

**ACTION PLAN OF STRATEGY  
FOR FIGHT AGAINST THE  
INFORMAL ECONOMY  
(2011-2013)**

**ANKARA  
2011**

## **INTRODUCTION**

The informal economy is defined as any economic activity that is concealed from the state, not registered or cannot be registered, and thus cannot be audited. According to this definition, some informal economic activities occur as untaxed businesses by deliberately not registering legal economic activities or by not registering illegal activities.

In this context, the procedures that are legal yet are deliberately not registered and thus cause tax losses and evasion are a critical factor.

Action Plan of Strategy for Fight Against the Informal Economy (2008-2010), which aims to collect taxes through the registration of economic activities and comprehension of the economic magnitude of the informal economy in terms of tax, employment, and national income, was published as a Circular of the Prime Ministry No. 2009/3, No. 27132 in the Official Gazette dated 05/02/2009, and the outcomes of the actions in the Plan have been monitored by the Revenue Administration.

Precaution No.31 of the 2011 Program mentioned that the Action Plan would be updated to cover the years 2011-2013. In this context, the evaluation of the outcomes of the 2008-2010 Action Plan and suggestions for action from institutions and associations were made and the Draft Action Plan of Strategy for Fight Against the Informal Economy (2011-2013) was prepared and took its final form, which was discussed in the Economic Coordination Council.

## **I- CONTEXT**

The dimension of the informal economy, which falls outside the scope of the criminal economy, is about illegally failing to register income. In the criminal economy, production is done entirely illegally and the income gained from these illegal activities is concealed.

In this context, the criminal sector and other sub-sectors that fall outside the scope of the criminal sector of the informal economy are differentiated, and therefore the reasons for the fight carried out against these differ as well. In the fight against the dimension of the informal economy that falls outside the scope of the criminal economy, the State collects taxes by registering and declaring economic activities and the economic magnitude, in terms of tax, employment, and national revenue. The purpose of the fight against the criminal economy/black market is to eradicate the entire sector and the income earned in this sector.

Due to the fact that no one would ever consider that the State should gain revenue (tax) from illegal activities, there is no need to mention registering this sector.

As a matter of fact, the actions related to fighting the criminal economy/black market were not listed in the "Action Plan of Strategy for Fight Against the Informal Economy (2008-2010)". In the Action Plan 2011-2013, 47 actions concerning this issue were prepared and presented in the framework of the following five objectives:

- Increasing voluntary compliance
- Strengthening audit capacity
- Increasing the deterrence of the sanctions
- Sharing the database
- Raising public awareness

The Action Plan has been prepared within the framework of the realization of the results concerning the actions in the 2008-2010 Action Plan, with the evaluation of the suggested actions originating from the institutions, and considering the suggestions of the Economic Coordination Council.

On the other hand, the fight against the informal economy also includes the fight against informal employment. Since the National Employment Strategy Document involves comprehensive objectives in terms of fighting informal employment, no such objectives are repeated in the Action Plan, although some actions concerning the cooperation between institutions in the revenue/employment dimension are mentioned.

## **II- RESPONSIBLE AGENCIES AND AGENCIES FOR COORDINATION**

**1- Responsible Agencies:** The organizations that have direct or indirect relations with the action item(s), and with which the coordinating organizations will collaborate and request concrete support.

**2-Agency for Coordination:** The organization responsible for directly reporting the developments to the Revenue Administration and completing the anticipated action items in the intended time period.

Each coordinator organization determined for each specific action will report the results of these actions quarterly to the Revenue Administration. The following address will be used for reporting purposes: [kayitliekonomi@gelirler.gov.tr](mailto:kayitliekonomi@gelirler.gov.tr).

The Action Plan will be carried out in coordination with the following institutions/associations under the responsibility of the Revenue Administration:

- Ministry of Science, Industry and Technology
- Ministry of Labor and Social Security
- Ministry of Environment and Urbanization
- Ministry of Economy
- Ministry of Energy and Natural Resources
- Ministry of Customs and Trade
- Ministry of Finance
- Ministry of Health
- Banking Regulation and Supervision Agency
- Energy Market Regulatory Authority
- Capital Markets Board
- Social Security Institution
- Sugar Agency
- Union of Turkish Public Notaries

## **III- MONITORING AND ASSESSMENT**

Successfully fighting the informal economy is possible with efficient monitoring and assessment.

