bu işlerle

ilgili giderlerine karşılık olmak üzere götürü olarak hesapladıkları giderleri de indirebilirler.)

2. **(Değişik: 27/12/1963 - 365/2 md.)** Hizmetli ve işçilerin iş yerinde veya iş yerinin müştemilatında iaşe ve ibate giderleri, tedavi ve ilaç giderleri, sigorta primleri ve emekli aidatı (Bu primlerin ve aidatın istirdat edilmemek üzere Türkiye'de kain sigorta şirketlerine veya emekli ve yardım sandıklarına ödenmiş olması ve emekli ve yardım sandıklarının tüzel kişiliği haiz bulunmaları şartiyle), 27 nci maddede yazılı giyim giderleri;

3. İşle ilgili olmak şartiyle, mukavelenameye veya ilama veya kanun emrine istinaden ödenen zarar; ziyan ve tazminatlar;

4. İşle ilgili ve yapılan işin ehemmiyeti ve genişliği ile mütenasip seyahat ve ikamet giderleri (Seyahat maksadının gerektirdiği süreye maksur olmak şartiyle);

5. **(Değişik: 24/6/1994 - 4008/24 md.)** Kiralama yoluyla edinilen veya işletmeye dahil olan ve işte kullanılan taşıtların giderleri (...), (1)

6. **(Değişik: 31/12/1982 - 2772/5 md.)** İşletme ile ilgili olmak şartıyla; bina, arazi, gider, istihlak, damga, belediye vergileri, harçlar ve kaydiyeler gibi ayni vergi, resim ve harçlar;

7. **(Değişik: 24/12/1980 - 2361/29 md.)** Vergi Usul Kanunu hükümlerine göre ayrılan amortismanlar, **(Ek: 24/6/1994 - 4008/24 md.) (...)**

8. (Ek: 4/12/1985 - 3239/48 md.) İşverenlerce, Sendikalar Kanunun hükümlerine göre sendikalara ödenen aidatlar (şu kadar ki; ödenen aidatın bir aylık tutarı, işyerinde işçilere ödenen çıplak ücretin bir günlük toplamını aşamaz).

9. **(Ek: 28/6/2001-4697/4 md.; Değişik: 13/6/2012-6327/4 md.)** İşverenler tarafından ücretliler adına bireysel emeklilik sistemine ödenen katkı payları (İşverenler tarafından bireysel emeklilik sistemine ödenen ve ücretle ilişkilendirilmeksizin ticari kazancın tespitinde gider olarak indirim konusu yapılacak katkı paylarının toplamı, ödemenin yapıldığı ayda elde edilen ücretin %15'ini ve yıllık olarak asgari ücretin yıllık tutarını aşamaz.

Gerek işverenler tarafından bireysel emeklilik sistemine ödenen katkı payları, gerekse bu Kanunun 63 üncü maddesinin birinci fıkrasının (3) numaralı bendi kapsamında indirim konusu yapılacak prim ödemelerinin toplam tutarı, ödemenin yapıldığı ayda elde edilen ücretin %15'ini ve yıllık olarak asgari ücretin yıllık tutarını aşamaz.). Bakanlar Kurulu bu oranı yarısına kadar indirmeye, iki katına kadar artırmaya ve belirtilen haddi, asgari ücretin yıllık tutarının iki katını geçmemek üzere yeniden belirlemeye yetkilidir.

10. **(Ek: 25/12/2003-5035/12 md.)** Fakirlere yardım amacıyla gıda bankacılığı faaliyetinde bulunan dernek ve vakıflara Maliye Bakanlığınca belirlenen usul ve esaslar çerçevesinde bağışlanan gıda, temizlik, giyecek ve yakacak maddelerinin maliyet bedeli.(2)

11. **(Ek: 4/4/2015-6645/9 md.)** Türkiye İş Kurumu tarafından düzenlenen işbaşı eğitim programlarından faydalananlara, programı yürüten işverenlerce fiilen ödenen tutarlar (Bu kapsamda işverenler tarafından ticari kazancın tespitinde ücretle ilişkilendirilmeksizin her bir katılımcı itibarıyla indirim konusu yapılacak tutar aylık olarak asgari ücretin brüt tutarının yarısını aşamaz.).

Gider kabul edilmiyen ödemeler:

Madde 41 – Aşağıda yazılı ödemelerin gider olarak indirilmesi kabul olunmaz:

1. Teşebbüs sahibi ile eşinin ve çocuklarının işletmeden çektikleri paralar veya aynen aldıkları sair değerler (Aynen alınan değerler emsal bedeli ile değerlenerek teşebbüs sahibinin çektiklerine ilave olunur.)

2. Teşebbüs sahibinin kendisine, eşine, küçük çocuklarına işletmeden ödenen aylıklar, ücretler, ikramiyeler, komüsyonlar ve tazminatlar;

3. Teşebbüs sahibinin işletmeye koyduğu sermaye için yürütülecek faizler;

4. Teşebbüs sahibinin, eşinin ve küçük çocuklarının işletmede cari hesap veya diğer şekillerdeki alacakları üzerinden yürütülecek faizler;

5. **(Ek: 28/3/2007-5615/3 md.)** Bu fıkranın 1 ilâ 4 numaralı bentlerinde yazılı olan işlemler hariç olmak üzere, teşebbüs sahibinin, ilişkili kişilerle emsallere uygunluk ilkesine aykırı olarak tespit edilen bedel veya fiyatlar üzerinden mal veya hizmet alım ya da satımında bulunması halinde, emsallere uygun bedel veya fiyatlar ile teşebbüs sahibince uygulanmış bedel veya fiyat arasındaki işletme aleyhine oluşan farklar işletmeden çekilmiş sayılır.

Teşebbüs sahibinin eşi, üstsoy ve altsoyu, üçüncü derece dahil yansoy ve kayın hısımları ile doğrudan veya dolaylı ortağı bulunduğu şirketler, bu şirketlerin ortakları, bu şirketlerin idaresi, denetimi veya sermayesi bakımından kontrolü altında bulunan diğer şirketler ilişkili kişi sayılır.

Bu bent uygulamasında, imalat ve inşaat, kiralama ve kiraya verme, ödünç para alınması veya verilmesi, ücret, ikramiye ve benzeri ödemeleri gerektiren işlemler, her hâl ve şartta mal veya hizmet alım ya da satımı olarak değerlendirilir.

İşletmeden çekilmiş sayılan farklar, ilişkili kişi tarafından beyan edilmiş gelir veya kurumlar vergisi matrahının hesabında dikkate alınmış ise ilişkili kişinin vergilendirme işlemleri buna göre düzeltilir. İlişkili kişiler ve bu kişilerle yapılan işlemler hakkında bu maddede yer almayan hususlar bakımından, 5520 sayılı Kurumlar Vergisi Kanununun 13 üncü maddesi hükmü uygulanır.

6. Her türlü para cezaları ve vergi cezaları ile teşebbüs sahibinin suçlarından doğan tazminatlar (Akitler ceza şartı olarak derpiş edilen tazminatlar, cezai mahiyette tazminat sayılmaz.)(1)

7. **(Ek: 14/6/1989 - 3571/8 md.)** Her türlü alkol ve alkollü içkiler ile tütün ve tütün mamullerine ait ilan ve reklam giderlerinin % 50'si (0) sıfır (Bakanlar Kurulu, bu oranı % 100'ekadar artırmaya,sıfıra kadar indirmeye yetkilidir).(1)(2)

8. **(Ek: 24/6/1994 - 4008/25 md.)** Kiralama yoluyla edinilen veya işletmede kayıtlı olan yat, kotra, tekne, sürat teknesi gibi motorlu deniz, uçak ve helikopter gibi hava taşıtlarından işletmenin esas faaliyet konusu ile ilgili olmayanların giderleri ile amortismanları;(1)

9. **(Ek: 24/6/1994 - 4008/25 md.; Mülga: 17/12/2003-5024/9 md.; Yeniden düzenleme: 31/5/2012-6322/6 md.)** Kullanılan yabancı kaynakları öz kaynaklarını aşan işletmelerde, aşan kısma münhasır olmak üzere, yatırımın maliyetine eklenenler hariç, işletmede kullanılan yabancı kaynaklara ilişkin faiz, komisyon, vade farkı, kâr payı, kur farkı ve benzeri adlar altında yapılan gider ve maliyet unsurları toplamının %10'unu aşmamak üzere Bakanlar Kurulunca kararlaştırılan kısmı.

