International Tax

Türkiye Highlights 2024

Updated January 2024

Investment basics

Currency: Turkish Lira (TRY)

Foreign exchange control: The TRY is fully convertible from the Turkish side to the extent Türkiye is recognized by the International Monetary Fund as having achieved article 8 status (i.e., no limitation may be imposed on the purchase and sale of foreign exchange within the scope of current items in the balance of payments, and profits from these transactions must be freely convertible).

Companies and individuals may open foreign currency-denominated accounts and transfer funds abroad through banks (i.e., savings deposit banks, participation banks/Islamic banks (formerly "special finance houses"), and development and investment banks). There are no restrictions on the export of capital, but a special form must be submitted to the Undersecretariat of the Treasury by intermediary banks within 30 days following the export of capital in the amount of USD 50,000 or its equivalent.

Although the import and export of TRY and foreign currency are possible, individuals traveling out of Türkiye are required to complete a cash declaration form to notify the customs authorities about any cash or other payment instruments they are carrying that exceeds TRY 25,000 (or EUR 10,000 or its equivalent value in other currencies) and to be in compliance with the procedures established by the Ministry of Trade.

Turkish resident companies may grant loans to their foreign parent companies, affiliates, and group companies in TRY or foreign currency, provided Commercial Code and Central Bank requirements are met.

Measures have been introduced to protect the value of the Turkish currency, including prohibiting residents from executing certain agreements in a foreign currency, imposing limits on foreign currency loans, and requiring the proceeds from export transactions to be brought directly into Türkiye following payment for the goods. Payments made in regard to certain sales contracts executed with a resident of Türkiye must be in TRY even if the sales price is determined in a foreign currency. Certain limitations in regard to new cash commercial loans in TRY have been introduced for certain Turkish companies.

Accounting principles/financial statements: In principle, all taxpayers are subject to the valuation rules in the Tax Procedures Code (TPC). A uniform chart of accounts (UCA) governed by the TPC prescribes the basis on which statutory books are required to be kept. Another UCA applies to banks, insurance companies, and other financial entities. Public companies whose shares are traded on the Istanbul stock exchange or companies registered with the Capital Markets

Board must comply with the accounting/reporting principles and standards of the board, which generally are in line with IFRS. Companies that satisfy certain conditions and operate in regulated industries must prepare both single and consolidated financial statements according to IFRS.

Financial reporting standards for large and medium-sized enterprises apply to companies that are subject to independent audit under the Turkish Commercial Code.

Principal business entities: These are the joint stock company (Anonim Sirket or AS), limited liability company (Limited Sirket or Ltd. Sti.), ordinary partnership, limited partnership, sole proprietorship, and branch of a foreign company.

Corporate taxation

Rates	
Corporate income tax rate	25% (30% for banks and companies established under Law No. 6361)
Branch tax rate	25%, plus 10% tax on after-tax profits remitted to a foreign head office (subject to treaty relief)
Capital gains tax rate	25%

Residence: A company is resident in Türkiye if its legal seat or place of management is in Türkiye.

Basis: Resident companies subject to full tax liability in Türkiye are taxed on worldwide income; nonresident companies are subject to tax only on Turkish-source income. In general, branches are taxed in the same way as subsidiaries.

Taxable income: All profits derived from earnings generally are included in taxable income, except for dividends from resident companies qualifying under the domestic participation exemption. Expenses incurred in the course of the business generally are deductible.

Rate

General

The standard corporate income tax rate is 25%. A 30% corporate income tax rate applies to the financial sector (e.g., banks, financing companies, electronic payment organizations, authorized foreign exchange institutions, asset management companies).

Surtax

There is no surtax.

Alternative minimum tax

There is no alternative minimum tax.

Global minimum tax (Pillar Two)

Türkiye has not yet announced whether it intends to implement rules that generally are in line with the global anti-base erosion (GloBE) or “Pillar Two” model rules published by the OECD/G20 Inclusive Framework on BEPS that are designed to ensure a global minimum level of taxation of 15% for multinational enterprise (MNE) groups with annual consolidated revenue of at least EUR 750 million.

