

**INVESTIGATION OF SUCCESSION AND TRANSFER TAX IN TERMS OF
PROGRESSION IN TURKISH TAX SYSTEM****Dr. Öğr. Üyesi Murat AYDIN**Uşak Üniversitesi, Uygulamalı Bilimler Yüksekokulu, Muhasebe Bilgi Sistemleri Anabilim
Dalı, <https://orcid.org/0000-0002-7211-5208>**Abstract**

Progressive tax is one of the tariffs, applied in Turkish Tax System. Progression is one of the methods used to reach the power of payment in taxation too. The progressive tax tariff in the Turkish tax system is associated with the income tax. However, succession and inheritance tax has an progressive structure in our tax system.. When the literature is examined, it is seen that the number of studies on this subject is not at the desired level. The aim of this study is to reveal the succession and inheritance tax and to examine the progressive structure. Document review technique has been used in the study. In this context, succession and inheritance tax numbered 7338 and the succession and inheritance tax law general communiqué numbered 50 have been examined in detail. At the end of the study, in succession and inheritance tax; subject, exemption, exception, taxpayer, tax return and tax base have been stated in general. In addition, the tariff structure applied in succession and inheritance tax is presented as a table and the changes of the base slice amounts according to years have been discussed.

Key words: succession and inheritance tax, progression, basis bracket sums

Introduction

Worldwide, taxes have a significant share in public revenues. In Turkey, share of the tax in the 2019 budget is close to 90%. Tax is an important area for academics as well as for states. When national and international studies were examined, it was seen that studies were carried out on all types of tax. In particular, there are many studies related to taxes received on income and expenses. But taxes on wealth are not given much place in the literature. Inheritance and transfer tax has been forgotten both in other countries and in Turkey. For this reason, succession and inheritance tax were examined in this study.

More than one tax tariff is applied in the Turkish tax system. These are; the fixed amount tax tariff, the fixed rate tax tariff, the reduced rate tax tariff and the increased rate tax tariff. In this study, succession and inheritance tax were evaluated in terms of progression. In Turkish tax system, there are two taxes that use an progressive tariff. These taxes are income tax and succession and inheritance tax. The term of progression remind us of income tax first in Turkey. Because almost all of the work done in this area is about the progression of income tax. But the succession and inheritance tax also has a progressive schedule.

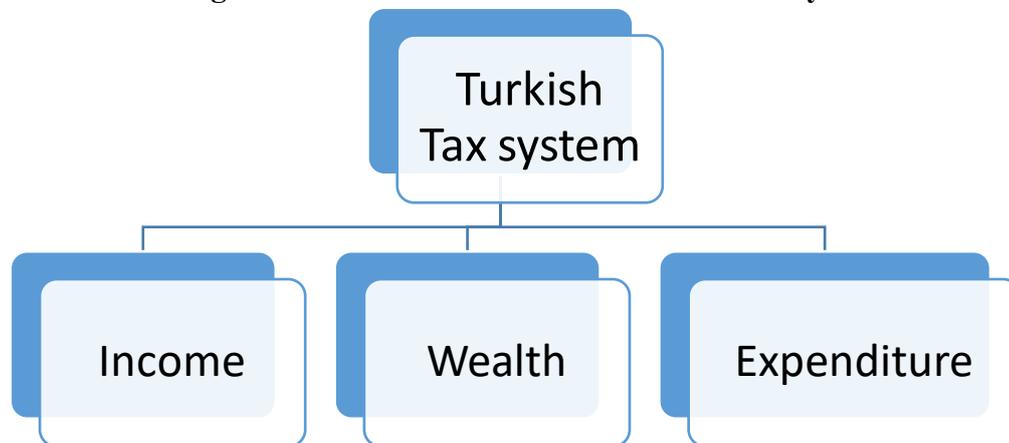
The aim of this study is to evaluate succession and inheritance tax in the context of progression. Document review method has been used in the study. The law on succession and inheritance tax no. 7338 and the general communiqué on succession and inheritance tax law serial No. 50 have been extensively studied. In addition, the national literature has been reviewed in the concept of “succession and inheritance tax”. In this study it has been reached 32 articles and examined 14 full texts of these articles. Some articles have been examined in a

table prepared according to the 4N 1K model. As a result, succession and inheritance tax in Turkey has little place in the overall budget and tax revenues. It is believed that this is the reason why succession and inheritance tax are not widely subject to academic studies. In addition, there are discussions in the international literature about the abolition of succession and inheritance tax.

General Overview To the Turkish Tax System

In 1920, Grand National Assembly of Turkey firstly made a law about taxation. It was called “cattle tax”. When viewed from this aspect, tax concept is very important income source for states. In the early years in Turkey, our tax system was not a very comprehensive. But every passing year new taxes were added to the Turkish tax system. And also some taxes were revised and some were removed. Finally, Turkish tax system consist of three elements.