Belirlenecek oranı sektörler itibarıyla farklılaştırmaya Bakanlar Kurulu, bendin uygulanmasına ilişkin usul ve esasları belirlemeye Maliye Bakanlığı yetkilidir.

10. **(Ek: 15/5/2002 - 4756/28 md.)** Basın yoluyla işlenen fiillerden veya radyo ve televizyon yayınlarından doğacak maddî ve manevî zararlardan dolayı ödenen tazminat giderleri.

Bu maddenin uygulanmasında, kolektif şirketlerin ortakları ile adi ve eshamlı komandit şirketlerin komandite ortakları teşebbüs sahibi sayılır.

Appendix II: Journal Entries for Example 3

	___________Jan.1, 2015_____________		
1	501 - UNPAID CAPITAL	50.000	
	500 - SHARE CAPITAL		50.000
	Capital commitment of shareholders		
	___________Jan.1, 2015_____________		
2	102 - BANK ACCOUNTS	50.000	
	501 - UNPAID CAPITAL		50.000
	Collection of capital commitments		
	___________Jan.1, 2015_____________		
3	240 - LONG-TERM INVESTMENTS	9.520	
	102 - BANK ACCOUNTS		9.520
	Purchase of Treasury bonds, 3-year,10%		
4	___________March 1, 2015_____________		
	250 - LAND	25.000	
	102 - BANK ACCOUNTS		25.000

	Purchase of land for cash		
5	770 - GENERAL & ADM. EXPENSES	4.000	
	102 - BANK ACCOUNTS		4.000
	Late payment of stamp tax on capital		
	___________March 1, 2015_____________		
6	770 - GENERAL & ADM. EXPENSES	60	
	102 - BANK ACCOUNTS		60
	Late payment penalty		
	___________May 1, 2015_____________		
7	253 - PLANT, MACHINERY, & EQUIPMENT	6.000	
	320 - ACCOUNTS PAYABLE		6.000
	Purchase of computer system, no residual value, 3-year of useful life		
	___________June 1, 2015_____________		
8	153 - MERCHANDISE INVENTORY	20.000	
	320 - ACCOUNTS PAYABLE		20.000
	Purchase of goods, 1,000 x TL20		
	___________Aug. 1, 2015_____________		
9	120 - ACCOUNTS RECEIVABLE	30.000	
	600 - DOMESTIC SALES		30.000
	Sale of goods, 600 x TL50		
	___________Aug. 1, 2015_____________		
10	621 - COST OF MERCHANDISE SOLD	12.000	
	153 - MERCHANDISE INVENTORY		12.000
	Cost of goods sold 600 x TL20		
	___________Sept. 1, 2015_____________		
11	320 - ACCOUNTS PAYABLE	16.000	
	102 - BANK ACCOUNTS		16.000
	Payment to the suppliers		
	___________Nov. 1, 2015_____________		
12	102 - BANK ACCOUNTS	20.000	
	120 - ACCOUNTS RECEIVABLE		20.000
	Collections from the customers		
	___________Dec. 31, 2015_____________	242.580	242.580
13	136-OTHER RECEIVABLES (10,000 x 10%)	1.000	
	240-LONG-TERM INVESTMENTS (1,142 – 1,000)	142	
	642 - INTEREST REVENUE (9,520 x 12%)		1.142
	Interest accrual on bond investment		
	___________Dec. 31, 2015_____________		
14	250 - LAND	35.000	

	Revaluation Adjustment		
	491 - DEFERRED TAX LIABILITY		**7.000**
	Tax effect of revaluation (60,000 - 25,000=35,000 x 20%		
	552-ASSET REVALUATION SUPRLUS		28.000
	30,000-25,000 = TL5,000		
15	___________Dec. 31, 2015_____________		
	770 - GENERAL & ADM. EXPENSES	1.333	
	Depreciation Expense		
	257 - ACCUMULATED DEPRECIATION		1.333
	Accrual of depreciation (6,000/3/12*8)		
	___________Dec. 31, 2015_____________		
16	654 - PROVISIONAL EXPENSES	1.000	
	129 - ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS		1.000
	Impairment loss on accounts receivable (10,000-9,000)		
	___________Dec. 31, 2015_____________		
17	632 - GENERAL & ADM. EXPENSES	5.393	
	770 - GENERAL & ADM. EXPENSES		5.393
	Closing entry		
	___________Dec. 31, 2015_____________		
18	600 - DOMESTIC SALES	30.000	
	642 - INTEREST REVENUE	1.142	
	690 - PERIOD'S INCOME (LOSS)		31.142
	Closing entry		
	___________Dec. 31, 2015_____________		
19	690 - PERIOD'S INCOME (LOSS)	18.393	
	621 - COST OF MERCHANDISE SOLD		12.000
	654 - PROVISIONAL EXPENSES		1.000
	632 - GENERAL & ADM. EXPENSES		5.393
	Closing entry		
	___________Dec. 31, 2015_____________		
20	690 - PERIOD'S INCOME (LOSS)	12.749	
	691 - PROVISION FOR CORPORATE TAX		2.200
	491 - DEFERRED TAX LIABILITY		**133**
	692 - PERIOD'S NET INCOME (LOSS)		10.416
	___________Dec. 31, 2015_____________		
21	691 - PROVISION FOR CORPORATE TAX	2.200	
	370 - PROVISION FOR CORPORATE TAX		2.200
	Closing entry		
	___________Dec. 31, 2015_____________		
22	692 - PERIOD'S NET INCOME (LOSS)	10.416	

	590 - PERIOD NET INCOME		10.416
	Closing entry		
	SUM OF THE JOURNAL	**361.349**	**361.349**

Appendix III: Valuation Measurement Tables for Tax Procedures Law 213

Table 1 - Cost Value

Items	Article
- Real estates	269
- Complementary goods to real estates	269
- Fixture and machines	269
- Boats and other vehicles	269
- Non-tangible rights	269
- Special cost values	272
- Tools, fixture, and moveables	273
- Inventories	274
- Agricultural products	276
- Animals	277

Table 2 - Market Value

Items	Article
- Securities, stocks, and bonds	279
- Foreign currencies	280
- Receivables in foreign currencies	280
- Payables in foreign currencies	280
- Economic assets which are not specified in the Tax Procedures Law, or the assets for which it is not possible to estimate their values (excluding land and buildings)	289

Table 3 - Value in Use

Items	Article
- Assets which do not have market value, or assets which are thought to be valued collusively	279
- Foreign currency notes receivables which are not due	280
- Foreign currency notes payables which are not due	280
- Receivables tied to deposit or credit contracts	281
- Notes receivables which are not due	281
- Receivables of banks, bankers, and insurance companies	281
- Payables tied to deposit and credit contracts	285
- Notes payables which are not due	285
- Payables of banks, bankers, and insurance companies	285

Table 4 – Carrying Amount

Items	Article
- Receivables	281
- Initial formation and facility expenses	282
- Goodwill	282
- Paid in advance expenses	283
- Accrued revenues	283
- Agricultural crops that have not been grown and ready to sell yet	283
- Payables	285
- Receivables cashed in advance	287
- Accrued expenses	287
- Provisions	288
- Economic assets which are not specified in the Tax Procedures Law, or the assets	289

for which it is not possible to estimate their values (excluding land and buildings)	

Table 5 – Nominal Value

Items	Article
- Cash (excluding foreign currencies)	284
- Bonds issued by shared companies or state-owned enterprises	286

Table 6 – Going Rate

Items	Article
- Public shares	279
- Investment fund participation documents composed of shares of companies that have at least 51% of their portfolios in Turkey	279
- Securities whose values are dependent of the issuer's profit/loss and which do not have determined market values	279
- Foreign currencies that emerge as valued collusively in the market	280

Table 7 – Assessed Value

Items	Article
- Tradable goods that have lost %10 or more value in selling price than their initial costs	274
- Animals for which it is not possible to determine the cost	277
- Goods that have lost value	278
- Economic assets which are not specified in the Tax Procedures Law, or the assets for which it is not possible to estimate their values (excluding land and buildings)	279

Table 8 – Tax Value

Items	Article
- Land and buildings which are not	289

specified in the Tax Procedures Law, or land and buildings for which it is not possible to value on their own measurements	

Table 9– Government Specification

Items	Article
- Foreign currencies that do not have current market values	280

Appendix IV: Notices from Official Gazette of the Republic of Turkey

General Notice 163 – "...yatırımların finansmanında kullanılan kredilere ilişkin faiz giderleri ile yurt dışından döviz kredisiyle sabit kıymet ithal edilmesi nedeniyle ortaya çıkan kur farklarının, sabit kıymetin maliyet bedeline mi intikal ettirileceği yoksa doğrudan ilgili yılın giderleri arasında mı gösterileceği hususlarında tereddütler bulunduğu anlaşılmış ve bu konularda aşağıdaki açıklamaların yapılması uygun görülmüştür.

