ASELSAN TAX POLICY

About Us

ASELSAN Elektronik Sanayi ve Ticaret Anonim Şirketi ("ASELSAN" or "the Company"), which was founded in 1975 to meet the communication needs of the Turkish Armed Forces by national means, is a joint-stock company affiliated to the Turkish Armed Forces Foundation ("TAFF"). 74.20% of ASELSAN shares are owned by TAFF, and 25.80% is traded on Borsa Istanbul ("BIST").

ASELSAN, the largest defense electronics company in Turkey, has a wide range of products that can meet the communication and information technologies, radars and electronic warfare, electro-optics, avionics, unmanned systems, land, naval and weapon systems, air defense and missile systems, command and control systems, transportation, security, traffic, automation and health technology needs of domestic and international authorities, especially Turkish Armed Forces.

Corporate Taxes

ASELSAN is subject to Turkish corporate taxes. The corporate income tax is declared until the relevant accounting period-end's following fourth month, twenty-fifth day's evening and it is batch paid until the end of the related month. In accordance with the tax legislation, profits of advance tax is being calculated and paid. The amounts paid in this way are deducted by the tax on annual earning.

In accordance with the tax legislation in Turkey, financial losses could be carried forward for a maximum of five years following the year they appeared. Besides, tax returns and the related accounting records may be reviewed within five years by the tax administration.

Provisions are made in the consolidated financial statements for the estimated tax liabilities of ASELSAN based on the current period operating results. Turkish tax legislation does not permit a parent company and its subsidiary to file a consolidated tax return. Therefore, provisions for taxes have been calculated on a separate entity basis.

Corporate tax rate that will be accrued based on rate able profit of the company is calculated on a basis by including disallowed deductions written of as expense when determining commercial profit with excluding tax-exempt profits and other discounts (also previous year losses and investments allowances used, if preferred)

Tax Planning

ASELSAN has internal procedures that clearly define lines of responsibility for its tax affairs. The basis of the duties and responsibilities defined by the internal procedures is to fulfill the requirements of tax laws, to comply with the changes in the law and to actively monitor the current changes and to inform the senior management. The Company's tax planning aims to support the commercial needs of the business by ensuring that its affairs are carried out in the most tax efficient manner while remaining compliant with all relevant laws. The tax function is therefore involved in commercial decision-making processes and provides appropriate input into business proposals to ensure a clear understanding of the tax consequences of any decisions made.

ASELSAN aims to align its tax position with the objectives of business units and with overall business strategy to provide sustainable outcomes. For this purpose, the Company does not engage in any operations or implement structures with the intent to inappropriately reduce taxes, such as contrived or abnormal tax structures. The tax that the Company pays is directly related to its business strategy and activities, and the Company only operates abroad for business development or operational needs.

Transfer Pricing

ASELSAN fulfills its country by country reporting (“CBCR”) obligation within the scope of Base Erosion and Profit Shifting (“BEPS”) 13th Action Plan published by OECD since 2019.

ASELSAN’s transfer pricing policy conforms with international practices which is in accordance with the arm’s-length principle and is supported by economic analysis and documentation according to the nature of the transactions. Within the scope of the General Communiqué on Disguised Profit Distribution through Transfer Pricing, the Company fills out and declares the "Form on Transfer Pricing, Controlled Foreign Corporation and Disguised Capital" attached to the Corporate Tax Return.

Tax Incentives

In compliance with its goal of gaining national technology, which is its main strategy since its establishment, ASELSAN constantly upgrades its R&D capabilities and develops innovative, high-tech and reliable products to reduce foreign dependency, and meet defense and security requirements with the national sources. The earnings gained within the scope of Technology Development Zones Law numbered 4691 and the Support of Research and Development Activities Law numbered 5746 were exempted from corporate tax until 31 December 2028.

Relationship with Public Authorities

Legal responsibilities and relationships with public authorities providing government incentives are carried out in a collaborative and professional manner. Interaction with public authorities is ensured by participating in workshops and forums on tax and other legal regulations.

Subsidiaries Subject to Consolidation

Both our subsidiaries and joint ventures subject to consolidation fulfill their obligations regarding the tax legislation of the countries in which they operate and submit their audited financial statements and declarations regarding their tax assets/liabilities to the relevant authorities.