The Revenue Administration will monitor the implementation process of the Action Plan. Each coordinator institution, responsible for one specific action item, will report the results of these actions quarterly to the Revenue Administration, and the Action Plan will be monitored and evaluated by the following organizations:

**1- The High Council for the Fight Against the Informal Economy:** This council is composed of ministers whose ministries are appointed to work for the Action Plan led by the Prime Minister, has been founded to evaluate the outcomes of the Action Plan at least once a year, to make changes in the Plan when necessary, and to make high level decisions about this issue. Secretarial services of the council will be carried out by the Revenue Administration. When necessary, representatives of other ministries, public institutions and associations, universities, non-governmental institutions, employee associations, and the private sector, can be invited to the council meetings.

**2- The Council for Monitoring and Steering:** This council includes ministers who are members of the Economic Coordination Council and other related ministers. When necessary, representatives of other ministries, public institutions and associations, universities, non-governmental institutions, employee associations, and the private sector, can be invited to the council meetings which will be held at least once every six months.

**3- Executive Council:** The council can invite representatives of other ministries, public institutions and associations, universities, non-governmental institutions, employee associations and the private sector to meetings held every three months under the presidency of the Commissioner of the Revenue Administration.

#### **IV- CONCLUSION**

In the 2008-2010 Action Plan, the reasons for the informal economy have been determined, and cooperation has been established with the relevant public institutions and associations to fight the informal economy. The Revenue Administration has monitored the results of the 109 actions, including the actions of the Sugar Agency, which were later included in the Action Plan.

Since the success of the fight against the informal economy is possible with continuous and resolute monitoring of the fight as a state policy, the 2008-2010 Action Plan of Strategy for the Fight against the Informal Economy has been updated and a new Action Plan covering the years 2011-2013 has been prepared.

The 2011-2013 Action Plan will be monitored by the Revenue Administration and reviewed periodically by the councils of monitoring and assessment.

## **ABBREVIATIONS**

<b>BDDK</b>	Banking Regulation and Supervision Agency
<b>BTK</b>	Information and Communication Technologies Authority
<b>ÇSGB</b>	Ministry of Labor and Social Security
<b>EPDK</b>	Energy Market Regulatory Authority
<b>GİB</b>	Revenue Administration
<b>İŞKUR</b>	Turkish Employment Institution
<b>KOSGEB</b>	Small and Medium Sized Enterprises Development Organization
<b>SGK</b>	Social Security Institution
<b>SPK</b>	Capital Markets Board
<b>TCMB</b>	Central Bank of Turkey
<b>TOBB</b>	Union of Chambers and Commodity Exchanges of Turkey
<b>TÜİK</b>	Turkish Statistical Institute

ACTION NO	PURPOSE	ACTION	PERFORMANCE INDICATOR	RESPONSIBLE AGENCIES	AGENCY FOR COORDINATION	SCHEDULE
1	<b>Purpose 1: Increasing Voluntary Compliance</b>	The Taxpayer Risk Management Project will be concluded, and the transactions performed by the tax office will be ensured to be carried out in compliance with this Project.	The number of types of procedures carried out within the framework of the Project	Ministry of Finance (Board of Tax Audit)  GİB	GİB	2011-2013
2		The cost of tax compliance will be calculated and reported for each year, and every effort will be made to decrease this cost.	The change of compliance costs each year	GİB	GİB	2011-2013
			The number of projects carried out to decrease compliance costs			
3			Any kind of tax-related declaration, notification or form used by taxpayers will be reviewed and clarified.	The number of documents that are made clearer	GİB	GİB
4		Customs procedures will be carried out with electronic signatures.	Completion of the Project by 2011	Ministry of Customs and Trade	Ministry of Customs and Trade	December 2011

ACTION NO	PURPOSE	ACTION	PERFORMANCE INDICATOR	RESPONSIBLE AGENCIES	AGENCY FOR COORDINATION	SCHEDULE
5	Purpose 2: Strengthening Audit Capacity	The use of electronic invoices and accounts will be promoted starting from the sectors of fuel oil, mineral oil, tobacco and alcohol.	The increase in the use of electronic invoices and accounts	GİB	GİB	December 2012
			The numbers of taxpayers who complete electronic invoices, and have electronic accounts			
6		Technical and legal infrastructure will be created for registering online trade.	Completion of the project by the anticipated date	Ministry of Customs and Trade BTK GİB	GİB	2011-2013
7		"Electronic Business Audit Book" and the "Electronic Business Registration Center" including the information that serves as the basis for business and sector analysis, will be formed for the sole use of audit officers.	Connection of audit officers to the automation program without difficulty as of 01/01/2012, and their entry of the audit reports on the inspected businesses and of other updated business information	ÇSGB	ÇSGB	December 2012
8		Social Security Institution will increase the number of audit officers to 1500 within the period of the Action Plan.	The increase in the number of audit officers	SGK	SGK	December 2012