1. Yatırımların finansmanında kullanılan kredilerle ilgili faizlerden kuruluş dönemine ait olanların sabit kıymetle birlikte amortisman yoluyla itfa edilmek üzere yatırım maliyetine eklenmesi gerekmekte; işletme dönemine ait olanların ise, ilgili bulundukları yıllarda doğrudan gider yazılması ya da maliyete intikal ettirilmek suretiyle amortismana tabi tutulması,

2. Döviz kredisi kullanılarak yurt dışından sabit kıymet ithal edilmesi sırasında veya sonradan bu kıymetlere ilişkin borç taksitlerinin değerlemesi dolayısıyla ortaya çıkan kur farklarından, sabit kıymetin iktisap edildiği dönem sonuna kadar olanların, kıymetin maliyetine eklenmesi zorunlu bulunmakta; aynı kıymetlerle ilgili söz konusu dönemden sonra ortaya çıkan kur farklarının ise, ait oldukları yıllarda doğrudan gider yazılması ya da maliyete intikal ettirilerek amortisman konusu yapılması mümkün bulunmaktadır."

General Notice 234 – "…giderin maliyet bedeline intikal ettirilebilmesi için iktisadi bir kıymetin edinilmesi veya değerinin artırılması için yapılan ödemeler ile bunlara benzer ek diğer giderlerden olması gerekmektedir.

Bu itibarla, emtianın satın alınıp işletme stoklarına girdiği tarihe kadar oluşan kur farklarının maliyete intikal ettirilmesi zorunludur. Stokta kalan emtia ile ilgili olarak daha sonra ortaya çıkacak kur farklarının ise, ilgili bulundukları yıllarda gider yazılması veya maliyete intikal ettirilmesi mümkün bulunmaktadır.

İşletmelerin finansman temini maksadıyla bankalardan veya benzeri kredi müesseselerinden aldıkları krediler için ödedikleri faiz ve komisyon giderlerinden dönem sonu stoklarına pay vermeleri zorunlu bulunmamaktadır. Buna göre mükellefler söz konusu ödemelerini doğrudan gider olarak kaydedebilecekleri gibi, diledikleri takdirde stokta bulunan emtiaya isabet eden kısmı maliyete dahil edebileceklerdir."

General Notice 338 – "163 sıra numaralı Vergi Usul Kanunu Genel Tebliği ile yatırımların finansmanında kullanılan kredilere ilişkin faiz giderleri ile yurt dışından döviz kredisi ile sabit kıymet ithal edilmesi nedeniyle ortaya çıkan kur farklarının, aktifleştirme tarihine kadar olan kısmının maliyete intikal ettirilmesi, aktifleştirildikten sonraki döneme ilişkin olanların ise seçimlik hak olarak doğrudan gider yazılması veya maliyete intikal ettirilmek suretiyle amortismana tabi tutulması gerektiği açıklanmıştır.

Aynı esaslar, Türk Lirasının yabancı paralar karşısında değer kazanmasından kaynaklanan lehe oluşan kur farkları bakımından da geçerlidir. Buna göre, lehe oluşan kur farklarının aktifleştirme işleminin gerçekleştiği dönemin sonuna kadar oluşan kısmının maliyetle ilişkilendirilmesi, aktifleştirildikten sonraki döneme ilişkin olanların ise kambiyo geliri olarak değerlendirilmesi veya maliyetten düşülmek suretiyle amortismana tabi tutulması gerekmektedir. Ayrıca, daha sonraki dönemlerde, seçimlik olarak hangi hak kullanılmışsa o yönteme göre işlem yapılmasına devam edilecektir.”

Appendix V: Companies in Borsa Istanbul Sustainability Index

	Pre-tax Profit(a)	Deferred Tax(b)	Current Tax(c)	Ratio (b/a)
AKBNK				**1,05%**
2011	3.205.181.000	(27.316.000)	(642.740.000)	0,85%
2012	3.876.610.000	(14.127.000)	(857.535.000)	0,36%
2013	4.063.981.000	(279.510.000)	(707.290.000)	6,88%
2014	4.333.492.000	155.095.000	(1.109.941.000)	3,58%
2015	4.179.072.000	(30.362.000)	(919.344.000)	0,72%
AKSEN				**21,17%**
2011	(112.786.834)	(7.701.080)	(5.453.222)	6,83%
2012	226.093.285	11.415.022	(6.620.636)	5,05%
2013	(150.606.127)	27.101.671	(9.788.414)	17,99%
2014	26.612.714	22.377.148	(9.552.718)	84,08%
2015	(234.627.640)	13.009.656	(6.801.785)	5,54%
AEFES				**20,39%**
2011	464.981.000	11.967.000	(117.476.000)	2,57%
2012	803.739.000	15.602.000	(189.073.000)	1,94%
2013	2.902.443.000	54.708.000	(104.161.000)	1,88%
2014	(263.080.000)	56.255.000	(124.729.000)	21,38%
2015	(98.954.000)	73.379.000	(111.579.000)	74,16%
ARCLK				**5,03%**
2011	615.409.000	(2.326.000)	(71.996.000)	0,38%
2012	629.372.000	8.140.000	(85.824.000)	1,29%
2013	744.780.000	(1.146.000)	(120.939.000)	0,15%
2014	731.622.000	(12.752.000)	(80.892.000)	1,74%
2015	785.121.000	205.158.000	(97.286.000)	26,13%
ASELS				**62,46%**
2011	123.966.237	37.353.918	(917.110)	30,13%
2012	253.721.494	40.675.876	(656.430)	16,03%
2013	147.344.525	91.938.025	(735.616)	62,39%
2014	270.353.565	81.030.194	(1.288.840)	29,97%
2015	79.209.746	137.656.293	(3.492.670)	173,79%
BRISA				**1,42%**
2011	89.575.740	1.032.734	(18.735.553)	1,15%
2012	114.679.075	(491.898)	(21.301.987)	0,04%
2013	154.257.222	12.017.798	(21.926.849)	7,79%
2014	211.285.478	(5.191.444)	(19.774.409)	2,46%
2015	198.326.855	2.070.487	(8.229.172)	1,04%
CCOLA				**4,51%**
2011	183.358.000	(6.295.000)	(35.590.000)	3,43%
2012	482.545.000	(9.310.000)	(88.301.000)	1,93%
2013	573.977.000	(16.665.000)	(55.143.000)	2,90%
2014	432.946.000	(12.742.000)	(73.000.000)	2,94%
2015	203.946.000	(23.172.000)	(54.121.000)	11,36%

	Pre-tax Profit(a)	Deferred Tax(b)	Current Tax(c)	Ratio (b/a)
DOAS				**1,27%**
2011	180.011.000	5.802.000	(43.582.000)	3,22%
2012	307.573.000	2.008.000	(53.138.000)	0,65%
2013	275.880.000	7.277.000	(58.429.000)	2,64%
2014	296.297.000	365.000	(43.584.000)	0,12%
2015	365.389.000	(969.000)	(61.976.000)	0,27%
EREGL				**4,25%**
2011	1.297.013.448	(57.735.166)	(200.150.105)	4,45%
2012	645.450.240	(137.418.529)	(53.282.231)	21,29%
2013	1.248.162.000	(91.774.000)	(195.980.000)	7,35%
2014	1.965.571.000	(38.735.000)	(266.045.000)	1,97%
2015	1.436.167.000	198.549.000	(472.407.000)	13,83%
FROTO				**24,08%**
2011	800.072.719	30.798.086	(168.782.079)	3,85%
2012	641.582.558	123.359.473	(89.919.272)	19,23%
2013	452.104.806	218.709.034	(29.342.054)	48,38%
2014	390.412.250	181.150.586	23.293.275	46,40%
2015	865.828.239	22.197.791	(46.115.356)	2,56%
GARAN*				**1,70%**
2011	3.908.149.000	(445.228.000)	(392.346.000)	11,39%
2012	3.923.290.000	340.751.000	(1.193.716.000)	8,69%
2013	4.369.739.000	(370.946.000)	(660.000.000)	8,49%
2014	4.783.924.000	349.706.000	(1.449.083.000)	7,31%
2015	4.659.487.000	(213.959.000)	(830.414.000)	4,59%
ISCTR*				**2,49%**
2011	3.097.909.000	(313.445.000)	(395.096.000)	10,12%
2012	4.673.646.000	304.553.000	(1.263.465.000)	6,52%
2013	4.429.881.000	(350.115.000)	(472.907.000)	7,90%
2014	4.737.195.000	287.857.000	(1.293.016.000)	6,08%
2015	4.589.899.000	(321.727.000)	(528.501.000)	7,01%
KCHOL				**19,99%**
2011	4.707.468.000	(60.812.000)	(796.303.000)	1,29%
2012	4.517.498.000	488.916.000	(904.707.000)	10,82%
2013	3.055.034.000	1.198.291.000	(253.016.000)	39,22%
2014	3.181.007.000	1.253.277.000	(220.002.000)	39,40%
2015	5.557.102.000	655.025.000	(382.776.000)	11,79%
MGROS				**1,06%**
2011	(315.858.000)	(5.417.000)	(53.356.000)	1,72%
2012	128.910.000	(4.268.000)	(40.774.000)	3,31%
2013	(384.717.000)	(7.478.000)	(70.938.000)	1,94%
2014	183.998.000	(214.000)	(85.278.000)	0,12%
2015	(345.984.000)	42.870.000	(67.339.000)	12,39%

