

GENERAL AGREEMENT ON

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TARIFFS AND TRADE

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TURKEY - STAMP DUTY

Report of the Government of Turkey on Relevant Developments Regarding the Implementation of the Stamp Duty

The following communication, dated 9 November 1988, has been received from the delegation of Turkey with the request that it be circulated to all contracting parties.

1. The decision taken by the CONTRACTING PARTIES on 9 November 1987 allows the Government of Turkey, under specified terms and conditions, to maintain until 31 December 1989 a stamp duty on imports into Turkey of products included in schedule XXXVII. Under the terms and conditions of this decision, Turkey is to report one year from the date of this waiver on any relevant developments.

2. As was indicated on different occasions, and lately by the Turkish delegation in the course of the last full consultations in the Committee on Balance-of-Payments Restrictions, the stamp duty and other similar measures have never been conceived to restrict imports but as a temporary fiscal measure necessitated by the high rate of public sector deficit. It is known to all concerned that the high level of inflation and the increasing public sector deficit are the two most serious issues that the economy of the country confronts at present. Pending the completion of the ongoing process of finding alternative sources of revenue through the reform of the taxation system, which is expected to be achieved in the not too distant future, the stamp duty will have to be retained with fluctuating rates in line with economic and financial conditions, as has been the case recently.

3. A look at our trade statistics will reveal that this measure did not, in practice, restrict imports, which maintain a rising trend. In fact, within the framework of the liberalisation policy, exemptions and reductions are applied to concessional tariffs bound in GATT on many products. Therefore, there can be little or no incidence of stamp duty on imports since no stamp duty is imposed in cases of duty exemptions. Where it is applied, its effect is fully or partially offset, in most cases, by tariff reductions. It should also be borne in mind that Turkey's schedule of concessions bound in GATT comprises a greater number of products than many other contracting parties.

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4. The ultimate objective of the Government of Turkey is to put an end to the practice of collecting revenue through stamp duty and other similar measures, as soon as the present work on a more effective taxation system is completed. Therefore, the stamp duty, applied at its present rate, is a temporary fiscal measure and, in no way, conceived as one to restrict trade, nor has it proved to be so in practice.