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9	Purpose 2: Strengthening Audit Capacity	Through cooperation between the Social Security Institution and the Revenue Administration, efficiency will be provided by combining the audit forms and business assessment records. Audits will be carried out electronically.	A common form composed of audit forms and business assessment records will be generated and used	SGK GİB	SGK	December 2012
10		By making the necessary adjustments in monthly premium and service document, employers will be required to report the occupations of their insured personnel according to the codes of the International Standard Classification of Occupations.	Receipt of notifications in accordance with standard occupation code			
11		The number of the actions of the taxpayer and their registration records will be aligned.	Detection of taxpayers whose actual business activities are different from their registered activities, and the number of updates according to the current state	GİB	GİB	December 2012



ACTION NO	PURPOSE	ACTION	PERFORMANCE INDICATOR	RESPONSIBLE AGENCIES	AGENCY FOR COORDINATION	SCHEDULE
12	Purpose 2: Strengthening Audit Capacity	Institutions will cooperate in order to register unregistered businesses, and the data of the business that have connected supplies of gas, water and electric will be compared with the SGK data by using business data, and information from the geographical information system of Turkish Statistical Institute.	The number of unregistered businesses and employees determined by making use of gas, water and electric subscribers data	SGK	SGK	December 2012
13		Synchronization of POS machines to the cash register will be provided.	Completion of the technical and legal infrastructure	BDDK GİB	GİB	December 2012
14		A "Passenger list prior notification" will be required for transportation companies so that necessary arrangements can be made for the Customs Administration to view the passengers.	The number of protocols signed	Ministry of Customs and Trade	Ministry of Customs and Trade	December 2013
15		The information related to the containers coming to Turkey and containers going abroad will be tracked with the help of a computer program.	Implementation of a container tracking program	Ministry of Customs and Trade	Ministry of Customs and Trade	December 2012

ACTION NO	PURPOSE	ACTION	PERFORMANCE INDICATOR	RESPONSIBLE AGENCIES	AGENCY FOR COORDINATION	SCHEDULE
16	Purpose 2: Strengthening Audit Capacity	Within the scope of SGK, risk analysis centers will be founded to increase the efficiency in the fight against the informal economy.	Foundation and operation of risk analysis centers	SGK	SGK	December 2012
17		Pilot audits will be planned and implemented in order to increase the efficiency in the fight against the informal economy.	Determination of the main points related to pilot audits and related plans	ÇSGB GİB SGK	GİB	August 2012
18		For more accurate risk-measurement in calculating the requirement for capital, international standards known as Basel-II, which includes standard applications that can be used alternatively and other applications based on the credit rating of the other party will be used.	Completion of the implementation as of the end of 2012	BDDK	BDDK	December 2012
19		The actors in the construction business will be registered and monitored.	The types of actors that can be monitored (contractors, engineers, architects, city planners etc.)	The number of actors that can be monitored	Ministry of Environment and Urbanization	Ministry of Environment and Urbanization

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20	Purpose 2: Strengthening Audit Capacity	Building cooperatives actors will be registered and monitored.	The number of cooperatives registered in trade registry	Ministry of Environment and Urbanization Ministry of Customs and Trade	Ministry of Environment and Urbanization	May 2012
			The number of cooperative managers, members and contractors that work for the cooperatives	Ministry of Food, Agriculture and Livestock Turkish Association of Municipalities		
21		Construction Material Producers and Certified Organizations in the construction sector will be registered to the "Construction Material Audit System" (YMDS) and monitored.	The number of Construction Material Producers and Certified Organizations registered to the YMDS	Ministry of Environment and Urbanization	Ministry of Environment and Urbanization	July 2012
22		Energy efficiency consultants and engineering companies specializing in consulting will be registered and monitored, in regards to energy efficient buildings	The number of energy efficiency consultants and engineering companies specialized in consulting	Ministry of Environment and Urbanization	Ministry of Environment and Urbanization	January 2012
			The number of energy efficiency consultants and engineering companies specialized in consulting that have the authority to log into the BEP-TR system			
23		Building audit institutions and other actors in the construction sector will be registered and monitored.	The number of building audit institutions	Ministry of Environment and Urbanization	Ministry of Environment and Urbanization	April 2012
	The number of other actors (building audit employees, construction supervisors, contracting companies, etc.) that are inspected and monitored		Ministry of Interior (General Directorate of Local Authorities)			