	Pre-tax Profit(a)	Deferred Tax(b)	Current Tax(c)	Ratio (b/a)
OTKAR				**5,59%**
2011	61.776.341	4.703.902	(11.633.639)	7,61%
2012	81.817.941	(1.556.016)	(3.876.947)	1,90%
2013	108.248.320	31.989.428	(43.676.005)	29,55%
2014	81.783.848	(4.430.796)	(4.481.854)	5,42%
2015	87.840.303	(1.670.510)	(6.663.642)	1,90%
PETKM				**18,10%**
2011	117.795.725	(14.221.755)	(1.232.645)	12,07%
2012	21.156.071	(3.727.453)	0	17,62%
2013	53.508.620	(4.611.940)	0	8,62%
2014	(61.771.495)	70.450.261	0	114,05%
2015	573.827.236	84.594.675	(19.213.253)	14,74%
SAHOL*				**0,79%**
2011	4.261.431.000	27.504.000	(768.955.000)	0,65%
2012	4.675.522.000	71.363.000	(991.398.000)	1,53%
2013	4.699.967.000	(165.820.000)	(781.452.000)	3,53%
2014	5.246.009.000	229.008.000	(1.201.231.000)	4,37%
2015	5.299.364.000	50.666.000	(1.023.810.000)	0,96%
SAFGY				**0,00%**
2011	336.042.267	0	(6.553.922)	0,00%
2012	(38.677.691)	0	0	0,00%
2013	(20.744.000)	0	0	0,00%
2014	1.060.664.851	23.618	(160.492)	0,00% ($22*10^{-6}$%)
2015	248.315.441	16.777	(205.673)	0,00% ($68*10^{-6}$%)
TSKB				**0,61%**
2011	317.715.000	(13.179.000)	(49.194.000)	4,15%
2012	382.793.000	18.757.000	(94.286.000)	4,90%
2013	400.894.000	(19.744.000)	(55.093.000)	4,92%
2014	461.678.000	27.806.000	(120.210.000)	6,02%
2015	508.455.000	(24.969.000)	(76.641.000)	4,91%
TAVHL				**1,65%**
2011	212.926.000	(8.523.000)	(83.902.000)	4,00%
2012	376.589.000	13.220.000	(97.293.000)	3,51%
2013	475.439.000	(39.431.000)	(100.516.000)	8,29%
2014	772.911.000	25.245.000	(177.542.000)	3,27%
2015	845.672.000	(23.016.000)	(217.924.000)	2,72%
TOASO				**9,38%**
2011	508.088.000	(29.051.000)	(4.872.000)	5,72%
2012	505.297.000	(41.187.000)	(15.785.000)	8,15%
2013	477.075.000	(10.011.000)	(32.841.000)	2,10%
2014	472.253.000	122.645.000	(20.660.000)	25,97%
2015	617.987.000	227.915.000	(15.101.000)	36,88%

	Pre-tax Profit(a)	Deferred Tax(b)	Current Tax(c)	Ratio (b/a)
TCELL				**0,24%**
2011	1.626.071.000	26.151.000	(512.214.000)	1,61%
2012	2.585.624.000	40.749.000	(564.340.000)	1,58%
2013	2.926.055.000	58.129.000	(650.513.000)	1,99%
2014	2.169.792.000	(21.655.000)	(709.437.000)	1,00%
2015	2.573.462.000	(76.375.000)	(591.297.000)	2,97%
TUPRS				**1976,86%**
2011	1.542.183.000	(39.306.000)	(258.350.000)	2,55%
2012	1.371.712.000	345.203.000	(248.876.000)	25,17%
2013	13.049.000	1.192.319.000	(6.178.000)	9137,24%
2014	183.661.000	1.291.607.000	(5.147.000)	703,26%
2015	2.225.372.000	471.901.000	(133.346.000)	21,21%
THYAO				**32,18%**
2011	145.888.992	(110.602.177)	(16.770.183)	75,81%
2012	1.357.378.156	(191.394.437)	(32.616.486)	14,10%
2013	965.244.255	(282.536.828)	0	29,27%
2014	2.261.146.803	(432.012.260)	(9.875.007)	19,11%
2015	3.911.000.000	(884.000.000)	(34.000.000)	22,60%
TTKOM				**1,60%**
2011	2.609.099.000	24.893.000	(734.466.000)	0,95%
2012	3.366.402.000	(12.035.000)	(761.237.000)	0,36%
2013	1.706.583.000	(87.204.000)	(352.281.000)	5,11%
2014	2.575.881.000	89.277.000	(696.190.000)	3,47%
2015	1.261.281.000	(87.675.000)	(310.756.000)	6,95%
ULKER				**0,49%**
2011	721.645.473	(3.113.796)	(48.245.534)	0,43%
2012	243.535.080	(16.656.430)	(31.304.716)	6,84%
2013	279.116.304	74.328	(51.860.071)	0,00% ($26*10^{-5}$ %)
2014	263.223.761	13.702.658	(41.941.707)	5,21%
2015	319.841.275	14.368.063	(50.485.572)	4,49%
VAKBN				**0,67%**
2011	1.702.545.000	54.851.000	(387.387.000)	3,22%
2012	1.861.581.000	25.138.000	(463.099.000)	1,35%
2013	2.030.310.000	(50.737.000)	(351.394.000)	2,50%
2014	2.291.858.000	134.235.000	(612.250.000)	5,86%
2015	2.401.024.000	(109.715.000)	(417.396.000)	4,57%
VESTL				**18,60%**
2011	(12.536.000)	5.258.000	(22.319.000)	41,94%
2012	(154.430.000)	35.765.000	(7.428.000)	23,16%
2013	(102.840.000)	11.734.000	(2.379.000)	11,41%
2014	126.490.000	2.088.000	(24.456.000)	1,65%
2015	74.178.000	11.014.000	(16.615.000)	14,85%
YKBNK				**2,57%**
2011	2.876.164.000	(72.467.000)	(512.317.000)	2,52%
2012	2.722.694.000	146.971.000	(771.905.000)	5,40%
2013	2.962.979.000	(406.573.000)	(305.014.000)	13,72%
2014	2.668.578.000	172.108.000	(784.504.000)	6,45%
2015	2.536.916.000	(214.247.000)	(413.941.000)	8,45%

Appendix VI: TURKISH SUMMARY

Bugünkü anlamıyla bildiğimiz muhasebe disiplini kullanıma girdiğinden beri, özellikle de son bir kaç on yıldaki gelişmeler sebebiyle, standardizasyona ve ortak bir finansal dile olan ihtiyaç günden güne artmakta, hatta bir zorunluluk halini almaktadır.

Bunun oldukça açık sebebi ise, elbette, küreselleşme ve bu küreselleşmenin getirdiği isabetli finansal bilgiye duyulan ihtiyacın daimi artışıdır. Farklı kaynaklardan gelen bilginin, örn. ülkeler, şirketler, karşılaştırılabilir olması istenmektedir. Dolayısıyla, yatırımcılar şirketler tarafından yayınlanan finansal bilginin anlamlı, güvenilir, zamanlı ve anlaşılabilir olmasını talep etmektedirler. Ancak bu durumda sınırlı ekonomik kaynakların ve sermayenin etkin hareketi sağlanabilecektir. Uluslararası Muhasebe Standartları'nın ortaya çıkışı da bu ihtiyaçtan kaynaklanmaktadır. Ortak bir finansal dil yatırımcıların alternatifleri karşılaştırarak değerlendirmesini sağlayacak ve yatırım risklerini ortadan kaldırarak yatırım maliyetlerini düşürmeye yardımcı olacaktır. En nihayetinde, etkin bir Pazar ortaya çıkacaktır.

