

**TOBB President M. Rifat Hisarcıklıoğlu:**

## In order to keep inflation in check the risks that drive interest and exchange rates up must be offset

In order to be able to resolve the inflation problem which has become a mounting pressure, it is paramount that stability is reached and markets are reassured first of all in exchange rates then economical policies. The resolution to this is that the risks that drive up interest and exchange rates are exterminated.

**T**he income and corporation tax paying bodies that calculate their income based on balance sheets must subject to their fiscal tables to inflation review if the price index increase is over 100% within the last 3 account terms and over %10 within the current/last account terms. In order for inflation review practice to go forward, it is certain that both conditions are met simultaneously. The fiscal tables dated 31st Dec 2021 will have to be rectified within this frame based on current data and inflation accountancy. Unless a new legal initiative is taken this needs recurring. To that end, a draft general taxation method law with regards to inflation review by the Income Office Directorate paper is prepared and under review

### The last 12 months to be taken into consideration

The inflation review is to be done by income and corporate tax payers that calculate their income based on financial statement principle. Whether or not the new payers who have just begun work shall be liable to inflation review will also be confirmed according to the general principles. The finding of rates specified in temporary tax terms, the past 3 years including the ultimate months of periods of 3 months instead of last 3 account terms; and instead of the current account term last 12 months are to be considered.

The payers that assess their income based on business account principle and

free lance specialists that keep free lance work books will not be able to use the inflation review scheme. However, they will be able to amortise their amortisable economic assets based on their official written updated amounts.

The payers who are permitted to keep their books in currencies other than TL but have begun reporting them in TL and that has not been more than three years will not benefit from the inflation review either.

### The conditions for the topic coined in 2004 has never really brewed

The practice in question was first dealt with back in 2004; however, as the conditions for it [inflation accounting] had never really ripened then, it was discontinued. Depending on their monetary and non-monetary items and their spread and amount in the balance sheet, the inflation accounting practice might coerce organisations to pay more or less tax.

When all the correction work on monetary equities is over, the balance of the inflation correction account will be closed being added in to the current profit and loss account and depending on the value, the organisation's current profit or loss will increase or decrease. For instance, an organisation that is capital stock rich and is investing this in to monetary equities is expected to report a current decrease in profit and increase in loss following the inflation correction action for the capital of the organisation is wiped out against the inflation; they



are thus expected to pay less tax.

On the contrary, a foreign capital rich organisation might see a current increase in profit and decrease in loss following the same action if they have invested this in to non-monetary items since this organisation would have invested their foreign monetary equities in non-monetary equities that are able to keep their purchasing power shifting in line with the price moves; however, they are likely to face paying more tax.

### Uncertainties surrounding tax payers and chartered accountants as well

On the other hand, the directives related to inflation correction that have been on hold for 17 years and have recently been revisited continue to spawn some uncertainties both for tax payers and chartered accountants. In particular, it is uncertain for some tax payers whether or not they will be able to reclaim the %2 tax payable over the value increase of amortisable economic assets. In the event that inflation accounting is in effect, there might be an unfair situation for some tax payers that have reported with regards to that scope which might necessitate a legal regulation to offset this unfairness.

Certainly, the most important thing is to not have to face methods that are comprehensive and not easy to apply. That is to say, it is important to garner price stabilisation and in parallel to keep inflation in check in low one-digit values. In countries where there

is one-digit value inflation and whose money is kept as reserve can overcome the inflation issue by increasing the interest rates and tightening the monetary policies whereas in the high risk economies that are experiencing

dolarisation problems, it is not possible to tackle this problem the same way in particular permanently.

It is necessary first and foremost to render stability in exchange rates then economic policies and reassurance

in the markets in order to keep the inflation problem that has recently gone astray and meant both the private sector and state a big burden. This could only be possible by averting the risks that cause it.

---

## Digitalisation and green technology shall yield results as good as its accessibility

**T**SKB Economic Research added a new report to its 'TSKB Vision' publishing series. The research titled 'the Key to transformation: digitalisation and green technologies which focuses on the transformation digital technologies will create over economic activity and its role in shift to green economy in the post-covid pandemic era sheds light on the impact of digital accessibility injustice and the ways to tackle it. According to the report, the prerequisite to create a better world is that all the societies have equal accessibility to digitalisation and green technology.

### New tech might provide developing countries with a sharp edge

Digital economy continues to evolve with the collection, analysis and use of digital data amassed in all areas of life currently. The new digital tech (border tech) that combines these capacities with different disciplines create opportunities for developing countries. In 2025, this will have reached a whopping 3.2 trillion USD market value thanks to areas such as IoT, AI and robotics and their implementation on current areas of work which will mean a sheer potential for developing countries with discoveries of new products and services. On the other hand, cyber attacks that have evolved to become more abundant and sophisticated nowadays continues to pose a threat for the integrity and privacy of data meaning a great risk for individuals, organisations and states and their adaptation to digital age jeopardising their operations.



### ICT education means life or death for developing countries

It is stated in a new report that the new era necessitated a different development policy, and it is also pointed out here that the number of industrial robots in plants reached a new all time high in 2021. The use of industrial robots is only limited to a few industries currently such as electronics and automotive. Manual labour not automation still is in the foreground of many sectors such as textile and apparel in terms of technical and economic perspective.

In the next ten years, it is expected that advanced robots shall be cheaper and their abilities and efficiency will increase. This might result in

multinational corporations which had taken some of their production processes to the developing countries due to cost-cutting measures bring that back to the developed countries again with automation further advancing. Besides, digital technologies such as AI and automation also means new opportunities for developing countries. These technologies replacing bodily work are expected to create new areas of work where humans relatively have the upper hand. Building an educational system that is considering new production phases and in particular augmenting capacities in ICT will play a crucial role in the tackle of developing countries' fight against the middle class trap.

## “May the new year bring health, peace, prosperity and love to the whole world”

TOBB president M. Rifat Hisarcıklioğlu who wished the whole world a new year full of health, peace, prosperity and love said “altogether we will continue to strive to leave for new generations a better world.” He noted he wishes “2022 may bring our country and the whole humanity beautiful things.”



our country and the whole humanity beautiful things.”

### “We do not worry about our country's future; we're always hopeful”

Hisarcıklioğlu noted in his new year message that “we closely monitor the sectoral and companywise issues and continue to pass them on to the government instantly with our solution ideas. As the Turkish business sector, we are hopeful about our country's future. We as the business world work to grow our country's level of prosperity and richness, provide everyone with an opportunity of work and income. We are through difficult times yet this all shall pass. Truly, we have never lost hope and enthusiasm. The important thing is to support each other in unity and solidarity. We strongly believe as a nation we will see better futures. We wish 2022 to be a much better year socially and economically.

**T**OBB president M. Rifat Hisarcıklioğlu wished in his 2022 message for Turkey and the whole world a new year full of health, prosperity, peace and love. Hisarcıklioğlu who touched upon the

nation's character of togetherness and unity that help our hopes stay alive and grow noted “together we will continue to strive to leave for generations to come a better world. I wish 2022 shall bring

## Hisarcıklioğlu meets The Dutch Consul Kwaasteniet

**T**he Union of Chambers and Commodity Exchanges president M. Rifat Hisarcıklioğlu met the Ankara consul of the Netherlands, Marjanne Kwaasteniet. During the meeting which took place at TOBB Twin Towers, Turkey-EU relations, Turkey-the Netherlands trade and economic relations as well as recent local economic developments have been focused on.

