

## TAXATION OF DIGITAL ECONOMY in TURKEY in THREE STEPS

### DİJİTAL EKONOMİNİN TÜRKİYE'DE ÜÇ BASAMAKLI VERGİLENDİRİLMESİ

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**Kabul Tarihi /  
Accepted: 06.02.2021**

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Benzerlik Oranı/  
Plagiasim: %11**

**Makale Türü/Article  
Type: Araştırma  
Makalesi/ Research  
Article**

#### ABSTRACT

The digital economy changes the rule of game, which has developed throughout the centuries. Although digital commerce actually based on trading goods and services just like in traditional commerce, the digitalized products are main subject of it. Digital economy has raised its revenue share against to traditional commerce since the beginning. While its revenue share is growing, the challenges arising from its complicated notion can cause many problems for states. Taxation is the major problem among those, which has an international dimension. Even though, taxation of digital economy becomes a highly controversial topic in the international area, many states including Turkey take their own legal measures for taxing digital economy. Turkey is one of the leading countries attempting to solve the taxation problem of digital economy. Turkey has taken three-legged tax measure for both solving the problems and raising its tax revenues. These are; VAT on B2C electronic service (e-service), Withholding Tax on the online advertisement and Digital Service Tax (DST).

**Keywords:** Digital Economy, VAT, Withholding Tax, Digital Service Tax

**JEL Codes:** H21, H24, H26, H27

#### ÖZET

Dijital ekonomi yüzyıllar boyunca geliştirilen oyunun kuralını değiştirmektedir. Her ne kadar dijital ticaret geleneksel ticarete olduğu gibi mal ve hizmet ticaretine dayansa da dijitalleştirilmiş ürünler bu ticaretin ana temasıdır. Dijital ekonomi ortaya çıkışından buyana geleneksel ticarete karşı gelir payını arttırmıştır. Gelir payı büyürken de karmaşık doğasından kaynaklanan sorunlar devletler için birçok probleme neden olmuştur. Bu problemler arasında uluslararası boyutu ile vergilendirme önde gelmektedir. Dijital ekonominin vergilendirilmesi uluslararası alanda oldukça tartışmalı bir konu olmasına rağmen Türkiye'nin de dahil olduğu birçok ülke dijital ekonominin vergilendirilmesi sorununu çözmek için kendi yasal önlemlerini almıştır. Türkiye, dijital ekonominin vergilendirilmesi sorununu çözmek için adım atan öncü ülkelerden biridir. Türkiye hem sorununu çözmek hem de vergi gelirini arttırmak için üç ayaklı bir vergi tedbiri almıştır. Bunlar; B2C elektronik hizmetlerden alınan KDV, çevrimiçi reklamlardan alınan stopaj vergisi ve Dijital Hizmet Vergisi (DHV)'dir.

**Anahtar Kelimeler:** Dijital Ekonomi, KDV, Stopaj Vergisi, Dijital Hizmet Vergisi

## 1. INTRODUCTION

The world has changed since the digital revolution emerged. It affects and transforms the way of trade has a historical background. While the size of traditional commerce share in the global commerce has reduced gradually for three decades, digital economy's share continues to grow. Increasing revenue expectations of digital economy brings out some important challenges for international taxation.

Firstly, it undermines many tax concepts such as permanent establishment so that amendments and new definitions must be done to catch this new tax reality. Secondly, it changes the way of international commerce thus international transactions have become blurred and untraceable. Thirdly, solving the problem arising from digital economy requires more international cooperation but lack of necessary international consensus causes that many states try to find their own tax solution just like Digital Service Tax (DST).

According to the current aspect, digital economy requires three-legged approach. One leg is Value Added Tax (VAT), and second leg is withholding tax and third is digital service tax. Organization of Economic Co-operation and Development (OECD) offer an internationally agreed digital service tax, but many states fail to cooperate on solution up to now. Unlike OECD's approaches, individual tax practices would become more applicable today.

Turkey is one the OECD member states who applies above mentioned three-legged approach. Firstly, Turkey has begun to impose VAT on electronically supplied services since 2018. Secondly, online advertisement services were begun to subject to withholding tax being effective from 01.01.2019. Thirdly, DST law was approved in December/2019 and being effective from March/2020.