Ertelenmiş vergi kavramı tam da burada devreye girmektedir. Ancak, ertelenmiş verginin detaylarıyla ilgilenmeye başlamadan önce genel bir özetin yapılmasının konunun arkaplanını anlamak açısından faydalı olacağı inancı içerisindeyiz. Ertelenmiş vergi, en basit tanımı ile, finansal tablolardaki bir varlık ya da yükümlülüğün muhasebe değeri ile vergi değeri arasındaki geçici farktır. Ertelenmiş verginin ortaya çıkmasına sebep olan bir çok spesifik sebep olmakla birlikte, genel sebep vergi kanunları ile muhasebe standartları arasındaki yaklaşım ve algı farklarından kaynaklanmaktadır. Vergi koyucular, sıklıkla muhasebe ve raporlamanın belirli bir şekilde, vergi beyanı amacıyla yapılmasını isterken; muhasebe standartları finansal raporlamanın bilgilendirici olma amacını ön plana çıkarmaktadır. Diğer bir deyişle evvelki, vergi koyucu, spesifik bir amaca –vergi toplama- sahipken, diğeri daha geniş bir kitleye bilgi sunma amacındadır.

Bu farklılık, gelir ve giderlerin muhasebesi konusunda anlaşmazlıklara sebep olmaktadır. Bir tarafta, işletmeler muhasebe dönemi içindeki her türden gelirleri ve giderlerini içeren muhasebe karını hesaplamak ve raporlamak zorundayken; diğer tarafta vergilendirilebilir gelir adı altında raporlanmak zorundadır. Bu durumun ihtilaf yaratmasının sebebi ise vergi kanunlarının belirli cari gelir kalemlerini ileriki bir döneme kadar vergilendirmiyor, ya da bazı maliyet unsurlarının belirli bir zaman geçinceye kadar kardan düşülmesine izin vermiyor oluşudur.

Ertelenmiş vergi ismi de gelir ve giderlerin tanınmasındaki bu farklılıktan gelmektedir. Muhasebe karı hesaplanırken, vergi kanunları tarafından tanınıp tanınmadığına bakılmaksızın bütün gelir ve giderler hesaba katılmaktadır. Vergi kanunları belirli gider kalemlerinin kardan düşülmesini yasaklamış ve bazı gelirleri ise gelir vergisinden istisna etmiştir. Örneğin, cari dönemde vergiden muaf tutulan bir gelir kalemi, ileriki bir dönemde vergilendirileceği için, bir ertelenmiş vergi yükümlülüğü yaratacaktır. Benzer şekilde, bir gider kaleminin kardan düşülmesinin cari dönem için yasaklanması da, bu zarar kalemi daha sonra kardan düşüleceği için, bir ertelenmiş vergi varlığı yaratacaktır.

Oldukça açık bir süreç gibi görünmesine rağmen, ertelenmiş vergi varlık ve yükümlülüklerinin neler olduğuna karar vermek her zaman kolay olmayabilmektedir. Öncelikle, vergi kanunları ve muhasebe standartları arasındaki farklılıklar belirlenmelidir. Süre bakımından iki tür farklılık bulunmaktadır. Bunların ilki **sürekli fark**lardır. Bu farklılıklar vergi kanunlarının bazı konulardaki duruşundan kaynaklanmaktadır ve bazı gelir ve giderlerin tanınmasını süresiz olarak engellemektedir. Böylece, muhasebe karı ve vergilendirilebilir kar arasında **kalıcı** bir fark ortaya çıkmaktadır. Sonuç olarak, bu kalıcı farklar muhasebe karı ve vergilendirilebilir karı ileriki bir dönemde tersine dönmeyecek şekilde, süresiz olarak değiştirmektedir. Sürekli farklar, indirimi kanunen kabul edilmeyen giderlerin muhasebe standartları tarafından tanınması ve kanunun vergiden muaf tuttuğu belirli gelirlerin muhasebe standartları tarafından karın saptanmasında kullanılması sebebiyle ortaya çıkmaktadır.

Süre bakımından ikinci tür farklılık ise ertelenmiş vergi kavramının ortaya çıkmasına sebep olan türdeki farklılıktır. Benzer şekilde belirli gelir ve gider kalemlerinin tanınması konusunda ortaya çıkan bu farklılıklar, söz konusu gelir ve gider kalemlerinin süresiz olarak vergilendirmeden muaf tutulmamış olması ile sürekli farklardan ayrılmaktadır. O halde bu durum, birikmiş gelir ya da giderin anında tanınmak yerine bazı durumlarda nakden ödenmesi ya da tahsil edilmesi, diğer bir deyişle gerçekleşmesi gerektiği anlamına gelmektedir. Ancak bu şartla söz konusu gelir ve giderler vergi kanunları tarafından tanınacak ve vergi beyanı amacıyla kara eklenebilecektir. Fakat biraz önce de söylendiği gibi, muhasebe standartları bu gelir ve giderleri biriktikleri dönemde tanımaktadır. Dolayısıyla, bu gelir ve giderler vergi kanunları tarafından tanınıp ortadan kalkıncaya kadar **geçici fark** adı verilen farklılıklar ortaya çıkmaktadır. Sürekli farkların aksine, geçici farklar söz konusu olduğunda vergi kanunları ile muhasebe standartları arasında uygulamada esasa dayalı ayrılıklar yoktur. Yalnızca, vergilendirilebilir kardan düşülecek ya da vergilendirilebilir kara eklenecek gelir ya da giderler vasıtasıyla ortaya çıkan ve gelecekte ortadan kalkacak geçici farklar söz konusudur.

Geçici farklar ise indirilebilir geçici farklar ve vergilendirilebilir geçici farklar olmak üzere ikiye ayrılmaktadır. İndirilebilir geçici farklar ertelenmiş vergi varlığına sebep olurken vergilendirilebilir geçici farklar ertelenmiş vergi yükümlülüğüne sebep olurlar. İndirilebilir geçici fark bir varlığın vergi değerinin defter değerinden daha yüksek olması veya bir yükümlülüğün vergi değerinin defter değerinden daha düşük olması sebebiyle ortaya çıkmaktadır. Vergilendirilebilir geçici farkta ise durum tam tersidir; bir varlığın vergi değerinin defter değerinden daha düşük olması ve bir yükümlülüğün vergi değerinin defter değerinden daha yüksek olması vergilendirilebilir geçici fark sebep olmaktadır. Geçici farklar tesbit edildikten sonra ertelenmiş vergi varlık veya yükümlülüğünü de indirilebilir / vergilendirilebilir geçici farklar netleştirildikten sonra ortaya çıkan net miktarın geçerli kurumlar vergisi oranı ile çarpılması vasıtasıyla elde edilmektedir.

Ertelenmiş verginin hesaplanması konusunda temel olarak iki farklı yaklaşım bulunmaktadır. Bunlardan ilki **zamanlama yaklaşımı**, diğeri ise **geçici yaklaşım**dır. Geçici yaklaşım, ertelenmiş vergi hesaplamalarını bilançoya göre, zamanlama yaklaşımı ise gelir tablosuna göre yapmaktadır. İsimlerin de işaret ettiği üzere, zamanlama yaklaşımı yalnızca gelir ve giderlerin tanınma zamanlarındaki farkları kullanmakta; geçici yaklaşım ise varlık ve yükümlülüklerin vergi değeri ve defter değerleri arasındaki farkları temel almaktadır. Zamanlama yaklaşımının en önemli eksisi, açıktır ki, ertelenmiş verginin yalnızca gelir tablosunda yer alan unsurların üzerinde ortaya çıkabilecek, geriye kalan ve esasen ertelenmiş vergi yaratabilecek unsurların ise değerlendirme dışında bırakılmış olmasıdır. Geçici yaklaşım ise zamanlama yaklaşımının aksine bilançoda yer alan bütün unsurları hesaba kattığı için gelir tablosunda yer alan unsurları da içermektedir, dolayısıyla kapsamı daha geniştir. Uluslararası Muhasebe Standartları, ve müteakiben Türk Muhasebe Standartları, geçici yaklaşımı esas almaktadır. Bu iki yaklaşım aynı zamanda **gelir tablosu yaklaşımı** ve **bilanço yaklaşımı** olarak da bilinmektedir.

