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The Differences Between LMSE FRS And TFRS Comparison And Accounting On Financial Leasing Transactions In Turkey*

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ABSTRACT

The acceleration of financial leasing transactions on a global scale was realized after the crisis in 2008. In the context of research and written reports by different countries in which each country or region has different characteristics in terms of financial leasing operations. Although financial leasing transactions are dependent on many different actors, increasing transaction volume which becomes more important is primarily used in sectors related to real estate and construction and construction machinery. In this study, it is aimed to reveal structural adjustment and differences, accounting and also evaluation of tax transactions by giving place to the development of leasing transactions and using the comparative method between Turkey Financial Reporting Standards/TFRS and LMSE FRS analysis in Turkey.

Keywords: Financial Leasing Transactions, TFRS 16, LMSE FRS

Jel Classification: M40, M41.

Türkiye’de BOBİ FRS ve TMS Arasındaki Farkların Finansal Kiralama İşlemleri Üzerinden Karşılaştırılması ve Muhasebeleştirilmesi

ÖZET

Küresel ölçekte finansal kiralama işlemlerinin ivme kazanması 2008 krizi sonrasında gerçekleşmiştir. Ülkeler bazında yapılan araştırmalar ve yazılan raporlar bağlamında her ülkede veya bölgede finansal kiralama işlemleri uygulama alanı açısından farklı özellikler göstermektedir. Türkiye’de de finansal kiralama işlemleri birçok ekonomik aktöre bağımlı olmasına rağmen giderek önem kazanan ve artan işlem hacmi ile özellikle gayrimenkul ve iş ve inşaat makinelerine ait sektörlerde kullanılmaktadır. Bu çalışmada finansal kiralama işlemlerinin Türkiye’deki gelişimine yer verilerek, Türkiye Muhasebe Standartları/TMS ve BOBİ FRS arasında karşılaştırmalı analiz yöntemi kullanılarak, yapısal uyum ve farklılıkların ortaya konulması, muhasebeleştirilmesi ve vergi işlemleri açısından da değerlendirilmesi amaçlanmaktadır.

Anahtar Kelimeler: Finansal Kiralama İşlemleri, TMS 17, BOBİ FRS

JEL Sınıflandırması: M40, M41.

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1. INTRODUCTION

The assets consist of the total of the assets and receivables required to fulfill the objectives of the entity. The stronger the asset structure is, the more successful it will be to fulfill its objectives and will not have any problems in maintaining its life. For this reason, “asset size” which indicates the assets of the enterprise is considered as an important evaluation measure. Enterprises are able to acquire the assets necessary to continue their operations in two ways: “purchase” or “lease”. Businesses that do not have the funds to purchase the asset or who do not want to link the funds they selects an asset go through leasing instead of purchasing them. In some cases, renting the asset becomes more attractive than buying. By choosing to rent their assets instead of purchasing their assets, they can obtain significant amounts of financing. In leasing contracts, manufacturing enterprises, which require a considerable amount of fixed assets, expressed as tangible fixed assets, are commonly encountered in enterprises such as service providers. Although financial leasing is widely preferred by companies, it is observed that operating leases in some sectors have reached significant amounts. (Gökgöz, 2019: 319).

It is known that the historical background of the financial leasing transactions, which are used as a method for eliminating the financial needs of various service sectors around the world, are very old. This concept, which appeared in the first quarter of the 1900s, took its present form with the United States Leasing Corporation, which was established in the United States in 1952. American leasing companies have moved leasing activities to European countries in order to improve their field of work. Especially after 1960, in all Western European countries, new financial leasing companies were established with the effect of American companies. The first leasing companies in France, Italy and Germany were founded in 1962 and in 1968, leasing companies spread throughout Europe (Clark, 1985: 12). After that, this concept, as a result of efforts to maximize the economic levels of countries, has become a financing tool that meets the medium and long-term cash needs of the companies, especially through the banking sector. The emergence of leasing transactions in Turkey, the economy began in the mid-1980s coincides with the period in which the forefront of the current liberalization. Our country has met with the concept of leasing through legal regulation in 1985, number 3226 and decision no: 85/9866, dated 28th of September 1985. Later in 1986, Economy leasing company was established. The last amendment was made with the Law on Financial Leasing, Factoring and Financing Companies numbered 6361 published in 2012.

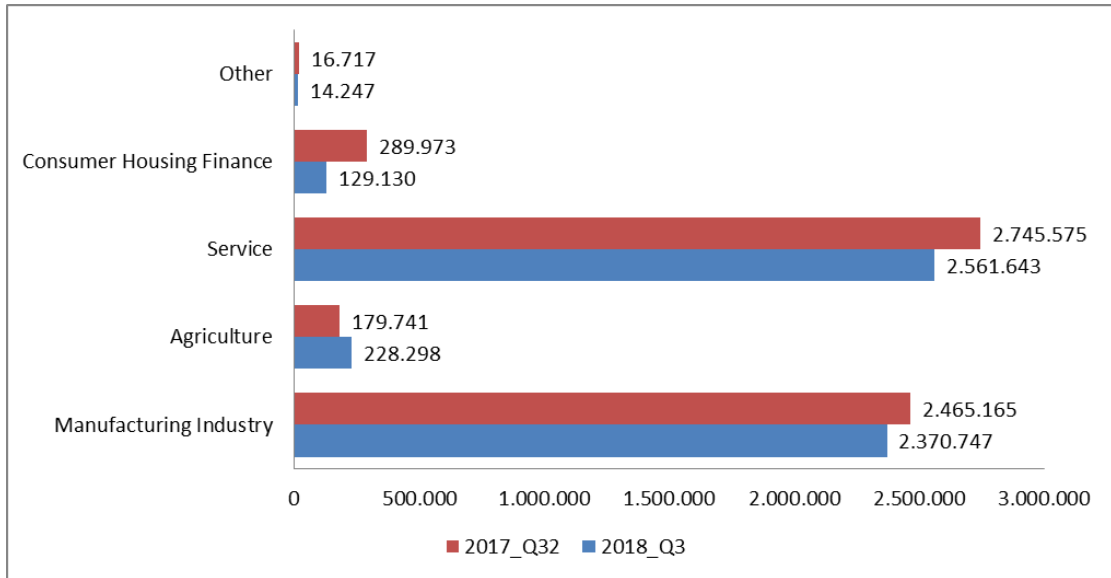
The leasing transactions shows of vary depending on the value, duration, reflection on financial reports and leasing to third parties. These are; (Marşap ve Yanık, 2018: 30)

- a)** Finance Lease: is the leasing where all risks and rewards arising from ownership are transferred substantially.
- b)** Operating Lease: is the leasing where all risks and rewards arising from ownership are not transferred substantially.
- c)** Short-term lease: The lease term is 12 months or less as of the date of the rental. A lease with a purchase option is not a short term lease.
- d)** Sub-leasing: This leasing is transaction of re-renting the asset to the third party by the lessee (the lessor under the sub-lease). The lease (main lease) between the lessor and the lessee remains in force under the main lease.

- e) Leases where the underlying asset is of low value:
- f) Sell and Re-rental

Financial leasing; investment goods are used for the production of buildings, machinery, construction machinery, land, sea, aircraft, which is preferred medium and long-term credits. The most important criterion is the ownership of the relevant property, the risk or benefit that may arise from the leasing company (<https://www.fkb.org.tr>, 2019). Financial leasing; In order to benefit from an investment property obtained from the vendors in accordance with the request and preference of leasing companies, leasing companies are a financial instrument in accordance with the written and certain lease amount in the agreement, which deems the goods subject to the contract to be given to the lessee (Türko, 2002: 559). As a result of the continuous updating of technological tools, the presence of new and high-quality products leads to the aging of the vehicles and materials in the hands of the companies. But these new products are a factor that increases operating costs for firms. Therefore, firms choose not to purchase the vehicles they need, but to hire them (Hajej vd., 2015: 1).

As leasing transactions showed growth in the service sector in the world also showed growth in Turkey. Service sector items are construction, tourism, transportation, storage and communication, financial intermediaries, real estate-leasing and transaction activities, education, health and social services etc. can be expressed as. Figure 1 shows that the leasing transactions, which saw an increase in transaction volume after the 2008 crisis, continued in our country in recent years.



Reference: <https://www.fkb.org.tr>

Figure 1. 2018/2017 III. Sectoral Distribution by Term Gross Transaction Volume

In the global leasing transaction report published by WLY 2018 White Clarke Group, Turkey has been in 18. level between first 50 countries in terms of transaction volume. When

the data prepared on the world scale are analyzed, world leasing transaction volumes which started at a very low level in the period following the crisis in 2008 started to gain activity again after in 2013. In Turkey and many country, in the period before the crisis in 2008, leasing has provided funding largely tax benefits to companies that use the tool. Companies benefited from this method in both tax and accounting transactions except for the financial leasing transactions. In this context, Turkey Accounting Standards's (TAS) using in our country, that is in line with emerging needs, due to fact that is in the process of being transformed into TFRS/BOBI FRS, it is important to mention the structural characteristics of financial leasing transactions within both standards.

2. LEGAL BASIS OF LMSE FRS AND TFRS

As a reflection of the financial and economic arrangements that developed countries have been leading together with globalization, general accounting standards were required in order to adapt to this structure in our country. International Financial Reporting Standards (IFRS) have been established in order to transfer accounting policies to financial statements more effectively, accurately and reliably and in the light of the need for a structuring that can reveal the financial structure of a company as transparent and comparable. In this context, also including countries that are candidates to the European Union, this transition process with together, established Turkey Accounting Standards Board (TASB) in date 15th of December 1999 and numbered 4487 law, 2005 and later the Turkey Accounting Standards (TAS) had been put into practice. In the Public Oversight, Accounting and Auditing Standards Authority (POA), was established to determine the standards of equivalent auditing with international standards, to ensure the application integrity of the independent auditing issue, to consist of the powers the auditor and auditing organizations, in addition, supervising the work and operations of the auditors and audit organizations and was established by the Decree Law No. 660 to conduct public oversight in this independent audit area (Karasu, 2014:80). In line with the decision of POA published on August 26, 2014, the works for the companies not included to the TAS implementations have been lasted for 3 years. BOBI FRS started to be used by companies subject to independent audit in the date on January 01, 2018 and in the subsequent accounting periods. In addition, TFRS provisions have been effective for the accounting periods after 31st of December 2018.

3. COMPARING OF FINANCIAL LEASING TRANSACTIONS ON TFRS AND LMSE FRS

Accounting standard; "In order to ensure the unity of implementation in accounting subjects, of accounting consistent with the universal term, principles, laws, rules, methods, theories and clauses of single-order account framework determined in accordance with the integrity of accounting procedures, composed of the relevant laws and declarations, integrity of consistent accounting transactions within itself and then; unity of rules, directives, declarations and similar rules to be complied with within the framework of financial statements based on balance sheet, profit and loss tables, as well as the regulation, valuation and presentation statements or is a term that means the measurement." (Yazıcı, 2004: 35). Due to changing conditions and requirements, accounting standards have turned into a dual structure in our country. As a result of the aforementioned legal arrangements, it is seen that the financial leasing transactions are included in the TFRS Section 16 Leases, the LMSE FRS

Section 15 Leases. Table 1 below, tries to emphasize the distinguishing features of these two standards.

Table 1. Comparison of TAS Section 17 ve LMSE FRS Section 15

TAS Section 17	Explanation	LMSE FRS Section 15	Explanation
General Features	Large and Detailed	General Features	Narrow and simple
Scope Part	All leases, including leases for use rights assets in the sub-lease	Scope Part	In addition, this right of use within "payment" or "payment plan", the emphasis on the contract transferred to the tenant for a certain period
APPENDIX A Defined Terms	The concept of operating leases	Scope/Article 15. 4	which it may not be evaluated within the scope of this section, the concept "Traditional Rental"
APPENDIX A Defined Terms	The date of the rental actually started, the economic life, the date of the application of the change, the fair value, fixed payments, gross leasing investment, initial direct costs, implied interest rate in leasing, leasing, rental incentives, changes in leasing, lease payments, lease term, tenant, tenant alternative borrowing interest rate, lessor, net leasing investment, optional lease payments, duration of use, residual value commitment, existence of right of use, short term lease, sub-lease, underlying asset, unearned finance income, undeclared residual value, variable lease payments concepts are explained.	Definitions/Article 15. 5	The beginning of the rental agreement, the beginning of the rental period, the lease payments, the implied interest rate in the lease concepts are explained.
APPENDIX A Defined Terms	-Operating leases and leasing - The date on which the lessor makes the underlying asset available to the lessee.	Definitions / Article 15. 5- Start of the lease contract	-Traditional leasing and leasing -The date of beginning, the date on which the leasing transaction obtains the right to use and and has been recorded on this date.
APPENDIX A Defined Terms	Payments made by the lessee to the lessor during the term of the lease in respect of the right of use of a underlying asset.	Definitions / Article 15. 5-Lease payments	Right to buy
APPENDIX A Defined Terms	(a) the lease value; and (b) uncommitted of present value of residual value; (i) the fair value of the underlying asset with (ii) the interest rate equal to the total of the initial direct costs of the lessor.	Definitions / Article 15. 5- The concept of implied interest rate in renting	The present value of the lease payments and the present value of the residual value not guaranteed, is the discount rate that equals the fair value of the leased asset and the direct costs incurred by the lessor.
Classification of the lease by the lessor/ Article B53	-A phenomen of transfer of the risks and benefits of ownership of assets -Risk and benefits description	Classification of leasing transactions / Article 15.10	A phenomen of transfer of the risks and benefits of ownership of assets
Lessor/ Article 62	The ownership is transfered or not transfered at the end of the lease term.	Article 15. 7	At the end of the lease term, ownership rights are transferred /non-transferability was removed a separation.
Lessor/ Article 63 (a)	Foresee the transfer of ownership of the underlying asset to the lessee by the end	Article 15.10 (a)	The ownership of the leased asset is transferred to the lessee

	of the lease term.		at the end of the lease term
Lessor/ Article 63 (c)	Covering a very important part of the economic life of the leased asset	Article 15.10 (c)	- The rental period covers more than 80% of the economic life of the asset - The concept of economic life
Lessor/ Article 63 (d)	The present value of the total of the lease payments is the same as the fair value of the asset.	Article 15.10 (d)	The present value of the total of the lease payments constitutes a price higher than 90% of the fair value of the asset.
Classification of the lease by the lessor/ Article B55	Each element is determined separately so that leasing agreements related to land, terrain and building can be accepted as leasing.	Article 15.12	Two basic criteria
Cost method/ Measurement and taking of financial statements/ Article 31/84	The depreciation amount is calculated according to TAS 16 and TAS 38 standards.	Article 15.18	Amortization amount is calculated according to the type of the leased asset, standards of measurement and the section where the asset is located.
Cost method/ Article 32	The lessee amortizes the right to use by the end of the effective life of the underlying asset from the date when the lease is actually started.	Article 15.18	If there is no certainty that the lessor will acquire the ownership of the asset when the lease is over, the asset will be amortized or depreciated.
Measurement and taking of financial statements/ Article 67	- Leasing assets can be shown in balance sheets - Net lease is shown as an amount equal to the investment amount.	Lease registration and registration of the lessor / Article 15. 20	- The leasing issue asset is exclude from balance sheet table by lessor.. - The difference between the fair value of the asset and its carrying amount is recognized in profit or loss
Manufacturer or seller as lessor/ Article 72	Normal sales	Producer or seller of lessor / Article 15.22	Normal sales
Manufacturer or seller as lessor/ Article 71 (c) Operating leases Measurement and taking of financial statements/ Article 86	Manufacturer or seller as lessor are reflects the sales profit or loss of financial leasing in the financial statements at the date of leasing. - Doesn't reflect any sales profit on operating leases, because the transaction is not an equivalent transaction.	Article 15.25	The difference between the cost of sales and sales revenue is considered as the normal sale transaction and included in Gross Profit / Loss.
Sales and lease back transactions / Article 100 (a)	The seller-lessee measures the presence of the right of use arising from the leasing over the previous carrying amount of the right of use. Accordingly, the seller-lessee reflects only the gain or loss related to the rights transferred to the buyer- lessor in the financial statements.	Sales and Leasing / Article 15.32	The portion exceeding the carrying amount of the sales revenue is reflected in the statement of financial position and amortized over the lease term.

Reference: <https://www.kgk.org.tr>

Apart from these determinations, we can say that the transactions are done in the same direction. With this restructuring process, the accounting of financial leasing transactions should be addressed in a wider perspective with comparative application examples.

4. TAXATION OF FINANCIAL LEASING TRANSACTIONS

Financial leasing operations provide many advantages to enterprises. As a medium and long-term financing instrument; such as the low level of risk, the fact that the market is not directly affected by the inflationary effects and exchange rate fluctuations, the fact that the balance sheet is not a factor that increases the debt burden, and the issue of deduction of tax, these positive aspects make to leasing attractive for businesses. Tax advantages, which are prominent in practice and which are the reasons why companies prefer this method, continue to offer tax advantages / reductions along with changing conditions within the context of Corporate Tax (VAT), Value Added Tax (VATK), Income Tax and Stamp Tax Law. Tax exemptions related to the transactions mentioned in articles 13/1-a and 13-d of VAT Law No. 6473 relieved the sector. After this regulation, the VAT rate has been reduced to 1 % applied to investment incentive certificate holders for the machinery and equipment to be leased in accordance with the financial leasing law.

Transactions made by leasing company, such as the first hand of the tenant to be purchased and re-leased assets to be applied and and leasing the assets of the leased assets to the lessor and leasing and transferring the leased assets to the lessee at the end of the contract period, excused from The VAT according to "y" sub-clause of the seventh article of Numbered 6495 law. (<http://www.mevzuat.gov.tr/>, 2013) The subject of a significant discount in the Sell and Lease Back transactions that becoming a method in the sectory, with the amendment to the "e" subparagraph of the first paragraph of the fifth article of the VAT numbered 5520; With the Law numbered 6495, it is stipulated that the income to be derived from with the Sell and Back Lease the leasing transactions to be made with the new regulation that is effective as of 2013 and method is exempt from tax.

In the repetitive Article 290 of the Tax Procedure Law Numbered 213, the principles regarding the leasing transactions are explained also. When we look at the regulations that are brought in terms of tax, especially in the transactions with the Sell and Back Lease method if the related asset is sold to third parties, the general provisions of VAT shall be applied in the taxation of the revenue, this situation For businesses, an application remains a problem.

According to the results of the application made by the owners who cannot benefit from these provisions in the passenger car leasing operations in our country, is not subject to a VAT discount because the relevant lease does not transfer to the ownership of the lessor at the expiration of the lease period. However, if the same issue is evaluated in terms of tenant by the Izmir Tax Office with tax ruling in 2010 date of and numbered 121, it is stated that if the asset continues to be in the tenant at the end of the lease period, the transaction subject to customization will be considered as the leasing of the asset and the rent amount of it can be calculated and the paid VAT can be deducted (<http://www.gib.gov.tr>, 2010).

5. SAMPLE APPLICATION

Accounting and reporting according to TAS 17 and TFRS 16 are presented as follows. (Gökgöz, 2019).



Figure 2. TAS 17 According to the Leasing Standard, Accounting and Reporting

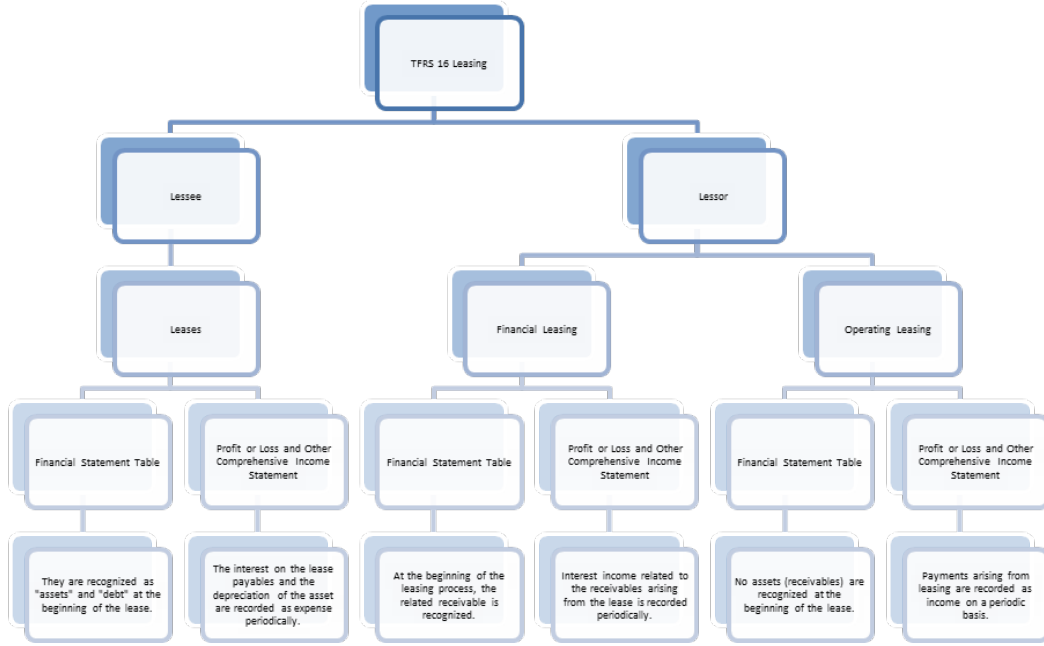


Figure 3. IFRS 16 According to the Leasing Standard, Accounting and Reporting

Example: A store selling ready-to-wear stores rented a workplace in a shopping center for 5 years. The lease contract will be processed as on January 01, 2019. The annual rental fee is 100.000 TL and the payments will be made at the end of the year. There is no interest rate determined in the contract. The interest rate on alternative borrowing of the enterprise is 10%.

The normal depreciation method is applied to the asset subject to the lease. 5-year rent payments are discounted at the rate of 10% and the present value of the lease payments is calculated. The present value of the lease payments is recognized as "right of use" and "lease obligation". The 5-year lease payments are calculated based on the discount rate of 10% and the depreciation value of the leased assets and their interest rates as of periods are shown in the table below. Small rounds were made in the calculations.

Operating Lease Payment Plan	1.01.2019	31.12.2019	31.12.2020	31.12.2021	31.12.2022	31.12.2023	Total
	-	1	2	3	4	5	
Rent Payments	-	100.000	100.000	100.000	100.000	100.000	500.000
Current Value of Lease Payments	-	90.909,09	82.644,63	75.131,48	68.301,35	62.092,13	379.079,68
Right to Use Assets	379.079,68	303.263,74	227.447,81	151.631,87	75.815,94	-	
Obligation to Rent	379.079,68	316.986,54	248.685,20	173.553,72	90.909,09	-	
Interest Expense	-	37.907,87	31.698,65	24.868,52	17.355,37	9.089,91	120.920,32
Depreciation Expense	-	75.815,94	75.815,94	75.815,94	75.815,94	75.815,94	379.079,68
Profit / Loss Impact	-	113.723,80	107.514,59	100.684,46	93.171,31	84.905,85	500.000,00

Rent payment	-	100.000,00	100.000,00	100.000,00	100.000,00	100.000,00	500.000,00
Principal Payment	-	62.092,13	68.301,35	75.131,48	82.644,63	90.910,09	379.079,68
Interest Payment	-	37.907,87	31.698,65	24.868,52	17.355,37	9.089,91	120.920,32

Registration to be made on January 01, 2019 in the lease agreement

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ACCOUNT OF RIGHT TO USE ASSETS		379.079,68	
ACCOUNT OF RENTAL OBLIGATION			379.079,68
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Registration of accrual of interest expense for the period as of December 31, 2019

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FINANCING EXPENSES ACCOUNT		37.907,87	
ACCOUNT OF RENTAL OBLIGATION			37.907,87
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Record of depreciation of the right to use the asset as of December 31, 2019

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ACCOUNT OF MARKETING SALES AND DISTRIBUTION EXPENSES	75.815,94		
ACCOUNT OF ACCUMULATED DEPRECIATION			75.815,94
-----	-----		

Registration of annual rent as of December 31, 2019

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ACCOUNT OF RENTAL OBLIGATION		100.000,00	
BANKS ACCOUNT			100.000,00
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The records made in 2019 are similarly made in 2020, 2021, 2022 and 2023. After all 5 years records are made, The Account of Rental Obligation will be as follows.

ACCOUNT OF RENTAL OBLIGATION	
	(Debt at the beginning of the contract) 379.079,68
	(Interest accrual for 2019) 37.907,87
100.000,00 (2019 lease payment)	(Interest accrual for 2020)
100.000,00 (2020 lease payment)	31.698,65
100.000,00 (2021 lease payment)	(Interest accrual for 2021)
100.000,00 (2022 lease payment)	24.868,52
100.000,00 (2023 lease payment)	(Interest accrual for 2022)
	17.355,37
	(Interest accrual for 2023)
	9.089,91
500.000,00	500.000,00

At the end of the fifth year, the view of the accounts for which the right to use assets and depreciation is being monitored will appear as follows.

ACCOUNT OF RIGHT TO USE ASSETS	
379.079,68	
379.079,68	

ACCOUNT OF ACCUMULATED DEPRECIATION	
	(Depreciation of 2019) 75.815,94
	(Depreciation of 2020) 75.815,94
	(Depreciation of 2021) 75.815,94
	(Depreciation of 2022) 75.815,94
	(Depreciation of 2023) 75.815,94
	379.079,68

The effect of the effect on the balance sheet and income statement according to the transactions in the sample according to TAS 17 and TFRS 16 is the following table.

Comparison of TFRS 16 and TAS 17		TAS 17	TFRS 16
Financial Status Table (Balance Sheet)	Right To Use Assets	0,00	379.079,68
	Rental Obligation	0,00	379.079,68
Profit or Loss and Other Comprehensive Income Statement (Income statement)	Operating Expenses	500.000,00	0,00
	Depreciation Expenses	0,00	379.079,68
	Interest Expenses	0,00	120.920,32

Example: Between the tenant and the lessor, on January 01, 2019 to be used as an Office the rent of an area of 2000 square meters to be paid at the end of the year, an annual contract for leasing 100.000 TL is held. The annual interest rate is 6%. At the beginning of the 6th year, the rental area has been increased to 1,500 square meters, however, the original contract has been amended to reduce the rental period to 8 years. The new rent for the remaining 2 years is 150.000 TL per year. The new borrowing interest rate is 7%. (Marşap ve Yanık, 2018).

Solution: The increase in the rental area and the increase in the rent are not proportional. Therefore, the tenant does not consider the rental of 1.500 square meters increase as a separate lease. The information on the rental obligation and the leased asset at the beginning of the lease is as follows:

Years	Rental Obligation				Right To Use Assets (Leased Asset)		
	Beginning of Term	Interest Expense (6%)	Rent Debt	End of Term	Beginning of Term	Depreciation Expense	End of Term (net)
1	736.009	44.160	(100.000)	680.169	736.009	(73.601)	662.408
2	680.169	40.810	(100.000)	620.979	662.408	(73.601)	588.807
3	620.979	37.259	(100.000)	558.238	588.807	(73.601)	515.206
4	558.238	33.494	(100.000)	491.732	515.206	(73.601)	441.605
5	491.732	29.504	(100.000)	421.236	441.605	(73.601)	368.004
6	421.236				368.004		

The current value of the lease payment of 100.000 TL per year in 6 years from the interest rate of 6%: 736.009 TL

Interest expense for the period: $736.009 \times 0,06 = 44.160$ TL

End of period rental obligation: $736.009 + 44.160 - 100.000 = 680.169$ TL

December 31, 2017 Financial Statement Table			
<u>Net Asset Value</u>	662.408	<u>Net Obligation</u>	736.009
Right to Use Asset of Leased	736.009	Rental debt	1.000.000
Accumulated of Depreciation	(73.601)	Rental Debt Cost	(263.991)

Profit / Loss Statement for 2017 Period	
Depreciatim Expenses	73.601
Financial Expenses	44.160

Recalculation of the rental obligation and the book value of the asset due to the restructuring of the lease; The effect of the change in rented area, rental period and discount rate should be taken into consideration. Recalculation of rental obligation: At the beginning of the sixth year, the amount before restructuring was 421,236 TL.

According to the new agreement, the remaining three-year lease agreement, annual payments of TL 150,000 and new borrowing rate of 7% per annum is taken into account and the rental obligation is recalculated. This amount is 393.647 TL.

The effect of the lease period: At the beginning of the sixth year, according to the original contract, the present value of the annual 100.000 TL from the 6% discount rate is re-determined for the remaining 3 years and it is 267.301 TL.

$$421.236 - 267.301 = 153.935 \text{ TL.}$$

The effect of the change in discount rates: At the beginning of the sixth year of the lease contract, according to the original contract, the current value of 100.000 TL per annum is updated from 7% discount rate for the remaining 3 years is 262.431 TL. $267.301 - 262.431 = 4.870$ TL

The effect of the increase in the leased area: The current value of the lease payment of 50.000 TL for 3 years with a discount rate of 7% is 131.216 TL for 3 years.

Adjusting the carrying amount of the right to use: Before the restructuring at the beginning of the sixth year, the book value of the right of use of the asset is 368.044 TL. According to the new contract, the rental area has increased to 1,500 square meters with 3500 square meters. According to the original contract, according to the area of 2000 square meters, the right of use should be recalculated according to the remaining 3 years. $(368.004 / 5) \times 3 = 220.802$ TL. To correct of book value;

368.004-220.802 = 147.202 TL

Rental Obligation	158.805	
Leased Asset		152.072
winnings		6.733
Leased Asset	131.216	
Rental Obligation		131.216

Years	Rental Obligation				Right To Use Assets (Leased Asset)		
	Beginning of Term	Interest Expense (7%)	Rent Debt	End of Term	Beginning of Term		Beginning of Term
6	393.647	27.556	(150.000)	271.203	347.148	(115.716)	231.432
7	271.203	18.984	(150.000)	140.187	231.432	(115.716)	115.716
8	140.187	9.813	(150.000)		115.716	(115.716)	

6. RESULT

Turkey in recent years that felt the need to be configured in business, It is aimed to increased the number of enterprises and institutions with strong, sufficient, reliable, accurate, realistic financial statements with the accounting and tax policies. With the new system introduced with the BOBI FRS covering financial leasing transactions, a solution-oriented legislation understanding has been tried to be put forward. Keeping the procedures for leasing transactions at the minimum level will enable businesses to focus their attention on this direction. Tax sense, it is seen that the opinions of the legislator and the suggestions made by the Ministry of Finance or the Revenue Administration from time to time are not compatible with each other. In order to increase the processing volume of the sector, the obstacles arising in the practication must be determined realistically. Financial leasing transactions is used of purpose the most as take advantage of the tax benefits applications, and in order for enterprises to benefit from the maximum level from this accounting transactions, therefore by making a sectoral distiction similar to TFRS and BOBI FRS distinction will be re-shaped according to the economic conditions / financial dimensions of enterprises again may be shaped, or with a tax arrangement to be classified can provide to improve of leasing transaction volume to reach the desired of level in Turkey.

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