TAX PROCEDURE · TPL 323

Doubtful receivable provisions for small receivables

What to know for the 2026 year-end.

KEY POINTS

6 key points

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02 · SCOPE

Expensing without going to court

For every uncollectable receivable, going to court or enforcement often costs more than the receivable itself.

Article 323 of the Tax Procedure Law therefore offers a separate route for small receivables: under certain conditions, they are treated as doubtful **without court action or enforcement**, and a provision can be expensed.

This applies only to receivables related to commercial and agricultural income.

The 2026 threshold

⚖ **TRY 25,000**

Amount applying from 1 January 2026

Receivables up to TRY 25,000: if unpaid despite being protested or demanded in writing more than once, they are treated as doubtful without court action or enforcement.

Receivables above TRY 25,000: court action or enforcement proceedings are required to set aside a provision.

The amount is updated each year by the revaluation rate; the 2026 amount was set by TPL General Communiqué No. 588.

04 · EFFECT

Balance sheet and tax are corrected together

Accurate current accounts: a provision for a receivable that seems uncollectable lets current accounts and the balance sheet reflect the business’s true position.

Deduction from corporate income: the provision is treated as an expense in determining corporate income.

For example, a provision for a TRY 20,000 receivable means TRY 5,000 less tax that year at the 25% corporate income tax rate. If the receivable is later collected, it is recorded as income in the year of collection.

05 · PROCEDURE

Conditions the administration looks for

01 The payment demand must reach the debtor more than once, on different dates.

02 The letter must be served on the debtor or a person authorised to receive it on their behalf.

03 The letter must state the amount of the debt and request payment directly.

04 Registered email (KEP), registered post with return receipt or a notary are preferable; ordinary email may make proof of service difficult.

The burden of proof lies with the taxpayer; dispatch and delivery records should be kept for the limitation period.

06 · TIMING

The year-end date is decisive

Under established administrative and judicial practice, the provision is set aside in the period in which the receivable becomes doubtful; it **cannot be deferred** to a later year.

Before 31.12.2026: if the second written demand reaches the debtor before this date, the provision can be expensed in 2026.

If it slips into the new year: if the second demand arrives in 2027, the provision also moves to 2027.

As the two demands must arrive on different dates, the first demand should be sent in November at the latest.

Receivables eligible for a provision

01 A provision can be set aside only for trade receivables previously recorded as revenue; advances paid and guarantee payments are generally excluded.

02 The administration does not accept provisions for receivables from public bodies.

03 For secured receivables, a provision can be set aside only for the part exceeding the security.

04 Those earning self-employment income cannot use this provision.

Businesses keeping books on an operating account basis record doubtful receivables as expenses and later collections as income.

08 · YEAR-END

Reviewing current accounts before the year ends

Identifying uncollectable receivables up to TRY 25,000 and completing the written demand process with at least two notices is important for expensing the provision in 2026.

This content covers the topic in outline. For an assessment specific to your business, please consult your financial adviser.

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