


MAN 202 Principles of Accounting II

VALUE ADDED TAXES: TURKISH CASE



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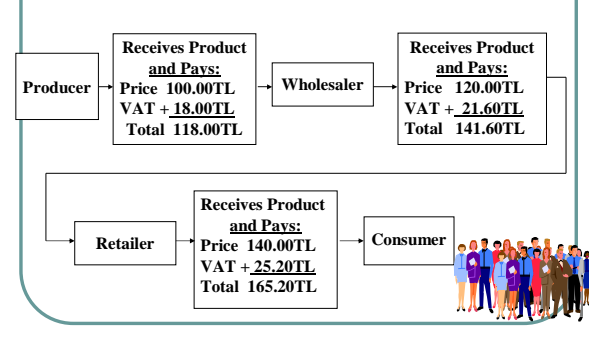
1

Value Added Tax Rates

- 18 % General rate
- 8 % Common foods, books, etc.
- 1 % Agricultural products, newspaper, etc.

2

Value Added Tax




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    graph LR
      Producer --> Wholesaler
      Wholesaler --> Retailer
      Retailer --> Consumer
  
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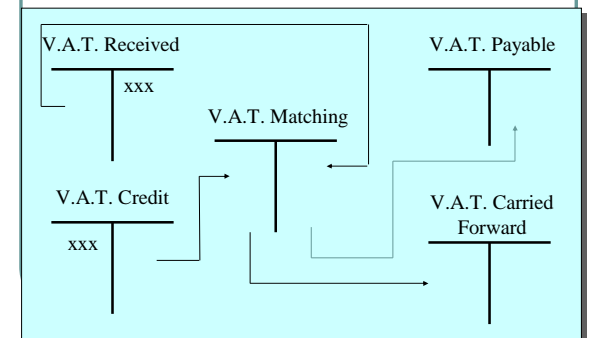
Accounts Used to Record V.A.T.

- V.A.T. Credit
- V.A.T. Received
- V.A.T. Matching
- V.A.T. Carried Forward
- V.A.T. Payable



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Accounting for V.A.T.



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Closing Entries

1. Close V.A.T. Credit to V.A.T. Matching.
2. Close V.A.T. Received to V.A.T. Matching.
3. Close V.A.T. Carried Forward account's balance from previous month to V.A.T. Matching.
4. Close V.A.T. Matching to V.A.T. Carried Forward or V.A.T. Payable.

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Accounting for V.A.T.

Purchased inventory total 6.000 TL plus %18 V.A.T. for cash on March 5

----- March 5 -----			
Inventory	6.000		
V.A.T. Credit	1.080		
Cash		7.080	

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Accounting for V.A.T.

Sold inventory at 4.000 TL plus %18 V.A.T. on credit on March 15.

----- March 15 -----			
Accounts Receivable	4.720		
Sales Revenue	4.000		
V.A.T. Received	720		
----- March 15 -----			
Cost of Goods Sold	xxx		
Inventory		xxx	

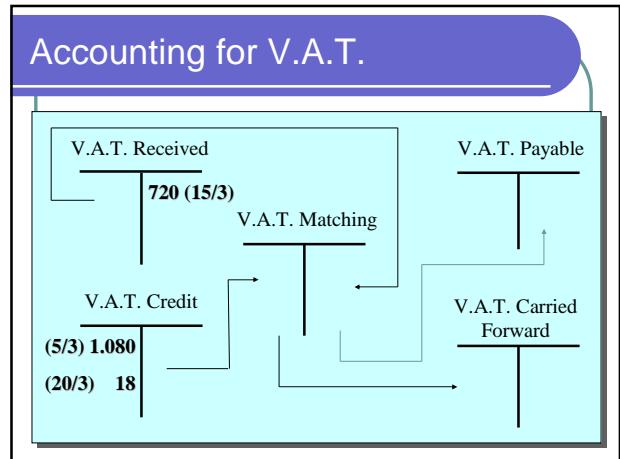
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Accounting for V.A.T.

Paid bill for utilities for 100 TL + 18% V.A.T. on March 20 .

----- March 20 -----			
Utilities Expense	100		
V.A.T. Credit	18		
Cash		118	

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Accounting for V.A.T.

At the end of the month V.A.T. Credit and V.A.T. Received are closed to V.A.T. Matching

----- March 31 -----			
V.A.T. Received	720		
V.A.T. Matching		720	
----- March 31 -----			
V.A.T. Matching	1.098		
V.A.T. Credit	1.098		

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Accounting for V.A.T.

V.A.T. Matching Account is closed to V.A.T. Carried Forward Account

----- March 31 -----			
V.A.T. Carried Forward	378		
V.A.T. Matching		378	

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Accounting for V.A.T.

V.A.T. Received		V.A.T. Payable	
(31/3) 720	720 (15/3)		
V.A.T. Matching		V.A.T. Carried Forward	
(31/3) 1.098	720 (31/3)		
V.A.T. Credit		V.A.T. Carried Forward	
(5/3) 1.080	1.098(31/3)		
(20/3) 18		(31/3) 378	

Accounting for V.A.T.

Sold inventory at 8.260 TL for cash on April 3, %18 V.A.T. was included in the price

----- April 3 -----		
Cash	8.260	
Sales Revenue		7.000
V.A.T. Received		1.260
----- April 3 -----		
Cost of Goods Sold	xxx	
Inventory		xxx

Accounting for V.A.T.

Purchased inventory total 3.500 TL plus %18 V.A.T. on account on April 23.

----- April 23 -----	
Inventory	3.500
V.A.T. Credit	630
Accounts Payable	4.130

Accounting for V.A.T.

V.A.T. Received		V.A.T. Payable	
	1.260 (3/4)		
V.A.T. Matching		V.A.T. Carried Forward	
V.A.T. Credit			
(23/4) 630			378

Accounting for V.A.T.

At the end of the month V.A.T. Credit and V.A.T. Received are closed to V.A.T. Matching

----- April 30 -----	
V.A.T. Received	1.260
V.A.T. Matching	1.260
----- April 30 -----	
V.A.T. Matching	1.080
V.A.T. Carried Forward	378
V.A.T. Credit	630

Accounting for V.A.T.

Close V.A.T. Matching Account to V.A.T Carried Forward Account

----- April 30 -----	
V.A.T. Matching	252
V.A.T. Payable	252

Accounting for V.A.T.

V.A.T. Received		V.A.T. Payable	
(30/4) 1.260	1.260 (3/4)		252 (30/4)
		V.A.T. Matching	
		(30/4) 1.080	1.260 (30/4)
V.A.T. Credit		(30/4) 252	
(23/4) 630	630 (30/4)	V.A.T. Carried Forward	
		378	378 (30/4)

Accounting for V.A.T.

V.A.T. Payable is paid in the following month

----- May 26 -----	
V.A.T. Payable	252
Cash	252



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Terminology (In Turkish)

- Value Added Tax: Katma Değer Vergisi (KDV)
- V.A.T. Credit: İndirilecek KDV Hesabı
- V.A.T. Received: Hesaplanan KDV Hesabı
- V.A.T. Matching: KDV Mahsup Hesabı
- V.A.T. Carried Forward: Devrolunan KDV Hesabı
- V.A.T. Payable: Ödenecek KDV Hesabı

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