Figure 1. General Structure of Turkish Tax System



In figure 1, it has been stated that there are three factors in Turkish tax system. These are income, wealth and expenditure. In other words, taxes are collected from these factors. Income tax and company tax are collected from income factor. And also there are three taxes collected from wealth. These are; motor vehicles tax, property tax and succession and inheritance tax. All of taxes are collected from expenditure factor apart from these. In this figure, classification is related to subject of the tax. Another important classification is about direct and indirect taxes. Taxes collected on income and wealth are direct tax too. Expenditure taxes are indirect taxes.

1. Progressive Taxation Structure

In the recent years, taxation principles has been much- discussed in academic circles. Principles of taxation, such as efficiency, equality, justice, are very important concepts for an ideal tax system. Conflict between efficiency and justice is seen as significant obstacles to achieving an ideal tax system (Sarioğlu, 2002:219-228). One of the methods used to ensure justice in taxation is progression. In particular, the progression used by income tax is also subject to serious criticism. Because progression causes a loss of wealth in later periods, as it causes a substitution effect for a high-income taxpayer (Sarioğlu, 2002:219-228). In addition, it is an undeniable fact that progressivity are among the indispensable of almost every tax system. In addition, progressivity are an indispensable element in every tax system.

A comprehensive study of the literature showed that there are 5 types of progressive tariffs. In fact, some of them can be seen as features. The most commonly used tariff is the progressive of tranches.

- ▶ Simple progressivity
- ▶ Tranche progressivity (Applied In Income Tax)
- ▶ Disguised progressivity (Fixed rate)
- ▶ Cold progressivity (Hyperinflation)
- ▶ Weak and strong progressivity (Height and lenght difference)

2. Why Was This Topic Chosen?

There are many factors in choosing this topic. But, 4 of them have been very effective in this sense. These factors are mentioned below.

- Failure to elaborate on succession and transfer tax in Turkish tax system courses
- Lack Of A Periodic Tax
- Lack Of Much Study In Literature
- Taxpayers Are Not As Familiar With Other Taxes

3. Literature Review

It has been examined within the scope of national studies with the literature as a whole. In this context, summaries of 32 studies related to the subject have been read. The full text of 14 of these works has been reached. A study conducted in the Google Sclar database showed that the first study on "wealth taxes" was conducted in 1982 (Heper, 1982). In a book (Karakoç, 1990) in which successione and transfer tax are evaluated from the view of sucession law, the relationship between sucession law and tax law has been revealed. Succession and transfer tax problems have been going on for years. A study only sheds light on these problems (Baydoğan, 1995).

In another study, succession and transfer tax has been examined in terms of the principle of legality (Kaplan, 2013). In this study, the share of succession and transfer tax in the budget has been investigated (Şafak, 2013). Another article in 2015 compared succession and transfer tax by country. These countries are America, Germany, Spain, England and France (Yurtsever ve Şafak, 2015).

Some studies have been examined in the literature table prepared according to the 4n 1K model.

Table 1. Literature Review

Author	Aim and Method	Conclusion
Ortaç (2002)	This study has two goals. The first is how changes to the Civil Code affect succession and transfer tax. Its second goal is how these changes should affect succession and transfer tax according to needs.	General evaluations were made within the scope of the study.
Çiçek & Çiçek, (2008)	In this study, inheritance tax practices in two important European Union countries, the United Kingdom and Germany, are examined in comparison with the practice in Turkey.	The usual explanations for theory and practice as related to succession and transfer tax after the taxes in total tax revenues of the weight in question, the

		subject of the tax, taxpayers, rate, exemptions, and tax payments are taken as comparative information about about the subject evaluations are made.
Furtun (2009)	In the German tax system, it is the subject of the latest regulations on succession and transfer tax literature examined.	In the German tax system, it has been shown that there is an unfair situation in the application of succession and forgiveness tax on the basis.
Kaplan (2011)	The aim of the study was to calculate progression index of the Turkish tax system in 8 periods between 1924-2008. The Kakinaka-Pereira method has been used.	Tax reforms and the flexibility of the tax system have been shown to have significant effects on indices.
Kılıçaslan (2011)	It is aimed to evaluate succession and transfer tax in the context of informality. Literature review conducted.	Proposals for the abolition of succession and transfer tax have been presented.
Öz Kutbay & Buzkıran (2014)	The aim of this study is to examine the general framework of wealth taxes. Literature review conducted.	Some suggestions have been presented.
Şafak & Yurtsever (2015)	The aim of this study is to present the general lines of succession and transfer tax. A literature review study was conducted.	At the end of the study, the legal basis of inheritance and transfer tax is stated.
Güneş, (2017)	It is to reveal the need for an overhaul in the tax of succession and transfer. Literature examined.	It has been concluded that the succession and transfer tax should be revised.
Demirci (2018)	In this study, the importance of the existence of succession and transfer tax in the context of its relationship with the informal economy and the proposal for a new regulation are emphasized.	Emphasis on the need for new regulation rather than abolishing succession and transfer tax it is being done and there are suggestions on the content of the new regulation that can be made.
Ömür, & Giray (2019)	The subject of this study is the succession and transfer tax received on the unrequited change of hands of wealth, which is an indicator of tax solvency.	Tax expenditures included in the scope of Turkish succession and transfer tax and which contradict the principle of fairness in taxation were examined. Erosion in succession and transfer tax revenues due to tax expenditures has been investigated.