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24	Purpose 2: Strengthening Audit Capacity	International purchases through the internet by credit card will be monitored, and commercial procedures that violate exemption provisions of customs legislation will be detected.	The date of signature of the protocol.	Ministry of Customs and Trade Interbank Card Center	Ministry of Customs and Trade	December 2012
25		Among the data maintained by the Ministry of Energy and Natural Resources and its related institutions, those that might be useful in the fight against the informal economy will be determined, and a common database that might be useful to monitor these data will be established.	Establishing the system by 2013	Ministry of Energy and Natural Resources EPDK	Ministry of Energy and Natural Resources	December 2013
26		National marker implementation will begin for fuel oil, kerosene and naphtha-type products.	Starting of the national marker implementation	EPDK	EPDK	January 2013
27		The system to monitor cosmetic products will be implemented and its applicability in other sectors will be discussed.	Completion of infrastructure studies by the end of 2012	Ministry of Health Ministry of Science, Industry and Technology	Ministry of Health	2011-2013
Implementation of the system by the end of 2013 for cosmetic products	Ministry of Customs and Trade GİB					

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28	Purpose 2: Strengthening Audit Capacity	An additional three Accredited Laboratories will be established for fuel oil analyses.	Establishment of the laboratories	EPDK	EPDK	January 2013
29		A system will be established for tracking online activities carried out by institutions and organizations operating under the Capital Markets Board.	Establishment of the system by the end of 2013	SPK	SPK	2011-2013
30		The establishment of a Central Status Registry System that provides opportunities to track vegetables, fruits and other agricultural goods.	<p>Completion of the interview and tender processes for equipment suppliers required for the system.</p> <p>Introduction of secondary legislation</p> <p>Determination of defects within the system, if any, and their immediate resolution</p> <p>Recording the rate of market transactions' higher each year than the previous year</p>	<p>Ministry of Customs and Trade</p> <p>Ministry of Interior</p>	Ministry of Customs and Trade	2011-2013

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31	Purpose 2: Strengthening Audit Capacity	An online information system among licensed warehouse enterprises, authorized classifiers, specialized product markets, indemnity funds and other related organizations will be developed.	The number of the system-integrated units	Ministry of Customs and Trade	Ministry of Customs and Trade	2011-2013
			Recording the rate of (product-based) transactions in the trade regarding agricultural goods subject to licensed warehousing, being higher each year than the previous year			
			Providing agricultural goods subject to licensed warehousing to be marketed in domestic and foreign markets over their real values			
			Providing agricultural goods subject to licensed warehousing to be marketed in domestic and foreign markets over their real values			
			Providing product certificates to avoid possible price differences			
			Ensuring the product needs of the establishments via their product certificates			
			Providing credit from banks using the documents as a guarantee			
32		A system will be developed that enables the tracking of the products from production or importation, to records and registrations, until they are offered to the consumer.	Completion of the system within the determined time period	Ministry of Customs and Trade Ministry of Interior (Turkish National Police) GİB	GİB	December 2012

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33	Purpose 3: Increasing the Deterrence of the Sanctions	The required regulations will be determined upon reviewing the legislation on sanctions, and these regulations will put into effect within the determined time period.	The number of regulations required to be changed	Related State Institutions and Organizations	GIB	2011-2012

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34	Purpose 4: Sharing the Database	A system will be developed for sending sales data from gas stations to the Revenue Administration online.	Development of the system by the end of 2013	Ministry of Finance (Board of Tax Audit) GİB	GİB	December 2013
35		Land Registry & Cadastral Information System (TAKBIS) will be completed and data will be shared online.	Completion of the system within the determined time period and the ability to share information online	Ministry of Environment and Urbanization (General Directorate of Land Registry and Cadastral)	Ministry of Environment and Urbanization (General Directorate of Land Registry and Cadastral)	December 2013
36		A system will be developed to instantly convey and report data of the mass flow meters installed on the POS machines of companies that produce liquid sugar, to the Sugar Agency in an electronic environment, and to track the input regarding the liquid sugar used in the manufacturing industry.	The number of flow meters attached to the Institution in an electronic environment	Sugar Agency	Sugar Agency	June 2013
37		A system will be developed for data sharing between related institutions, regarding the procedures carried out by notaries public.	Putting the system into practice by the end of 2013	Union of Turkish Public Notaries	Union of Turkish Public Notaries	2011-2013