The paper aims to discuss the ways of taxing the digital economy in Turkey. It thereby aims to shed some light on ongoing debate on whether and how digital economy should be taxed in Turkey. In addition, the study intent to provide a comparison among three tax application in Turkey.

This paper begins with a summary of the development process and market size of digital economy in Turkey. Second, it briefly describes how the digital economy taxed in Turkey and it reviews the current treatment of VAT on B2C e-service trade, withholding tax on online advertisement and DST. The next section makes a comparison among three taxes. The final section concludes.

## 2. E-COMMERCE SIZE in TURKEY

The internet first started to use in Turkey in 1993<sup>1</sup>. Since then, the necessary technical infrastructure has been continuously developed and becoming cheaper to access this technology has caused to become widespread the internet usage gradually. Especially in the periods after 1999, individual use of the internet alongside of the activities of companies on the internet environment has gained momentum (Küçükylmazlar, 2006: 35).

According to the "Internet and Social Media User Statistics" prepared by We Are Social in 2016, 46.28 million people (total population was 79,14 million people in 2016) are internet user in Turkey. In addition, while 42 million people are actually using social media, 36 million people are connected to social media via mobile phones (We are Social, 2016). When we compare these figures with 2019 figures Turkey population has increased up to 82,4 million people and internet user number has increased up to 59,36 million, and social media user number has increased to 52 million since 2016 (We are Social, 2019).

As the internet usage becomes widespread gradually all over the world, new opportunities for entrepreneurs are revealed in Turkey as well. Individual or corporate

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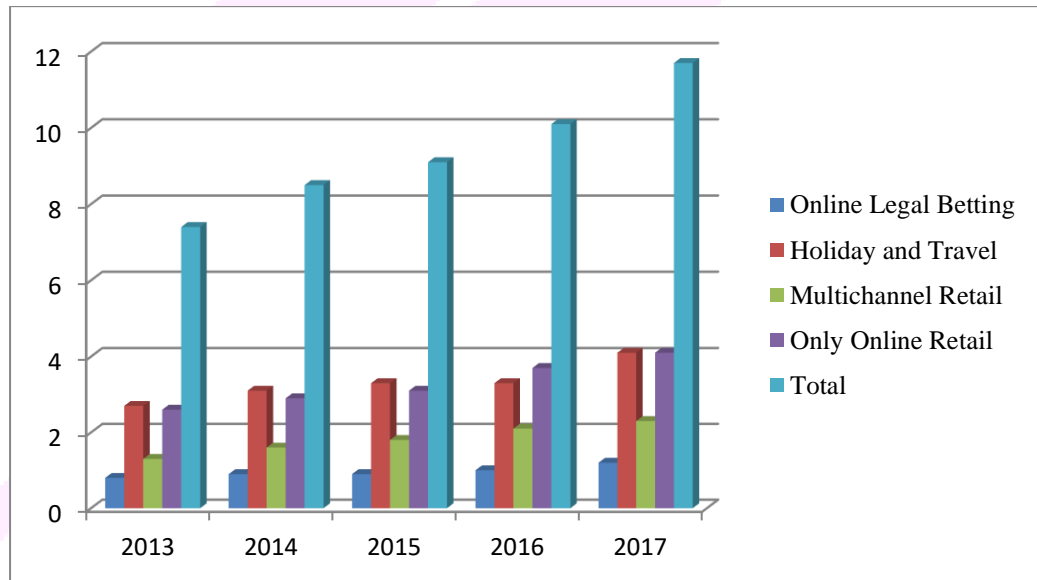
<sup>1</sup> First internet connection was realized by the Middle East Technical University (METU) in April 1993.

entrepreneurs have begun to use the internet as an intermediate to deliver their products and services to consumers, and they have started to carry their product and service offerings to web pages (Özel, 2013: 13). In this way, small-scale enterprises have caught the opportunity of being in the same market with large-scale enterprises thanks to the internet. Besides ever-growing internet technology and e-commerce applications provide different possibilities and advantages for both entrepreneurs and consumers, the increased confidence in these applications also encourages entrepreneurs to try different business ideas (Özel, 2013: 13).