Taxation of dividends: See "Participation exemption," below.

Capital gains: Capital gains derived by a company generally are taxable as ordinary corporate income. However, (i) 75% of capital gains derived from the sale of participations and (ii) 25% of capital gains derived from the sale of immovable property acquired before 15 July 2023 are exempt from corporate income tax where:

- The participation or property has been held for at least two years;
- The gains are kept in a special fund account under shareholders' equity for five years following the year of the sale and are not transferred within the specified period to another account (except for transfers to the capital account by way of a capital injection);
- The consideration for the sale is collected by the end of the second calendar year following the year of the sale; and
- The company does not hold the participation or property for the purpose of an ordinary business involving the trading of participations or properties.

Certain capital gains derived from the sale of foreign participations are exempt from corporate income tax (see "Holding company regime," below).

Losses: Tax losses may be carried forward for five years. Losses may not be carried back, except where the company is liquidated.

Foreign tax relief: A tax credit is granted for foreign tax paid, up to the amount of Turkish corporate income tax attributable to the foreign income. Any unused credit may be carried forward to the following three years but is limited to the Turkish corporate income tax attributable to the foreign income. The foreign tax paid must be documented through foreign tax office receipts approved by the Turkish consulate in the jurisdiction in which the foreign tax was paid. Specific conditions apply to foreign tax credits relating to dividends received by resident companies from their foreign participations.

Participation exemption: Dividends received by a resident company from another resident company are exempt from corporate income tax in the hands of the shareholder. Dividends received by a resident company from a nonresident company are exempt from corporate income tax in the hands of the shareholder if the following conditions are met:

- The nonresident payer is a joint stock company or limited liability company;
- The resident recipient has owned at least 10% of the paid-in capital of the payer for at least one year;
- The profits out of which the dividends are paid were subject to foreign income tax of at least 15% (20% where the main activity of the payer is the provision of financing, including finance leasing, insurance services, or investments in securities); and
- The dividends are remitted to Türkiye by the date the corporate income tax return is due.

Holding company regime: Capital gains derived by an international holding company from the sale of foreign participations are exempt from corporate income tax, provided the foreign participation has been held for at least two years. To qualify as an "international holding company," a resident company must meet the following requirements:

- It must be a joint stock company;
- At least 75% of its total assets (excluding cash items) must be comprised of foreign participations that have been held for a continuous period of at least one year;
- It must hold at least 10% of the capital of each foreign participation; and
- The foreign participation must be in the form of a joint stock company or limited liability company.

Incentives: An allowance is available until 31 December 2028 to companies that carry out qualifying research and development (R&D) and design activities. The allowance is equal to 100% of R&D and design expenditure and is available in addition to a deduction for such expenditure in the statutory accounts. Any allowance that cannot be used in the current fiscal year may be carried forward indefinitely and is subject to revaluation.

Profits derived from software, design, and R&D activities that are exclusively carried out in Technological Development Zones are exempt from corporate income tax through 31 December 2028.

Companies (other than banks, financial institutions, insurance companies, and pension funds) offering at least 20% of their shares via their first initial public offering (IPO) on the Istanbul stock exchange are subject to a corporate income tax rate reduced by two percentage points for five years starting from the year when the IPO is made.

Export companies are entitled to a 5% corporate income tax reduction on their earnings that are exclusively derived from export activities.

Manufacturing companies are entitled to a 1% corporate income tax reduction on their earnings that are exclusively derived from manufacturing activities.

In general, the investment incentive legislation is comprised of general, regional, and strategic investment incentive schemes. A Technology Focused Industry Move Program also is applicable as a part of the investment incentive legislation, which aims to incentivize investments related to products listed on a Priority Products List published by the Ministry of Industry and Technology. The list includes products in the medium-high and high-technology sectors and products that are critical for the development of these sectors.