Gelir tablosu yaklaşımı, belirtildiği gibi gelir ve giderlerin gelir tablosunda tanınma zamanlarından kaynaklanan **zamanlama farklılıkları**nı temel almaktadır. Bu farklılıklar muhasebe karı hesaplanırken kullanılan gelir ve gider kalemlerinin, vergi öncesi kar hesaplanırken farklı zamanlarda tanınmasından kaynaklanmaktadır. Bir başka deyişle, vergi kanunları söz konusu farklılıkları muhasebe standartlarından farklı muhasebe dönemlerinde tanımaktadır. Gelir tablosu yaklaşımı tanım gereği kapsam olarak sınırlıdır ve yalnızca zamanlama farklarını gösterebilmektedir. Bazı durumlarda ertelenmiş verginin tamamı zamanlama farklarından kaynaklanabilecek olsa dahi, böyle bir durumun söz konusu olması uygulamada düşük bir ihtimaldir.

Bilanço yaklaşımı ise yalnızca zamanlama farklarından faydalanmak yerine geçici farkları da kullanarak daha kapsamlı bir hesaplama yapmaktadır. Gelir tablosu yaklaşımı yalnızca gelir tablosundaki gelir ve giderleri hesaba katarken, bilanço yaklaşımı bilançodaki bütün unsurları hesaba katmaktadır. Daha önce de söylediğimiz gibi zamanlama farklarının miktarı geçici farkları aşamaz. Zira bütün zamanlama farkları aynı zamanda bir geçici farkı ifade etmektedir. Ancak aksi durum geçerli değildir; bütün zamanlama farkları geçici fark olmasına rağmen, bütün geçici farkların zamanlama farkı olma zorunluluğu yoktur.

Toplam vergi yükü (i) cari vergi ve (ii) ertelenmiş vergiden oluşmaktadır. Burada ertelenmiş vergi, toplam verginin gelecekte ödenecek (veya tahsil edilecek) kısmını oluşturmaktadır. Net ertelenmiş vergi varlığı, bir işletmenin faliyetleri dolayısıyla içinde bulunulan dönemde daha fazla vergi ödeyeceğini, ancak sonraki dönemlerde daha düşük bir toplam vergi yüküne sahip olacağını, yani diğer bir deyişle daha az vergi ödeyeceğini ifade eder. Tersi durumda ise net ertelenmiş vergi yükümlülüğü bir işletmenin içinde bulunduğu dönemde daha az vergi ödeyeceğini, ancak sonraki dönemlerde toplam vergi yükünün artarak daha fazla vergi ödemek zorunda kalacağını ifade eder.

Basit bir örnekle ertelenmiş vergiyi anlatacak olur isek; sözgelimi X şirketinin 100.000₺'lık bir ticari alacağı olduğunu varsayalım. Normal şartlar altında bu ticari alacak hem vergi kanunları, hem de muhasebe standartları tarafından gelir hesaplamasına dahil edilecektir. Varsayalım ki bu alacağın 20.000₺'lık bir kısmının tahsil edilmesi şüpheli hale gelmiş olsun. Bu durumda işletmenin şüpheli alacağı belgelemek için mahkemeye başvurması gerekecektir. Tekrar varsayalım ki mahkemeye başvurulmuş fakat muhasebe döneminin biteceği tarih olan 31 Aralık'ta mahkeme sonuçlanmamış olsun. Bu durumda, muhasebe standartları

20.000₺'lık şüpheli alacağı tanıyacak ve ticari alacak (100.000 – 20.000 = 80.000₺) olarak tanınacaktır. Ancak, vergi kanunları bu şüpheli alacağın yasal olarak kendisine tebliğ edilmesini şart koştuğu için dava sonucu gelinceye kadar söz konusu şüpheli alacağı tanımayacaktır ve ticari alacak o dönem için 100.000₺ olarak gerçekleşecektir. Sonuç olarak muhasebe standartları 80.000₺, vergi kanunları 100.000₺ ticari gelir tanıyacaktır. İşte bu aradaki fark da bizim ertelenmiş vergimizi oluşturacaktır. 20.000₺'nın ertelenmiş vergi varlığı mı, yoksa ertelenmiş vergi yükümlülüğü mü olduğunu belirlemek için ise ticari alacağın bir varlık mı yoksa borç (yükümlülük) mu olduğuna bakmak yeterlidir; ticari alacak bir varlık hesabı olduğuna göre, vergi değerinin defter değerinden büyük olması aradaki farkın bir ertelenmiş vergi varlığı yarattığını göstermektedir. Başka bir şekilde açıklayacak olursak; gerçekte şüpheli alacak sebebiyle değeri 80.000₺ olan bir gelir kalemi varken, ödenecek vergi 100.000₺'lık bir tutar üzerinden ödenecektir. Yani, olması gerekenden daha fazla vergi ödenmiş olacaktır. Bu durum ise şüpheli alacağın mahkeme kararı ile vergi kanunları tarafından tanınması ile tersine dönecek ve söz konusu şüpheli alacağın tanındığı dönemde işletme aradaki fark kadar daha az vergi ödeyecektir. Yani ileride vergiden düşebileceği bir varlığı vardır.

Her muhasebe standardının nihai amacı elbette ki tarafsız ve şeffaf bilgi vasıtasıyla uygunluk sağlamaktır. Ana hedef bu olmakla birlikte, muhasebenin farklı konuları ve alt başlıklarının her biri için ayrı standartlar hazırlanmıştır.

Öncesinde de bahsedildiği gibi ertelenmiş vergi gelir elde etmenin doğal sonucu olarak ortaya çıkar –zira cari vergi ile birlikte toplam vergi yükünün bir parçasıdır ve dönem karını etkilemektedir-. Dolayısıyla, gelirin ve ertelenmiş verginin muhasebeleştirilmesiyle ilgili özel bir standart da hazırlanmıştır; Uluslararası Muhasebe Standardı 12 (UMS 12). UMS 12'nin temel amacı gelirin ve vergi yükünün doğru hesaplanması ve devamında ertelenmiş vergi varlık veya yükümlülüğünün doğru bir şekilde tespit edilerek bilançoda raporlanmasıdır. Keza, Türk Muhasebe Standardı 12 (TMS 12) de UMS 12'den çevrilmiştir ve aynı ilkeleri izlemektedir. Genel olarak gelir vergisi ve ertelenmiş vergi ile ilgili hususlarla ilgilenmektedir. Sözü edilen gelir vergisine yurtiçi veya yurtdışında elde edilen gelirlerin tamamı dahildir. Bir işletme doğaldır ki yevmiye kaydını yaptığı bir varlıktan faydalanmak –veya borcu ödemek- beklentisi içerisinde olacaktır. Eğer ki söz konusu fayda sağlandığında ya da borç ödendiğinde ortaya çıkacak vergi, söz konusu fayda ya da borcun herhangi bir vergi etkisinin olmadığı durumdakinden farklı ise, işletme duruma göre ertelenmiş vergi varlığı ya da yükümlülüğü kaydı yapmak zorundadır.

Şimdiye kadar söylenildiği üzere ertelenmiş verginin ortaya çıkmasındaki temel sebep muhasebe standartları ve vergi kanunları arasındaki farklılıklardır. Dolayısıyla, çok büyük olmasa dahi ertelenmiş vergi miktarının aynı işletme için ülkeden ülkeye farklılık göstermesi beklenmektedir. Zira, her ülkenin vergi kanunları birbirinden farklılık göstermektedir.

Durumu Türkiye özelinde inceleyecek olursak görülmektedir ki 5520 Sayılı Kurumlar Vergisi Kanunu, 193 Sayılı Gelir Vergisi Kanunu ve 213 Sayılı Vergi Usul Kanunu, ertelenmiş vergiyi oluşturan geçici farklara sebep olan değerleme ölçütlerini her bir bilanço unsuru için tek tek açıklamaktadır. Bu üç ana kanuna ek olarak ertelenmiş vergiye dair çeşitli açıklamalar 3218 Sayılı Serbest Bölge Kanunu, 4691 Sayılı Teknoloji Bölgeleri Geliştirme Kanunu, 3065 Sayılı KDV Kanunu, 197 Sayılı Motorlu Taşıtlar Vergisi Kanunu, 6802 Sayılı Gider Vergisi Kanunu gibi kanunlarda da sıklıkla karşımıza çıkmaktadır.