The e-commerce practices in Turkey are seen to focus especially on B2C online sales in recent years. B2C online sales, which is represent the biggest part of the world e-commerce volume, have increased steadily in Turkey. According to a report which is related to the 2019 e-commerce market size in Turkey was prepared by Turkish Informatics Industry Association (TÜBISAD) and Deloitte Turkey; the size of retail market has reached to 31,5 billion TL and market size out of retail has reached 28,4 billion TL in 2018. When we compare the growth size of market with previous year, 42% growth size on TL basis and 7% growth size on Dollar basis are remarked. By the year 2020, it expected that the efficiency of companies, which are selling their products to the final consumer over the internet, will increase even more (Deloitte ve Tubisat, 2020).

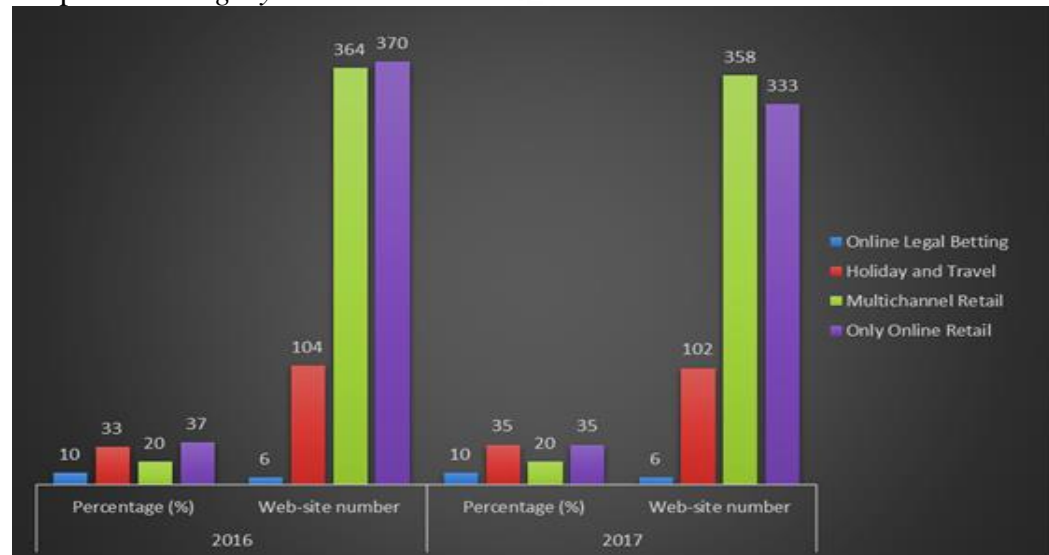
Furthermore, the report puts emphasis on revenue shares of online retail sales in Turkey. According to the report the two sub-channels of online retail sales which are multi-channel online retail and online retail bring almost 31,5 billion TL in 2018. Those revenue shares are 10,7 billion TL and 20,8 billion TL respectively. Contribution of online market places in that number is almost 50%. Moreover, the percentage share of online retail in the total retail sales has raised up to 5,3% in 2018 when it is compared with the 4,1% shares in 2017. These figures show that Turkey follows average of developing countries closely (Deloitte ve Tubisat, 2020).

Graphic 1.- Market Size of E-Commerce in Turkey (Billion TL)



Source: (Deloitte ve Tubisat, 2020).

Graphic 2. *Category Shares and Site Numbers*



Source: (Deloitte ve Tubisat, 2020).

Due to e-commerce, local entrepreneurs have gained the opportunity to reach the global marketplace without being connected with the customer's potential in the region they are established. Companies that make most of the benefits of e-commerce on the Turkish market and thus both drum up business and increase their revenues have started to offer online services by opening their own web-sites (Küçükyılmazlar, 2006: 35).

### 3. TAXATION OF E-COMMERCE in TURKEY

Nowadays, neither the existing national tax regulations nor the international ones are adequate to accommodate today's digital business models that do not require a physical existence (Olbert and Spengel, 2017: 4-44). Physical existence or permanent establishment (PE) is crucial determining factor in international taxation but it can be obscured by digital economy. These blurred connections are causing tax losses (Olbert and Spengel, 2017: 4-44).

This vanishing PE may cause tax avoidance easier for digital companies who make sell directly to customers over internet and also for multinational companies whose aims are reducing their tax burden (OECD, 2019a: 7-91). In addition to the ever-expanding boundaries of digital economy, almost all of the transactions in the digital economy take place in the digital environment<sup>2</sup>. It causes great problems related to which country has tax raising power and who will pay the tax because of e-commerce transactions (OECD,2020: 12). As well as the challenges about the determining the taxable event and tax jurisdiction, countries incur tax revenue losses due to the legal gaps in taxation of international e-commerce transactions (OECD, 2019b:1-8).