The Center of Attraction Program covers industrial, call center, and data storage center investments in any of the 25 provinces located in the eastern and southeastern regions of Türkiye. Furthermore, 65 districts of nine provinces affected by the 6 February 2023 earthquake are included in the program. As a result, qualified investments benefit from incentives provided to investments realized in Region VI (which covers eastern and southeastern regions of Türkiye) even if they are located in other regions. Support for electricity usage also may be provided under certain conditions.

In addition to the investment incentive legislation, a project-based investment incentive package is available that aims to provide financial support for innovative, technology-oriented, R&D-focused, high value-added projects that also contribute to reduce foreign dependency. Projects seeking support under the incentive must be in conformity with the government's targets as set out in national development plans and annual programs, and with those promoted by the Ministry of Industry and Technology.

Other

Notional interest deduction

A notional interest deduction (NID) is available that is equal to 50% of the interest calculated on cash increases in registered capital (for existing companies) or cash capital contributions (for newly incorporated companies) based on the average interest rate announced by the Central Bank for TRY-denominated commercial loans. The NID is allowed starting from the fiscal year in which the resolution for the cash capital increase is registered and is limited to the following four fiscal years. The NID rate is 75% of the increases in share capital made on or after 26 October 2021 that are funded with cash from abroad. The NID is not available for those that operate in the finance, banking, and insurance sectors, and public economic enterprises.

Exclusion of foreign exchange gains/losses

Companies established after 27 March 2018 may exclude foreign exchange gains/losses realized on cash capital contributions from abroad in foreign currency until the end of the year following the establishment year. To benefit from this rule, companies must apply for and obtain an Investment Incentive Certificate within the required periods.

Compliance for corporations

Tax year: The tax year is the calendar year (or fiscal year with prior approval).

Consolidated returns: Türkiye does not allow for tax consolidation; each company in a group must file its own corporate income tax return.

Filing and payment: The corporate income tax return must be filed between the first and 30th day of the fourth month after the end of the company's accounting period. Corporate income tax is payable by the end of the month in which the tax return is due (i.e., by the end of April for companies using the calendar year).

Taxpayers are required to pay advance corporate income tax based on their quarterly profits except for the fourth quarter. As such, taxpayers are required to file their advance corporate income tax returns for the first, second, and third quarters to be followed by the declaration of the annual corporate income tax return. Advance payments made during the year are offset against the ultimate corporate income tax liability, which is determined in the annual corporate income tax return. Advance corporate income tax returns must be submitted by the 17th day of the second month following the quarter, and the tax is payable by the 17th day of the same month (the Ministry of Treasury and Finance may extend the deadline for submission of quarterly advance tax returns).

Penalties: A late charge at a rate of 3.5% per month is imposed for the period between the date the tax was due and the date of assessment. Procedural penalties are imposed for failure to submit tax returns on time, failure to properly keep statutory accounts, failure to comply with the statutory accounting principles, and failure to have the statutory books notarized on time. Special noncompliance penalties are charged at fixed amounts (subject to change annually) for failure to issue invoices and other documents as specified in the TPC. A tax loss penalty imposed for tax evasion is equal to the tax loss amount.

Rulings: A taxpayer may request an advance ruling on the tax treatment of specific transactions.

Individual taxation

Rates

Individual income tax rate	Taxable income (TRY)*	Rate
	Up to 70,000	15%
	70,001–150,000	20%
	150,001–370,000 (for employment income, 150,001–550,000)	27%
	370,001–1,900,000 (for employment income, 550,001–1,900,000)	35%
	Over 1,900,000	40%
Capital gains tax rate		Same as income tax rates

*Applicable for calendar year 2023, revised annually

Residence: Individuals who are in Türkiye for a continuous period (including temporary absences) of more than six months in any calendar year are deemed to be resident for tax purposes. However, foreign individuals who are on assignment in Türkiye for a specific business project or mission, or those in Türkiye for holiday, health care, or educational purposes are not regarded as resident, even if they stay for more than six months.