Ertelenmiş vergiyi oluşturan geçici farkların ortaya çıkmasına sebep ana unsurlar olan maliyet bedeli, itibari değer, borsa rayici, mukayyet değer, itfa edilmiş maliyet, gerçeğe uygun değer, tasarruf değeri, vergi değeri gibi Vergi Usul Kanunu’nda detaylı bir şekilde açıklaması yapılan bir çok değerleme ölçütüne ek olarak, bu tezin muhteviyatına dahil olarak yapılan ve birazdan detaylandırılacak çalışmada da görülebileceği üzere, kullanılmayan fayda ve teşvikler ile geçmiş yıllardan ileriye taşınan zararlar da oldukça kayda değer ertelenmiş vergi unsurlarıdır.

Öncesinde de belirttiğimiz gibi, artan küreselleşme ve uluslararası pazarların ekonomideki ağırlığının günden güne artmasıyla birlikte, yatırımcı ve hissedarların isabetli finansal bilgiye olan talebi artan bir şekilde kendisini hissettirmektedir. Ertelenmiş vergi bir işletmenin toplam vergi yükünü ve net karını doğrudan etkilediğine göre, doğru bir şekilde tespit edilmesi ve raporlanması kritik öneme sahiptir. Yapılan çalışma göstermektedir ki ertelenmiş vergi gerçekten de kar üzerinde kayda değer bir etkiye sahiptir. Çalışmada kullanılan veriler küreselleşmeyle birlikte önemini arttıran risk yönetimi, sürdürülebilirlik, rekabet avantajı gibi unsurları da hesaplamasına dahil ettiği için Borsa İstanbul Sürdürülebilirlik Endeksi'nden alınmıştır. Daha da önemlisi, Sürdürülebilirlik Endeksi'ne dahil olmak isteyen şirketler cari oran, ROI, ROE, borç/öz sermaye oranı gibi finansal performans kriterlerinde de daha yüksek standartlara sahip olmak zorundadır. Dolayısıyla, bu endekse dahil şirketler finansal anlamda önemli ve ekonomide söz sahibi aktörler olacakları için Sürdürülebilirlik Endeksi'nin kullanılması çalışmanın geçerliliğini desteklemeye yardımcı olacaktır. Dahası, Sürdürülebilirlik Endeksi'de yer alan şirketlerin enerji, teknoloji, otomotiv, finans gibi farklı ve ekonomiye yön veren sektörlerde faaliyetlerini sürdürmekte olması da çalışmanın geçerliliğini olumlu yönde etkileyecek ve ekonominin genelini temsil etme konusunda çalışmaya ağırlık kazandıracaktır.

2011 – 2015 yılları arasındaki finansal tablolara bakıldığında, ertelenmiş vergiye sebep olan üç ana kaynağın sırasıyla maddi ve maddi olmayan duran varlıkların defter değeri ile vergi değeri arasındaki değerleme farkları, ileriye taşınan zararlar ve çalışanlar için kıdem tazminatı ve diğer sosyal haklar olduğu görülmektedir. Bir diğer atlanmaması gereken ertelenmiş vergi varlığına sebep olan unsur ise devlet tarafından sağlanan ARGE ve yatırım teşvikleridir. Ertelenmiş vergiden olumlu etkilenen şirketlerin bir çoğunun büyük miktarlarda ARGE ve yatırım teşviklerinden kaynaklanan ertelenmiş vergi varlığı olduğu görülmektedir.

Çalışma temel olarak Borsa İstanbul Sürdürülebilirlik Endeksi'nde yer alan şirketlerin finansal tablolarından alınan vergi öncesi kar, cari vergi ve ertelenmiş vergi miktarları kullanılarak yürütülmüştür. Ertelenmiş verginin vergi öncesi kara oranlanmasıyla ertelenmiş verginin kar üzerindeki (olumlu veya olumsuz) etkisi anlaşılmaya çalışılmıştır. 2011 – 2015 yıllarını kapsayan veri göstermektedir ki endekse dahil 29 şirketten 9'u ertelenmiş vergiden olumsuz etkilenmiştir; ortalama olarak şirket karları ertelenmiş vergi sebebiyle %2,48 düşmüştür. Diğer tarafta ise, ertelenmiş vergiden olumlu etkilenen 20 şirketin karları ortalama olarak %12,40 artmıştır. Ancak, bu noktada belirtilmelidir ki, sonuçlar bulunurken uç değerler gösteren SAFGY, TUPRS, ve THYAO kodlu şirketler sonuçları çarpıtmamaları için örneklemden çıkarılmışlardır. Örneğin, TUPRS kodlu şirket %1976,86 etkilenin oranı ile örneklem içinde tutulacak olsa, olumlu yönde etkilenen şirketlerin ortalaması, gerçeği yansıtmaktan bir hayli uzak olan %109,38 oranına çıkacaktır. Olumsuz etkilenim oranı ise benzer şekilde %5,78'e çıkacaktır söz konusu durum hasıl olduğu vakit.

Olumsuz etkilenen şirketlere daha yakından bakıldığında bu şirketlerden dördünün bankalar olduğu ve bu etkinin ana sebebinin varlık ve yükümlülüklerin vergi değeri ile defter değeri arasındaki farklar olduğu görülmektedir. Yalnızca THYAO kodlu şirket %32,18 gibi ortalamadan çok daha yüksek bir oranda etkilenmiştir. Şirketin bağımsız denetim raporları incelendiğinde bu durumun sebebinin ilgili şirketin faaliyet gösterdiği sektör dolayısıyla duran varlıklarına yaptığı büyük boyutlu harcamalar ve amortisman gideri olduğu görülmektedir. THYAO kodlu şirket havacılık sektöründe faaliyet göstermekte ve sabit varlıklarının tamamına yakını yolcu uçaklarından oluşmaktadır. Havacılık sektöründe bu sabit varlıkların edinilmesindeki yaygın yöntem ise finansal kiralamadır. Ancak, havacılık sektöründeki yaygın uygulamaya bakılacak olursa görülecektir ki, söz konusu yolcu uçakları finansal kiralamayla edinilmiş olsa dahi, bu hava taşıtlarına ait amortisman, bakım, mürettebat gibi giderlerin tamamına kiracı havayolu şirketi katlanmak zorundadır. Dolayısı ile, THYAO da, envanterindeki çoğunluğu yolcu uçaklarından ibaret sabit varlıklar için ertelenmiş vergi yükümlülüğüne sebep olan yüksek miktarda maliyete yıllık olarak katlanmak durumunda kalmaktadır.

Olumlu etkilenen şirketlere bakıldığında ise oranın %1,27 ila 62,46 arasında değiştiği gözlenmektedir. Oranları görece daha yüksek olan PETKM, ASELS, FROTO gibi şirketlere bakıldığında bu yüksek oranların ağırlıklı olarak ARGE ve yatırım teşvikleri vasıtasıyla ortaya çıktığı görülmektedir. Sonuçlar şirketlerin verinin toplandığı 2011 -2015 yılları arasında ertelenmiş vergi varlığını arttırma çabalarını arttırdıklarını göstermektedir. Dahası, TUPRS isimli şirketin %1976,86 gibi gerçek dışı görünen bir oranda olumlu etkilenmiş olması devletin sağladığı ARGE ve yatırım teşviklerinin boyutlarını göstermektedir. Söz konusu şirket 2013 ve 2014 yıllarında devletten büyük çaplı (sırasıyla 1,5 milyar Türk Lirası ve 2.8 milyar Türk Lirası) yatırım teşviki almış ve aynı zamanda 2013 ve 2014 yıllarında bu teşvikler vasıtasıyla yaptığı yatırımlar vesilesiyle vergi öncesi karını düşük gösterebilmiş, dolayısıyla söz konusu olağandışı yüksek olumlu etkilenim oranına ulaşmıştır.

Bir başka dikkat çekici husus ise SAFGYO adlı şirketin görünürde gelir vergisi ödemiyor olmasıdır. Bu şirketin hem cari vergisi, hem de ertelenmiş vergisi 2011 – 2015 yılları arasında sıfırdır. Bunun sebebi ise söz konusu şirketin Kurumlar Vergisi Kanunu'na göre bir gayrimenkul yatırım ortaklığı olmasıdır. İlgili kanuna göre gayrimenkul yatırım ortaklıkları kurumlar vergisinden muaf tutulmaktadır; dolayısıyla kurumlar vergisi ödemedikleri için ertelenmiş vergi hesaplayıp raporlamaları da gereklilik arz etmemektedir.