This type of tax loss affects direct tax (income tax and corporation tax) revenues as well as indirect tax (VAT) revenues. The tax losses sometimes arise due to the double taxation problem, which is caused by undetermined tax rising power between countries, and sometimes arises because of the lack of an administrative co-operation, which provides accurate and regular exchange of information flow concerned with e-commerce transactions among the countries (OECD, 2014: 29-49).

International taxation is the result of cross-border trade from one country to another. The income derived from such an international trade will be taxed both in the country where the transfer is made due to the special relationship and in the country in which the income is obtained due to its economic relationship, and in this case may arise the problem of double

<sup>2</sup> We can divide transactions in digital economy into two parts. While the first is ordered digitally and delivered physically second is both ordered and delivered digitally.

taxation. This problem usually solved by a bilateral agreement, which prevents double taxation between the two countries involved in international commercial activity (OECD, 2014: 29-49).

However, determining which country has tax-raising power in e-commerce transactions is a difficult because the components of the e-commerce transaction take place in the virtual environment (EU Commission, 2018:2). The buyer and the seller, especially with regard to the digital products, perform shopping only by pressing the keys. The difficulties in determining of the status of the parties in terms of fixed business place or residence, cause e-commerce transactions to be out of tax, and thus tax base erosion in countries to emerge. This kind of tax base erosion can be realized both in the tax on income and in the tax on consumption (EU Parliament, 1999: 1-51).

No sooner had digital economy emerged as a new global trade trend than international taxation problems become more complex. Due to its global appearance, digital economy has many disturbing effects on Turkish tax system and Turkey is blindsided by those negative impacts of digital economy just like other developed tax systems around the world (Ubay, 2020:28-44). International taxation has established on traditional trade as national tax systems are did. But digital economy has changed the rules of play. Unlike traditional commerce were in demand before digital age, digital economy cannot be limited by custom territories (Ubay, 2020:28-44). Turkey has taken three important measures to solve those problems since the end of 2018. Following section is going to examine these tax precautions gradually briefly.

### **3.1. VAT Application on B2C E-Service Trade in Turkey**

Turkey took the first step in the last month of 2018. This legal measure targets to tax B2C e-service trade in Turkey. This legal amendment provides that foreign e-commerce companies rendering services online to the final consumers who are resident in Turkey must register as a private VAT taxpayer. The amendment that complies with EU practices, but has minor differences. It is the first step in Turkey in the direction of taking control of the international dimension of digital services trade (Ubay, 2018:122).

With that legal amendment, while the Ministry of Treasury and Finance has been authorized to determine the procedures on submitting tax returns and notifications electronically and sending electronic notice, the following provision has been added to Article 9 (1) of the Value Added Tax Law No. 3065: *“The VAT which arising from e-service delivery by remote sellers who have so far no permanent establishment, and legal or business center and workplace in Turkey to final consumers resident in Turkey, must be declared and paid by those who offer these services. The Ministry of Finance is authorized to determine the scope of the services provided in the electronic environment and the procedures and principles regarding the implementation.”*

In the following process, the 17th General Communique, which is explaining how to apply these legal changes, has been issued by Turkish Revenue Administration (TRA). Although it does not provide a classification of which e-services are subject to VAT, the Communique determines that how to implement the private VAT registration towards foreign e-service companies which offering those services final consumers in Turkey.

Accordingly, non-resident electronic service providers have to declare and pay VAT, which charged on electronic services to non-VAT registered individuals. The change doesn't affect B2B sale, the reverse-charge mechanism will continue to be implemented. For cross border supplies of electronic services there is no registration threshold, and VAT charged at the rate on subject to electronic services.

Non-resident e-commerce companies will declare the collected VAT from non-VAT registered individuals by establishing a “Special VAT Tax Liability for Electronic Service Providers”. The VAT return period of taxpayers who registered as “Special VAT Registration for Electronic Service Providers” is monthly. Returns must be submitted



electronically through the internet by the 26th day of the month following the end of the return period. VAT return should be made out in TL. Payment in full must be made by the 26th day of the same month.

Non-resident electronic service providers who offer electronic services to non-VAT registered individuals in Turkey have to declare and pay VAT, which is charged on those sales. Those services include online services like streaming music, films, gaming services, domain names, hosting, website, and web page support etc.