Basis: Residents are taxed on worldwide income; nonresidents are taxed only on Turkish-source income.

Taxable income: Taxable income is comprised of employment income, professional income, business income, income from agricultural activities, income derived from shares, income from immovable property, and other income (capital gains and nonrecurring income).

Rates: Individual income tax rates are progressive, ranging from 15% to 40%. The income tax brackets are adjusted annually.

Capital gains: Capital gains derived from the sale of shares and capital market instruments are subject to income tax, with certain exceptions. Regardless of the holding period, gains derived from the sale of intangible rights, capital gains from the sale of shares/participations in limited liability companies, and gains derived from the alienation of an enterprise that has ceased operations are subject to income tax. Gains on the sale of immovable property within five years from the date of acquisition also are subject to income tax.

In determining the taxable gain, the acquisition cost is adjusted for inflation by the increase in the producer price index between the date of acquisition and the date of sale in certain cases.

Deductions and allowances: Available deductions depend on the type of income. For business income, the same general deductions as apply to taxpayers subject to corporate income tax are available. The scope of deductions for income derived from professional services is narrower. For salaried employees, the deductions generally are limited to social insurance premiums.

Foreign tax relief: A tax credit is granted for foreign income tax paid that is personal in nature, up to the amount of Turkish income tax attributable to the foreign income. The foreign income tax paid must be documented through foreign tax office receipts approved by the Turkish consulate in the jurisdiction in which the foreign income tax was paid. The documents must be submitted to the Turkish tax office.

Compliance for individuals

Tax year: The tax year is the calendar year or fiscal year.

Filing status: Each individual must file an individual income tax return; joint returns are not permitted. However, certain exemptions are available.

Filing and payment: An income tax return must be filed by all individuals that derive business or professional income. For other types of income (salary, income from securities, income from immovable property, capital gains, etc.), the obligation to file an annual return depends on the type of income, the amount, the applicable exemption limits, and whether the income is subject to withholding tax at source. Individuals whose salary income exceeds the amount in the fourth tax bracket must report their salary income when filing their annual income tax return even where the income tax has been withheld at source and the salary income has been received from one employer. Additionally, individuals who benefit from an income tax exemption on income derived from independent professional services are not eligible for the exemption where their income derived from such activities exceeds the amount in the fourth tax bracket and they are required to file an annual income tax return. Furthermore, individuals who are engaged in social media content creation or developing applications for mobile devices are not required to file annual income tax returns provided that the revenue generated from these activities does not exceed the amount in the fourth tax bracket and such revenue is exclusively derived through Turkish bank accounts.

Individuals required to file an annual income tax return must submit the return between 1 and 31 March of the following calendar year. Income tax accrued must be paid in two equal installments in March and July.

Penalties: Penalties apply for late filing, failure to file, or tax evasion.

Rulings: A taxpayer may request an advance ruling on the tax treatment of specific transactions.

Withholding tax

Rates				
Type of payment	**Residents**		**Nonresidents**	
	Company	**Individual**	**Company**	**Individual**
Dividends	0%	10%	10%	10%
Interest	0%	0%	0%/10%	0%/10%
Royalties	0%	20%	20%	20%

Dividends: No withholding tax is imposed on dividends paid to a resident company. Dividends paid to a resident or nonresident individual, or a nonresident company, are subject to a 10% withholding tax, unless, in the case of nonresidents, the rate is reduced under an applicable tax treaty.

Interest: No withholding tax is imposed on interest paid to residents. Interest on loans payable to a foreign state, an international institution, a foreign bank, or a foreign corporation that qualifies as a “financial entity” is subject to a 0% withholding tax. A 10% rate applies to interest paid on loans from other nonresidents, unless the rate is reduced under an applicable tax treaty.

