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**NECESSITY OF GROUP TAXATION AND THE LEGISLATIVE  
PROPOSAL TO TURKEY****Abstract:**

Many business, especially large and multinational enterprises, are conducted not by a single company but by a corporate group under the common control of parent company.

Corporate groups typically aim at achieving two main tax goals: Allow the offset of profits and losses of group members and deferral of gains arising from the intra group transfer of assets. The setting up of a group is related to the development of a company's business either because it wants to diversify or expand its activity or because it aims at establishing itself in another market. Groups of companies have particular features and dynamics as they comprise a group of entities which, although they maintain their legal independence and individualization, are subject a common business strategy. Group taxation regime legislated in many OECD countries with some different systems namely group contribution system, group relief system, consolidation and special Organschaft. Consolidation defines that the profits and losses of the members of the group are attributed and combined in parent company allowing as a consequence to offset the profits and losses of each of the group members.

Faced with the difficulty to deal with the dynamic nature of group taxation regime, tax legislators oscillate between the attribution of a separate tax existence to corporate groups members and the treatment of corporate groups as a single taxable entities in Turkey.

For tax purposes, group companies and consolidated balance sheets have no application in Turkey. All entities are separately taxed, and income or losses cannot be aggregated. However because of using of losses, minimization of tax costs related to intra group transactions and intra group transfers assets, shares and payments and allow to less administrative burden, group companies tax regime either consolidation or group relief or group contribution or organschaft is considered the effective and thus it should be enacted in Turkey.

From this point of view this paper aim to consider and discuss the necessity group taxation regime in Turkey in context of efficiency, equality and simplicity for giving an example some countries which adopted group taxation regime and to evaluate the best effective system among group contribution, group relief or consolidation regimes or organschaft rules with their specific elements.

**Keywords:**

Tax law, consolidation, group taxation

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