TRA published a regulation on tax collections and determined that those are to be made through banks as of 01.01.2020. Furthermore, according to this regulation, the tax payment of VAT Return for e-service providers can make on the web page using DEBIT cards (Turkish public bank or all foreign banks) and only foreign bank credit cards or EFT to the following bank account of The Large Taxpayer Tax Office.

VAT Rates on B2C online sales is 18% which is determined by according to Cabinet Decree No: 2007/13033. At the end of 2018, following online products were taken into scope of B2C online sales with 18% VAT rate being effective from 01.01.2019 by the decision of the President numbered 475 published in the Official Gazette dated 19/12/2018 and numbered 30630:

- on the sales of newspapers and magazines in electronic environment,
- on the sales of electronic books (e-books) and similar publications magazines in electronic environment.

### **3.2. Withholding Tax Application**

The second legal amendment is withholding tax application, which accepted with the President's Decision No. 476 published in the Official Gazette dated 19/12/2018. It allows imposing withholding tax on payments to make for those who provide advertising services on the internet or those who mediate advertising services on the internet. Withholding tax may impose on those payments regardless of whether the people who paid to it are taxpayers or not.

We can categorize withholding obligation, which enacted by this new regulation into two groups:

1. The payments which are made to people and entities which are listed in Article 94 of Income Tax Law numbered 193, and taxpayers or limited taxpayers, and the payments which are made to online advertisement providers and mediators regardless of whether those are taxpayer or not are subject to 15% withholding tax.

2. The payments which are made to limited taxpayers who are providers or mediator of online advertisement services which are offered to entities which are listed in Article 15 of Corporate Income Tax Law numbered 5520 are subject to 15% withholding tax<sup>3</sup>.

With this Decision, it is seen that the internet advertising services provided to individuals and institutions listed in the above-mentioned law articles are included in the scope of withholding tax. The point to be considered here; those who are held responsible for imposing withholding tax are those who receive the service, not those who provide it. However, those who excluded from the people and institutions listed in these articles mentioned above have no obligation to make withholding under the Decision.

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<sup>3</sup> The payment which are made to full taxpayers who are providers or mediator of online advertisement services which are offered to entities which are listed in Article 15 of Corporate Income Tax Law numbered 5520 are subject to 0% withholding tax.

According to the Decision, 15% withholding tax will be imposed on the internet advertisement fee payment which may be made to those who provide service or intermediate service regardless of whether they are taxpayers or not. In addition, with the Decision, the rate of withholding to made over the payments made to the advertisement service provider or mediator limited taxpayers, which are referred in the Article 30 of the Corporate Tax Law or through the payments made on the internet is determined as 15%.

On the other hand, with the Decision, the rate of withholding tax, which will be imposed over the payments made to the fully responsible taxpayer institutions that provide advertising services or mediate, is determined as 0%.

Therefore, if the intermediary is the fully responsible taxpayer institution that mediates the advertising service provided on the internet, but the service providers are limited taxpayers and the payment is made through the intermediary to the service, the tax rate over the payments made to the intermediary to the service is 0%; and the tax rate over the payments will be made by those who mediate the service over the payment made to the limited taxpayer who provides the service is 15%.

The Decision entered into force on the date of its publication to be applied to payments to be made as of 1/1/2019. Therefore, the persons and institutions listed PIT and CIT will make a tax withholding at the rates determined over the payments they will make as of the internet advertising service price, and they will declare them by withholding tax return and pay them to the tax authorities.

### **3.3. Digital Service Tax**

The third legislative amendment is digital service tax (DST) which approved in 2019 December by the Parliament and implements March 1, 2020. DST aims to tax digital service providers whose worldwide digital service revenue is 750 million Euros and 20 million TL in Turkey. Accordingly, the DST will be calculated by applying a fixed tax rate of 7.5% to the revenue obtained in one-month periods of the calendar year will be declared and paid by the taxpayer or tax responsible to the Large Taxpayer Tax Office through the website [www.digitalservice.gib.gov.tr](http://www.digitalservice.gib.gov.tr)

According to Article 1 of DST, revenue that will be obtained from:

- \* All types of advertisement services provided through digital platforms (including advertisement control and performance measurement services, as well as data transmission and management services concerning users, and technical services for providing advertisements),

- \* The sale of all types of auditory, visual or digital contents on digital platforms (including computer programs, applications, music, videos, games, in-game applications, etc.) and services provided on digital platforms for listening, watching, playing of these content or downloading of the content to the electronic devices or using of the content in these electronic devices,

- \* Services related to the provision and operation services of digital platforms where users can interact with each other (including services relating to the sale or facilitation of the sale of goods or services among users).

