

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

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TURKISH STAMP DUTY

Note by the Government of Turkey

The following communication was received by the secretariat on 10 April 1969 with a request that the matter be referred to the Council of Representatives.

On 11 November 1967 the CONTRACTING PARTIES decided to waive the provisions of paragraph 1 of Article II of the General Agreement to allow the Government of Turkey to maintain the stamp duty of 15 per cent ad valorem on all imports, as a temporary measure to be abolished at the latest by 31 December 1972.

The stamp duty of 15 per cent was necessitated by the desire of the Turkish authorities to pursue their efforts to secure a reasonable rate of growth in stability. This measure, among others, was to be instrumental in permitting the Turkish Government to:

- (i) meet the financing requirements of the Development Plan;
- (ii) maintain internal price stability; and
- (iii) prevent the worsening of the balance-of-payments position.

The developments in the Turkish economy since 1967 in no way eased the task confronting the Turkish authorities in their efforts to achieve the objectives of the Development Plan. Indeed, the level of investment required to achieve these objectives necessitates a constant increase in domestic savings and a growing volume of foreign exchange earnings. For a developing country constantly confronted with structural problems, the two above-mentioned factors have to be closely watched if the economy is to be maintained on an even keel and development achieved in stability.

In the course of the preparation and examination of the Turkish budget for fiscal year 1969, it has once again become clear to the Turkish authorities that the implementation of the current Development Plan, without impairing the stability of the economy, will require an additional fiscal effort.

Bearing in mind the further necessity of alleviating the pressure on the balance of payments, the Turkish authorities have decided on a series of fiscal measures expected to yield an additional revenue of approximately LT 1.6 billion. One of these measures is to increase the stamp duty from 15 per cent to 25 per cent ad valorem on all imports, except for certain very exceptional cases where this rate is increased to 100 per cent.

This increase in the rate of the stamp duty is provided through an amendment of Article 2 (annexed hereto) of Law 323 concerning the import stamp duty. All other provisions of this Law, including the terminal date of 31 December 1972 for the maintenance in force of the stamp duty, remain unchanged.

The Turkish authorities wish to particularly emphasize that the purpose of the increase in stamp duty is not to reduce imports below their present level, but rather to keep such imports, and especially liberalized imports, at a level commensurate with present external payment possibilities. In spite of this measure, imports are expected to increase from \$764 million in 1968 to \$860 million in 1969 - an increase of nearly 8 per cent.

The Turkish delegation is ready to furnish any further information in this respect which may be required by the CONTRACTING PARTIES.

ANNEX

Article 2 of Law 828¹ has been amended by Article 36 of Law 1137 to read as follows:

The rate of this duty, not to exceed 25 per cent, shall be determined by the Council of Ministers.

However, in cases where commodities have been brought to customs warehouses notwithstanding, or contrary to, the provisions of the Customs Law, the Foreign Trade Regulation, or the legislation pertaining to the protection of the value of the Turkish currency, the maximum rate shall be 100 per cent if the importation of such commodities is exceptionally permitted, or if customs warehouses are cleared in accordance with the provisions of the Customs Law, or in the case of importation relating to the transfer of wealth (from abroad) in accordance with the pertinent laws, decrees or other legislation.

However, the Council of Ministers is authorized, whenever deemed necessary, to modify these rates.

¹ See document L/2786.