

Stamp Duty Cancellation Decision of Supreme Court



The Supreme Court's recent ruling on the regulation of stamp duty dated 6 March 2024 addressed allegations of constitutional rights violations, particularly concerning the right to property and the principle of legal certainty. The applicant argued that the regulation imposed disproportionate financial burdens on individuals and businesses, restricting economic activities and creating unpredictable outcomes. Additionally, the lack of clarity and precision in the regulation was claimed to undermine legal certainty, leaving taxpayers unable to foresee their obligations.

In its assessment, the Supreme Court emphasized that any interference with the right to property must be legally grounded, pursue a legitimate aim, and adhere to the principle of proportionality. The Court found that the regulation imposed excessive financial burdens on economic actors without sufficiently balancing these burdens with public interest. Regarding legal certainty, the Court highlighted that tax laws must be clear, predictable, and consistently applied. It determined that the ambiguity of the regulation violated this principle by allowing varied interpretations and creating uncertainty for taxpayers.

As a result, the Court annulled the stamp duty regulation, declaring it incompatible with Article 35 of the Constitution, which safeguards the right to property, and the principle of the rule of law. To ensure a smooth transition and prevent disruption in tax administration, the decision will take effect following a transitional period.

This ruling is a landmark in Turkish tax law, underscoring the importance of protecting property rights and ensuring legal clarity in taxation. It will have significant implications for stamp duty-related transactions and taxpayer financial planning. Temporary or interim regulations are expected to be introduced to address the regulatory gap created by the annulment. Overall, the decision reaffirms the need for balanced and transparent tax policies that respect constitutional rights and promote economic stability.