



U.S. Chamber of Commerce

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July 22, 2024

Mr. Abdullah Güler  
Parliamentary Group Chairman  
AK Party Central Executive Committee  
Ankara / Türkiye

Dear Chairman Güler,

Greetings from Washington, where the U.S. Chamber of Commerce had the honor of hosting an esteemed delegation from Türkiye on July 9 for the first-ever NATO Industry Summit during President Erdogan's visit.

The U.S. Chamber of Commerce is home to the U.S.-Türkiye Business Council, chaired by Mr. Hamdi Ulukaya, Founder and CEO of Chobani, and representing more than 100 leading U.S. and Turkish investors from a diverse cross-section of industries in both countries.

We are writing to express our concern regarding the limited consultation process and proposed taxation amendments to Türkiye's Corporate Tax Law, which were submitted on July 16, 2024, to the Grand National Assembly of Türkiye.

The Chamber commends Türkiye's economic stabilization program and return to more orthodox policymaking. International and domestic investors alike are optimistic about Türkiye's long-term economic transformation. Foreign direct investment is paramount to support employment and price stability in Türkiye.

However, recognizing that the tax reform amendments have now been made public, we would urge you to open this legislation to a comment and review period with the private sector prior to a vote in the Grand National Assembly. Across the OECD, standard practice for notice and comment typically includes several weeks for consultation and deliberation before enactment of legislation with such broad effects. We are concerned that should Türkiye quickly pass such a significant piece of legislation through Parliament without a formal comment and review process, it will undermine all of Türkiye's progress to become a more competitive destination for inward investment flows. Moreover, a more deliberative process will help Türkiye demonstrate regulatory practices that are supported by institutions like the OECD and World Bank.

Regarding the content of the proposed amendments, the U.S. Chamber acknowledges Türkiye's participation in the OECD/G20 Inclusive Framework on Base Erosion and Profit Shifting (BEPS). In October 2021, the United States and Türkiye joined 134 other members of the OECD/G20 Inclusive Framework on BEPS in reaching political agreement on a "two-pillar solution" to address the tax challenges arising from the digitalization of the economy. We also acknowledge the follow-on agreement reached between the



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United States and Türkiye on a transitional approach to Türkiye's Digital Services Tax and the United States' trade actions in response thereto while implementing Pillar 1 of the two-pillar solution. This bilateral agreement was in effect until June 30, 2024.

With the U.S.–Türkiye transitional agreement expired and the proposed enactment of two major new minimum corporate tax regimes, the risks of legal uncertainty and instability for businesses abound. Implementation of the proposed “Local and Global Minimum Corporate Tax” legislation will require extraordinary efforts by businesses and the government to effectively comply with and administer the new rules. The novelty and complexity of these proposals demand a more rational, deliberative legislative process than presently contemplated, coupled with meaningful opportunities for public comment. The issue of greatest mutual concern among companies globally is ensuring consistency in the domestic implementation and administration of the Pillar 2 Global Anti-Base Erosion (“GloBE”) Rules across different jurisdictions.

Of particular concern here is the proposed minimum tax's treatment of Türkiye's 7.5% Digital Services Tax, the most burdensome levy of its kind in the world. Given the substantial sums at stake, it is critical that Türkiye's implementing legislation make clear that digital services taxes and other taxes not qualifying for the definition of “Covered Taxes” under the GloBE Rules will be treated as *deductible* in the computation of the new minimum tax's base (i.e., as reductions to the denominator in the ETR calculation). The U.S. Chamber thus respectfully urges the Turkish government to reconsider its expedited timeline for this legislation and reengage with the business community throughout the domestic implementation and administration processes.

Thank you for considering these recommendations for a more sound and consultative tax legislative process. We appreciate your leadership and support for Türkiye's economic reforms. The Chamber of Commerce's U.S.-Türkiye Business Council will be traveling to Ankara with a business delegation September 10-12, and we welcome the opportunity to meet with you then. Ms. Dilek Burduroglu, the U.S. Chamber of Commerce Istanbul-based Representative, will be in touch with your office to follow up on this letter.

Best regards,

Khush Choksy

cc: H.E. Sedat Önal, Ambassador of the Republic of Türkiye to the United States  
The Hon. Jeffry Flake, U.S. Ambassador to Türkiye  
Mr. Rifat Hisarcıkloğlu, TOBB President