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38	Purpose 4: Sharing the Database	Free Zone Implementation Programs will be introduced to the related combatant institutions.	The number of institutions under which such a program was introduced according to measured periods	Ministry of Economy Ministry of Customs and Trade	Ministry of Economy	June 2012
39		A system will be developed that provides opportunities the distributor companies to track data regarding the import, export, purchase and sale of LPG.	Putting the system into practice by the end of 2013	EPDK	EPDK	December 2013
40		A Distributor Audit System will be completed and Energy Market Regulatory Authority information system will be supplied with the information in this system, and the system will be shared with related institutions and organizations.	Conveying Distributor Audit System data to the Energy Market Regulatory Authority and ensuring the sharing of data	EPDK	EPDK	May 2012
41		A central database regarding the Central Registry System (MERSIS) will be developed and its scope will be extended.	<p>The number of the new registries entered into the system</p> <p>The number of past registries conveyed to the system</p>	<p>Ministry of Customs and Trade</p> <p>Ministry of Interior</p> <p>Ministry of Development</p> <p>Ministry of Economy</p> <p>GİB</p> <p>SGK</p> <p>TÜİK</p> <p>TOBB</p>	Ministry of Customs and Trade	2011-2013

ACTION NO	PURPOSE	ACTION	PERFORMANCE INDICATOR	RESPONSIBLE AGENCIES	AGENCY FOR COORDINATION	SCHEDULE			
42	Purpose 4: Sharing the Database	An Entrepreneur Information System will be completed and the resulting data will be offered to institutions and organizations generating strategies regarding the fight against the informal economy.	Completion of the system and offering the information to relevant organizations	Ministry of Science, Industry and Technology ÇSGB Ministry of Economy Ministry of Energy and Natural Resources Ministry of Development GİB SGK TÜİK KOSGEB TOBB	Ministry of Science, Industry and Technology	December 2012			
43		Information gathered from all state institutions and organizations will be analyzed and shared between institutions.	<table border="1"> <tr> <td data-bbox="922 890 1433 965">The number of data analyzed</td> </tr> <tr> <td data-bbox="922 965 1433 1053">The number of data likely to be shared</td> </tr> <tr> <td data-bbox="922 1053 1433 1173">The number of protocols conducted for the sharing of the data</td> </tr> </table>	The number of data analyzed	The number of data likely to be shared	The number of protocols conducted for the sharing of the data	All State Institutions and Organizations	GİB	2011-2013
The number of data analyzed									
The number of data likely to be shared									
The number of protocols conducted for the sharing of the data									
44	A “Risk Center” under the Central Bank will be restructured again by the Bank Association.	Completion of the system by the end of 2012	The Bank Association of Turkey BDDK TCMB	BDDK	December 2012				

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45	Purpose 5: Raising Public Awareness	Tax consciousness training will be introduced to the 3rd, 4th and 5th grades of Elementary Schools across Turkey, and will be continued by including the 6th, 7th and 8th grades; additionally, “Tax Consciousness” and “Labor and Social Security” courses will be added to the National Education curriculum.	The number of training activities conducted for 3 <sup>rd</sup> , 4 <sup>th</sup> and 5 <sup>th</sup> grade students	Ministry of National Education GİB SGK	GİB	2011-2013
The number of training activities conducted for 6 <sup>th</sup> , 7 <sup>th</sup> and 8 <sup>th</sup> grade students						
Adding “Tax Consciousness” and “Labor and Social Security” courses to the curriculum						
46		The extent of the informal economy in our country will be evaluated and tracked for established time periods.	Annual change in the extent of the informal economy	Ministry of Development GİB TÜİK	GİB	2011-2013
47		Promotional activities through the media will be carried out to raise public awareness, regarding the fight against the informal economy.	The number of activities carried out	ÇSGB GİB SGK	GİB	2012-2013