The revenue generated from the above-mentioned services by intermediary services of digital service providers on digital platforms are also subject to digital service tax.

Providers of digital services are the taxpayers of the digital service tax. If the digital services provider is a taxpayer or a limited taxpayer in terms of the PIT numbered 193 and

the CIT numbered 5520, it could not affect their DST liability<sup>4</sup>. Furthermore, in the event they are limited taxpayer and whether perform these activities through its workplace or representatives does not have any effect on the digital service tax liability as well. Accordingly, the lack of income tax or corporation tax liability of the digital service providers in Turkey has no effect on the digital service tax liability.

#### 4. COMPARISON AMONG THREE TAX RULES

Expanding the digital economy as a global trade system has caused a progressive expansion of commerce, and created new job opportunities, improved social conditions in recent two decades. Although necessary technical infrastructures having developed since it emerged, there is still a need for a wide range international consensus to provide an advantageous environment for digital economy.

Successfully developing digital economy requires an international consensus on many fields, which includes the international taxation. Taxation is an important determinant in both domestic and cross-border trade because each country has their own national tax rules and mismatches between those would cause international tax conflicts. When considered from this point of view, the digital economy can contribute boosting these conflicts since it has a global dimension.

For solving these international taxation problems, many initiatives have been taken by OECD, European Union, G20 and individually by countries including Turkey. First step of this process is providing an international consensus among all stakeholders. Second step is to establish a common taxation rules for digital economy. However, during this process, many countries have taken their own precautions just as Turkey did as mentioned above. It can also raise the complexity of problems arising from digital economy because whether they would successful or not to tax digital economy, there is not international tax rules agreed upon for digital economy, which applied in kind. There would be many differences between tax rates, or identification of taxable events, or taxpayers.

**Table 1. Tax Applications towards Digital Economy in Turkey**

Tax Type	Rate (%)	Effective Date	Subject of the Tax
VAT	18	1.1.2019	The services offered in the digital environment to final consumers who are resident in Turkey
PIT/CIT- Withholding Tax	15	1.1.2019	Payments made to real persons and limited taxpayers who provide digital advertising services or mediate the provision of this service (tax rate is 0% for fully responsible taxpayer institutions)

<sup>4</sup> A digital service provider's status as a full or limited taxpayer within the meaning of the personal and corporate income taxes as well as whether the services are provided from a workplace or a permanent establishment in Turkey has no effect on a service provider's liability arising from the Law no. 7194.



DST	7,5	1.3.2020	<ul style="list-style-type: none"> <li>•All kinds of advertisement services which is offered in digital platforms (including ad control and performance measurement services, data transmission and management related to users and technical services related to the providing advertisement),</li> <li>•The sale of any audio, visual or digital content on digital platforms (including computer programs, applications, music, videos, games, in-game applications, etc.) and services provided on digital platforms for listening, watching, playing or downloading these contents to electronic devices or using them in these electronic devices,</li> <li>• Services related to the provision and operation services of digital platforms where users can interact with each other (including services relating to the sale or facilitation of the sale of goods or services among users).</li> <li>• Digital intermediary services related to above mentioned services</li> </ul>
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**Source:** Own illustration

As it showed in Table 1, Turkey has taken its tax measurements on three different but interrelated taxation fields in the digital economy. These measurements are VAT on B2C e-service, and withholding tax in scope of personal income tax and corporate income tax on digital advertising, and digital service tax. Those provide to tax digitalized services but from a different perspective. All of them aim to tax non-resident service suppliers who offer service to non-taxable final customers in Turkey; however, the tax responsible of withholding tax is the person(s) who receive the service, not those who provide it.

Among those, two of them make amendments in related tax laws including VAT, PIT, and CIT but other is a new tax law in itself. VAT on B2C e-service has changed former tax responsibility rules, has amended taxpayer identification for non-resident online service providers, and has obliged them to register as a VAT taxpayer in Turkey. On the other hand, DST forms new taxpayer identification for non-resident online service provider who would exceed digital service revenue thresholds both in country and worldwide. The main divergence between these two tax regulations is arising from where the tax imposed. As we remember from our main knowledge that VAT charged on every stage of consumption process and total tax burden would remain on final consumer. On the contrary, DST is charged on online digital services providers gross revenues, which is mentioned at Table 1, as a flat rate 7,5 %<sup>5</sup>. While VAT is a general consumption tax, DST is a turnover tax, but both of them declared and paid monthly in most of the cases<sup>6</sup>.

When we compare the DST with the withholding tax application, it may be confusing the way they work. Both of these taxes applied on the same taxable event, in other words, the digital advertisement is common for both. It seems both taxes imposed on same event and may cause double taxation for online service providers but in real they both have different taxpayers and would apply in different events. Firstly, their taxpayers are different. While online service provider who provides referred requirements in the law should be the taxpayer of the DST, the person who is responsible for imposing withholding tax is the receiver of the digital advertisement service. Secondly, while DST is a turnover tax and aimed to tax online service providers whether they are fully taxpayer or not in Turkey, withholding tax aimed to

<sup>5</sup> The President of Turkey is authorized to reduce the tax rate down to 1% or increase by twofold for each type of digital services.

<sup>6</sup> According to 3065 numbered VAT Law, in some cases VAT return may be declared quarterly. According to DST, Ministry of Treasure and Finance is authorized to determine quarterly tax period then montly tax period depends on montly decleration, service types and operating volume of taxpayers.

tax the payments, which are made to foreign digital advertisement providers. Thirdly, both taxes are independent of each other but impose on the same taxable event and also there will be no tax deduction or tax credit between each other.

Another issue with DST is to determine whether it is temporary tax or not until an internationally agreed-upon tax on digital economy. According to OECD, a unified approach must be provided on scope, economic nexus, formulary apportionment profit allocation, and binding dispute resolution related to digital economy under BEPS project (Aydemir, 2019: 1) before an international digital service tax will be applied. Today, generally accepted approach is that every country has right to make their own temporary legal regulation until international consensus will be made (Van den HURK, 2020: 166). Today, many OECD and EU member states have their own DST tax regulations but through lack of internationally accepted rules on taxing digital services, there is an uncertainty that those country practices will be temporary or not.

## **5. CONCLUSION**

The digital economy is a driver force of today's global economy. Race to take the biggest share from this fruitful cake has forced every single country to compete with each other's. This race has many aspects and taxation is one of them. Global dimension of digital economy makes harder to tackle with international taxation problems derived from its borderless feature.

Even though the digital economy has created new taxation problems or has transformed current problems to more complex problems recently; it would create new and fruitful tax revenue sources for countries. While its share rises up into gross global commerce, taxation of digital economy would be more important for tax authorities. Since the matter is becoming crucial, either based on international institutions such as OECD and EU, and countries have worked on possible taxation solutions. Although OECD and EU can argue that those solutions should be agreed upon internationally, many countries including Turkey and several EU members states have put into effect their own tax regulations for taxing digital economy.

Tax revenues obtained from digital economy may require an examination of both consumption and revenue sides either together or separately. Both of them are parts of digital economy but taxing according to different rules. The most problematic side of taxing digital economy is how the electronically supplied services can be taxed. In fact, there are no exclusive rules, which agreed upon internationally, and the classification of e-services may change by countries.

Turkey applies a three-legged system while taxing electronically supplied services. One leg is VAT, which applied since 2018. Second leg is withholding tax, which applied since January/2019, and the last leg is DST, which applied since April/2020. All these tax measurements aim to tax electronically supplied services in digital economy but different form each other. Although there are expectations those may contribute to budget tax revenues in positive way, Turkey must take necessary incentives for supporting foreigner service providers who want to enter Turkey market. While applying mentioned digital taxes, Turkey have to establish the balance between protection of competition and budget revenue requirement. On the contrary, foreigner service providers may head towards to markets that are more advantageous.

On the other hand, The U.S. Trade Representative has initiated investigations with respect to DST adopted or under consideration by many countries including Turkey recently. It shows that U.S is at a crossroads to leave OECD's initiative for common solution. Furthermore, Covid-19 may cause not only extension of time for solving problem arising from DST but also it forces many other countries to think adopting the DST because of economic destruction.

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