Sonuçlar endüstriler bazında incelendiğinde ise araştırma kapsamında incelemeye alınan yedi ana sektördeki etkilenme oranlarının değişiklik gösterdiği görülmektedir. Söz konusu yedi ana endüstri ve sektör finans ve bankacılık, enerji ve ağır sanayi, otomotiv, savunma ve silah, tüketici malları, elektroniği ve beyaz eşya, telekomünikasyon, ve havacılık olarak sıralanmaktadır.

Finans ve bankacılık sektörüne bakıldığında, bu sektöre dahil şirketlerin AKBNK, GARAN, ISCTR, SAFGY, TSKB VAKBN ve YKBNK olduğu görülmektedir. Daha önce de söylenildiği gibi, SAFGY sonuçları çarpıtmaması amacıyla hesaplamanın dışında tutulmuştur. Bu durumda, finans ve bankacılık sektöründeki ortalama etkilenim -1,29 şeklinde gerçekleşmiştir. Şirketlerin bireysel sonuçları daimi olarak dalgalanıyor gibi görünüyor olsa da, bu dalgalanmanın miktarı oldukça düşüktür ve yıllık değişimler %1-2'nin altında kalmaktadır.

Enerji ve ağır sanayi endüstrilerindeki şirketler AKSEN, EREGL, PETKM, ve TUPRS'tır. Bir önceki finans ve bankacılık sektörüne benzer şekilde TUPRS kodlu şirket sonuçları çarpıtmaması amacıyla hesaplamanın dışında tutulmuştur. Bu sektör için ortalama etkilenim oranı %11,67 olarak bulunmuştur. Pozitif etkilenen şirketler AKSEN ve PETKM'dir ve bu iki şirket de ciddi miktarda devlet yatırım teşvikine sahiptir. EREGL kodlu şirket ise çelik üretimi yapan, benzer bir yatırım teşviki bulunmayan bir şirkettir. 2011 yılından 2014 yılına kadar ertelenmiş vergi borcu raporlamış, ancak 2015 yılında ertelenmiş vergi alacağı raporlamıştır.

Otomotiv endüstrisinde yer alan şirketler BRISA, DOAS, FROTO, ve TOASO kodlu şirketlerdir. Ancak, yakından yapılacak bir inceleme gösterecektir ki bu şirketlerden yalnızca FROTO ve TOASO kodlu şirketler motorlu taşıt üretimi yapmaktadırlar. Sonuçlar da bu bulguyu destekler niteliktedir; zira bu iki şirket geniş yatırım teşviklerinden yararlanırken, motorlu taşıt lastiği ve araç satışı yapan BRISA ve DOAS kodlu şirketler herhangi bir yatırım ya da ARGE teşvikinden yararlanmamaktadır. Sonuç olarak, dört şirketin ortalaması alınacak olduğunda sektör ortalaması %9,04 olarak bulunmakta; teşviklerin etkisini gözlemlemek amacıyla BRISA ve DOAS hesaplama dışında bırakıldığında ise ortalama %16,73 olarak bulunmaktadır.

Savunma ve silah sanayisine bakıldığında ise ASELS kodlu şirketin oldukça yüksek miktarda yatırım teşvikinden faydalandığı görülmektedir. Bunun sebebi, ASELS kodlu şirketin yazılım ve mühendislik anlamında yüksek teknolojili üretim yapması ve şirketin Türkiye için stratejik öneme sahip olmasıdır. Sektör ortalaması %34,03 olarak tespit edilmiştir.

Bir sonraki endüstri ise tüketici malları, tüketici elektroniği ve beyaz eşya üreticilerinin dahil olduğu endüstridir. Bu gruptaki şirketler AEFES, ARCLK, CCOLA, ULKER, ve VESTL'dir. Grupta dikkat çeken iki şirket ARCLK ve VESTL'dir. Her iki şirket de tüketici elektroniği ve beyaz eşya üretimi yapmakta ve ihracata önemli oranda katkıda bulunmaktadırlar. Dolayısıyla, geniş yatırım teşviklerinden yararlanmaları doğaldır. Ortalama etkilenme oranı %6,84 olarak bulunmuştur.

Havacılık sektörü ise temelde birbirinden farklı dinamiklere sahip iki şirketi içermektedir. Bu şirketlerden THYAO bir havayolu şirketi, TAVHL ise bir havaalanı işletmecisidir. Dolayısıyla, bu iki şirketin ertelenmiş vergi yapıları birbirinden önemli ölçüde farklılık göstermektedir. -16,91 olarak bulunan etkilenim oranı ise yansıtıcı olmaktan uzaktır, ve düşüncemize göre bu sektördeki şirketleri kendi sonuçları ile ayrı ayrı değerlendirmek daha sağlıklı olacaktır.

Telekomünikasyon sektörü TCELL ve TTKOM kodlu iki şirketi içermektedir ve söz konusu şirketlerin ikisi de oldukça düşük etkilenim oranlarına sahiptir. Benzer şekilde, iki şirketin sonuçları da araştırma kapsamındaki beş yıl boyunca daimi bir dalgalanma göstermiştir ve sektör ortalaması -0,68 olarak bulunmuştur. Ancak, havacılık sektörünün aksine her iki şirket de benzer karakterde ve yapıdadır ve dolayısıyla sonuçların sektör için yansıtıcı olduğu düşünülmektedir.

Görülmektedir ki Türkiye'de ertelenmiş verginin uygulama alanı giderek yaygınlaşmaktadır. Ancak problem şudur ki, vergi koyucular gelir / kurumlar vergisini hala bir dağıtım unsuru olarak görmektedir ve bu nedenle kurumlar vergisi hesaplama yapılırken bir maliyet unsuru olarak kabul edilmemektedir. Yeni Ticaret

Kanunu bu konuda uygulamaya yönelik bir çok değişiklik yapıp bu problemleri gidermiş olmasına ve raporlama için muhasebe standartlarının kullanımını zorunlu tutuyor ve bağımsız denetim gibi şeffaflık açısından önemli ilkeleri teşvik ediyor olmasına rağmen, kanun yürürlüğe girmeden önce, çeşitli sebeplerle, bu değişikliklerin bir çoğunda geriye dönüş yaşanmıştır. Siyasi anlamda bu geriye gidişe rağmen Borsa İstanbul'da işlem gören şirketlerin çoğunluğu bu ilkeleri benimsemiş görünmekte ve tamamı muhasebe standartlarına göre raporlama yapmaktadır. Zira, vergi amacıyla tutulan muhasebe standartları gerekli kılmasa dahi borsada işlem gören bir çok şirket faaliyetlerini uluslararası alanda da sürdürdüğü için genel kabul görmüş uluslararası standartların kullanılmaması düşünülemeyecek bir şeydir. Bazı siyasi kesimlerdeki finansal raporlama ve bağımsız denetime karşı genel eğilim hafif bir tabirle temkinli olmasına rağmen, ki sebepleri bu çalışmanın kapsamını aşmaktadır, Uluslararası Muhasebe Standartları (IAS) ve Uluslararası Finansal Raporlama Standartları (IFRS)'nın benimsenmesi SPK, BDDK ve TÜRMOB gibi kuruluşların çalışmaları sayesinde hızla artmaktadır. Elbette ki bu kuruşlar bağımsız olmalarına rağmen, üzerlerindeki siyasi etki de gözardı edilemez. Dolayısıyla muhasebe ve finansal raporlamada uluslararası standartlara tam uyum için hükümet düzeyinde bir siyasi destek gerektiği de açıktır.

Appendix VII: **TEZ FOTOKOPİSİ İZİN FORMU**

ENSTİTÜ

Fen Bilimleri Enstitüsü ☐

Sosyal Bilimler Enstitüsü ☐

Uygulamalı Matematik Enstitüsü ☐

Enformatik Enstitüsü ☐

Deniz Bilimleri Enstitüsü ☐

YAZARIN

Soyadı : Aybirdi
Adı : Eren
Bölümü : İşletme

TEZİN ADI (İngilizce) : A Comparative Study between Turkish Tax Laws and International Accounting Standards: How do Deferred Taxes Affect Profit?

TEZİN TÜRÜ : Yüksek Lisans ☐ Doktora ☐

1. Tezimin tamamından kaynak gösterilmek şartıyla fotokopi alınabilir. ☐
2. Tezimin içindekiler sayfası, özet, indeks sayfalarından ve/veya bir bölümünden kaynak gösterilmek şartıyla fotokopi alınabilir. ☐
3. Tezimden bir bir (1) yıl süreyle fotokopi alınamaz. ☐

TEZİN KÜTÜPHANEYE TESLİM TARİHİ: