

Accounting Practices of Operational Leasing Enterprises within the Scope of Turkish Tax Legislation

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Extensive Summary

1. Introduction

Constantly developing technology and increased competition in the market have important effects on methods for financing of investments. The fact that economic resources to be used are scarce and limited leads enterprises to look for alternative financing methods to carry out their investments. Fixed investments are attempted to be financed in medium and long term worldwide in general. In this respect, investments, which are financed via leasing, are used extensively throughout the world. The option of leasing that enterprises use to finance increased operation capital requirements provides major advantages compared to alternative financing methods.

When dealing with the long-term fixed investment, fixed assets (buildings, machinery, facility and devices, vehicles etc.) come to mind. The single way to obtain fixed assets is not only purchasing them. The fact that the economic amount of fixed asset investments is great and credit costs are high lead enterprises to choose between purchasing and leasing. Thus, operational leasing is used as a leasing technique, providing the opportunity to own fixed assets and freeing enterprises from the obligation of finding a credit. Obtaining fixed assets via activity leasing is a method, used in lieu of purchasing.

2. Operational Leasing and Methodology

It is a kind of leasing where lessor gives lessee equipment in return for rental payment to be operated shorter time than its economic life provided that lessor holds the ownership. In operational leasing, operating right of equipment is transferred, there is no change in its ownership; thus at the end of tenancy, equipment is returned to lessor. Thus, the same equipment can be leased to another lessee again and product diversity is created in the market. In Western countries, it is especially implemented for durable consumer goods (Öğülmüş, 1994; 6).

There are two important types of leasing. These are financial leasing and operational leasing. Both methods are used extensively today. When both national and

international literature are reviewed, there are many publications, written on financial leasing. However, with regard to operational leasing, studies are not adequate. Especially in the operational leasing of operators in the area of accounting, there are a few studies, providing information about how implementers would carry out accounting transactions. Thus, it is believed that this study would be beneficial for both theoreticians and people/agency in the party of implementation. In the study, by dealing accounting records regarding operational leasing in the light of extensive sample practice and referring relevant legislation and articles of law with regard to parts, posing special feature, the subject is attempted to be explained.

3. Conclusion

In the process of operational leasing, enterprises have the opportunity to use financial resources that they own effectively by directing their current capital to leasing instead of purchasing. In addition as major part of risks with regard to vehicle ownership and pledged services belong to operational leasing firm, enterprises get the chance to avoid risks like maintenance cost, service cost, loss, second-hand cost, partly interest rate and currency rate due to macroeconomic effects. When we make assessment in terms of tax, operational leasing provides advantage compared to purchasing both in terms of value added tax and corporate tax.

On the other hand, with respect to the nature of the business that they carry out, enterprises receive consultancy service regarding selection of vehicles from fleet vehicle leasing companies. Thus, in addition to gaining superior efficiency in after-sales services, the party that leases saves from time and has the opportunity to focus its core activity more actively. Furthermore, under current economic conditions, it transforms gained cost advantage an important added value.

With this study, as there are many special matters with regard to operational leasing, accounting records of enterprises, operating in this sector, are reviewed and by presenting details regarding the issue, users of information in this area are tried to be enlightened. Meanwhile it is aimed to make accounting records, compliant and accurate according to tax legislation, and contributing also to accounting records of people in the part of implementation. With a comprehensive model practice, on one hand, it is aimed to fill the gap, occurred with regard to accounting transactions on operational leasing, on the other hand, to give opinions to implementers and users of information in this area.