Royalties: No withholding tax is imposed on royalties paid to a resident company. A 20% withholding tax is imposed on royalties paid to a resident or nonresident individual, or a nonresident company, unless, in the case of nonresidents, the rate is reduced under an applicable tax treaty.

Fees for technical services: No withholding tax is imposed on fees paid to a resident company. A 20% withholding tax is imposed on fees paid for professional services, such as consulting, supervision, technical assistance, and design fees, paid to a resident or nonresident individual, or a nonresident company, unless, in the case of nonresidents, the rate is reduced under an applicable tax treaty.

Branch remittance tax: A 10% withholding tax is levied on after-tax branch profits remitted by a Turkish branch to a foreign head office, unless the rate is reduced under an applicable tax treaty.

Other: A 15% withholding tax applies to payments made to resident individuals and nonresidents for online advertising services, unless, in the case of nonresidents, the rate is reduced under an applicable tax treaty.

Anti-avoidance rules

Transfer pricing: When a transaction between related parties (domestic or foreign and including branches) is not carried out on arm’s length terms, profits arising from the transaction will be deemed to be “constructive dividends” subject to both corporate income tax and dividend withholding tax. The transfer pricing rules provide for the comparable uncontrolled price, cost-plus, and resale price methods, as well as profit-based methods (e.g., profit-split and transactional net margin methods), although a taxpayer may adopt another method based on its circumstances.

Taxpayers are required to maintain documentation to support their transfer pricing. Taxpayers that are registered with the large taxpayers' tax office must prepare an annual transfer pricing report with respect to both domestic and foreign related party transactions (including transactions with related parties in free trade zones). Those registered with other tax offices must prepare an annual transfer pricing report only with respect to foreign related party transactions.

Taxpayers operating in free trade zones must prepare an annual transfer pricing report with respect to domestic related party transactions.

Taxpayers that are members of an MNE group with prior year assets and net revenue of at least TRY 500 million must submit a master file by the end of the fiscal year following the fiscal year to which the master file relates.

Ultimate parent entities or surrogate parent entities resident in Türkiye that are part of an MNE group with consolidated group revenue of at least EUR 750 million in the accounting period preceding the reporting fiscal year are required to file and submit electronically a country-by-country (CbC) report to the Turkish tax authorities by the end of the year following the reporting period.

Taxpayers required to submit a CbC notification form must submit the form annually by 30 June of the year following the reporting period. The notification form must be submitted electronically via the online tax office (İnternet Vergi Dairesi). Taxpayers required to submit a notification form must request their user code and password from the relevant tax office.

Unilateral, bilateral, and multilateral advance pricing agreements (APAs) may be concluded with the Ministry of Treasury and Finance. Türkiye conducts pre-filing meetings to negotiate the terms and details of the APA process, such as the application form to be completed and the timeline for finalizing the application.

Interest deduction limitations: Thin capitalization rules apply when loans from shareholders or related parties exceed a 3:1 debt-to-equity ratio at any time in an accounting period (6:1 for loans from related party banks or financial institutions). Related parties for these purposes are defined as shareholders and persons related to shareholders that own, directly or indirectly, 10% or more of the shares, voting rights, or rights to receive dividends of the company. The amount of equity is that determined under the TPC at the beginning of the accounting period.

If the debt-to-equity ratio is exceeded, the excess interest payments will be deemed to constitute a hidden profit distribution or a remittance of profits on the last day of the accounting period in which the conditions for application of the thin capitalization rules are satisfied and, therefore, subject to 10% dividend withholding tax. Related expenses, foreign exchange losses, and interest payments are nondeductible.

Controlled foreign companies: The controlled foreign company (CFC) rules are triggered where a resident company controls, directly or indirectly, at least 50% of the share capital, dividends, or voting power of a foreign entity, and:

- 25% or more of the gross income of the CFC is comprised of passive income, such as dividends, interest, rents, license fees, or gains from the sale of securities that are outside the scope of commercial, agricultural, or professional income;
- The CFC is subject to an effective tax rate lower than 10% in its jurisdiction of residence; and
- The annual total gross revenue of the CFC exceeds the foreign currency equivalent of TRY 100,000.

