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TAXATION OF FINANCIAL SECTOR IN TURKEY

Abstract:

Supply and demand of funds are met in financial markets. Those who have an excess of fund and lack of fund come together in these markets. Factors such as increasing transaction volume, development of technology, and free economies in financial markets that have intermediary function made financial institutions dependent each other and raised the risk in these markets. These risks firstly affected banks, then dispersed towards other sectors and finally created a full-scale crisis. Financial transaction tax offered prelusively by Keynes in 1970’s but not considered enough, came up in 2007 together with economic crisis most especially in USA (which has strong financial markets)as a political tool, and also in other developed and developing countries. A financial transaction tax is a political tool offered to struggle with the financial crisis and to strengthen the financial systems. The main purpose of this tax (which is also known as Tobin tax) is to spread capital movements into long-term. Thus, it is possible to preclude both speculative movements and an unsteady situation in financial markets by reducing excess profit obtained in the short-run. The purpose of this study is to examine the effect of a financial transactions tax on Turkey that is planned to be implemented globally by revealing both positive and negative aspects of it.

Keywords:

financial sector, Turkey, financial transaction tax