4. Aim and Method of Study

The aim of this study is to present succession and transfer tax with general lines and to examine the structure of the tariff with progressivity. Document review method has been used in the study. In this context, the General communique on succession and transfer tax No. 7338 and the law on Succession and Transfer Tax serial number 50 have been examined in detail.

5. Findings

The succession and transfer law began to be applied for the first time in 1926 under the name of Law No. 797. Although amendments were made in 1959 by Law No. 7338, there were no fundamental changes. Currently, the same law is applied.

The law consists of 26 articles and has 5 sections.

- Tax object, concepts, tax exemption and tax exception
- Taxpayer and tax return
- Tax basis, tax assessment and tax rate
- Measures of precaution and tax collection
- Miscellaneous provision

5.1. Object of Tax

The first article of the law draws attention. The object of succession and transfer tax is expressed. There are two ways in which a good passes from one person to another for free. It must either be inherited, or it must be via a normal transfer. First original term is succession. Second term is donation. These two terms are very important for us to understand the subject of tax.

Article 1 – *“Goods belonging to persons belonging to the Republic of Turkey and goods located in Turkey are subject to succession and transfer tax from one person to another person for free style, regardless of succession sect or in any way”*

The important situation here is that the goods are transferred to another person for free. If there is a price, there would be no mention of tax.

5.2. Tax Exemption and Exception

Act 3. the article describes this topic. Accordingly, the institutions and organizations mentioned below are exempt from tax.

- Public institution
- Provident funds
- Social insurance institutions
- Some communities
- Political parties
- Charities
- Missionaries

4. the article describes the issue of tax exemption. The exception in the law is more comprehensive than the exemption.

- Household items that come through the heritage trail
- A portion of 400000 ₺ for each share transferred from securities and real estate to children and spouses
- Traditional gifts
- Alms
- 10000 ₺ portion of donation
- 10000 ₺ portion of the jackpot obtained from games of chance

5.3. Taxpayer and Tax Return

The taxpayer of succession and transfer tax is a person who acquires property in the order of succession or donation. In cases of revenge through succession, the person who dies is referred to the tax administration, where the headquarters are located in the ruling persons and other organizations. Those who obtain goods through succession or without succession are

obliged to declare the goods they have obtained with a return. Returns are given to the relevant tax authorities. Taxpayers in foreign countries give their returns to the consulates of Turkey.

If the death occurred in Turkey, taxpayers in Turkey must submit the return within four months following the date of death. If taxpayers are in a foreign country, they must submit their return within six months of the date of death. If the death occurred in a foreign country, taxpayers in Turkey must submit a return within six months following the date of death. Taxpayers must submit a return within four months following the date of death if they are in the hometown where the deceased was found. Taxpayers must file a return within eight months of the date of death if they are in another foreign country where the deceased was found.

5.4. Tax Rates (Progressivity)

In the Turkish tax system, there are two tax have progressive structure. Succession and transfer tax is the second of these taxes. There could be a few reasons for this. The most important reason is that this tax is a wealth tax. Wealth is a very important indicator of riches. Therefore, in addition to income tax in the Turkish tax system, succession and transfer tax are determined as progressivity tariff.

Table 2. Succession and Transfer Tax Rates

Tax Basis (₺)	Succession Tax Rate %	Donation Tax Rate %
For First 350.000	1	10
Latter 850.000	3	15
Latter 1.800.000	5	20
Latter 3.300.000	7	25
The portion of the base exceeding 63000 TL	10	30

According to Table 2 there are 5 tax bracket in succession and transfer tax. In fist bracket tax basis is 350.000 ₺. If the transfer come from sucession, taxpayers are required to pay 1% tax. If the tranfer come from donation, they are required to pay 10% tax. As the tax base increases, there are also significant increases in tax rates. The lowest tax rate is 1%, while the highest tax rate is 30%.

Conclusion

Succession and transfer tax has been applied in Turkey since 1926. Succession and transfer tax can be seen as one of the tools used to achieve ability to pay. In the Turkish tax system, it is the second type of tax with an prgressive tariff after Income Tax. There are two types: succession and donation. Its share of the overall budget is very low. When the literature was examined, 32 studies were found. Some of these works are mentioned only in name. Some of them are also included in the text. A significant part of the work carried out on succession and transfer tax is related to tax law and its application. These studies are recommended to either be removed or revised.

In this study document review method was selected for collecting data. This tax has two important legal bases. Firs one is law of succession and transfer tax. Other one is general communiqué on succession and transfer tax law. According to these sources, terms of tax object, concepts, exemption, exception, taxpayer, tax return, tax basis, tax assessment, tax rate have been explained. Numerical information is given about the structure of the progressive tariff.

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