Where these requirements are met, the profits of the CFC are included in the profits of the resident company in proportion to the resident company's share in the capital of the CFC, regardless of whether such profits are distributed, and taxed at the relevant corporate income tax rate.

Anti-hybrid rules: There are no anti-hybrid rules.

Economic substance requirements: There are no economic substance requirements.

Disclosure requirements: Certain disclosures must be made in the footnotes attached to the statutory financial statements submitted to the tax office, together with the corporate income tax return.

Exit tax: There is no exit tax.

General anti-avoidance rule: The TPC contains a general anti-avoidance rule (substance over form).

Other: Payments made to parties resident in jurisdictions that are deemed to cause "harmful tax competition" (to be determined by the Turkish president) are, in principle, subject to a 30% withholding tax (with some exemptions); however, the withholding tax is not applied in practice because the list of jurisdictions has not yet been announced.

Value added tax

Rates	
Standard rate	20%
Reduced rate	0%/1%/10%

Taxable transactions: VAT is imposed on the supply of most goods and the provision of services.

Rates: The standard rate is 20%, with reduced rates of 10% applicable to basic foodstuffs, pharmaceutical products, educational services, certain services, and other items, and 1% for certain farm products, certain machinery/equipment acquired under finance leases, and staple foods. Printed books, journals, and newspapers are exempt from VAT, but online sales of newspapers, magazines, and electronic books are subject to VAT at the standard rate. Certain supplies are exempt. Reverse-charge VAT at 20% is applied to payments made to nonresidents for professional services, the use of intangibles (e.g., royalties, licenses, or know-how), and on the sale of such rights.

Registration: There is no turnover threshold for VAT registration. Any person or entity engaged in an activity within the scope of the VAT law must notify the local tax office where its place of business is located or, if there is more than one place of business, the same tax office at which the business is registered for income tax purposes. A foreign business with no establishment in Türkiye but that sells goods located in Türkiye must appoint a tax representative (agent) to register for VAT (i.e., direct registration is not possible). Such a business must use the reverse-charge mechanism for charging VAT.

VAT on electronic services provided by nonresident service providers to resident individuals who are not registered for VAT in Türkiye must be declared and paid by the nonresident service providers.

Filing and payment: VAT payments are due monthly. VAT returns must be filed with the local tax office by the 28th day of the following month, and VAT is payable by the 28th day of the month in which the return is submitted.

Other taxes on corporations and individuals

Unless otherwise stated, the taxes in this section apply both to companies and individuals and are imposed at the national level.

Social security contributions: Both the employer and the employee must make social security contributions. The general rates are 20.5% for the employer (the employer share for long-term risk can be reduced by 5% where the monthly social security declarations are submitted on time and there are no unpaid social security premiums, penalties, or unemployment premiums for current and previous months, thus reducing the general rate for the employer to 15.5%), and 14% for the employee. The employer and the employee also must contribute to the unemployment benefit plan at rates of 2% and 1%, respectively, based on the gross salary of the employee (subject to the maximum base applicable for the social security premium calculations). The employee contribution to social security is 14% of gross earnings: 9% for disability, retirement, and life insurance; and 5% for general health insurance. The employee also is required to contribute to the unemployment benefit plan at 1% of gross salary.

Payroll tax: There is no payroll tax.

Capital duty: No duty is imposed on share capital, but there is a mandatory contribution to the competition board equal to 0.04% of the capital amount committed when the company is established, and 0.04% of any subsequent increase in capital.

Real property tax: Real estate tax is payable based on the value of land or buildings at rates of 0.2% for buildings, 0.1% for dwellings, 0.1% for land, and 0.3% for building sites. The rates are increased by 100% for buildings and land located within larger cities. The square meter rates for valuing buildings depend on the location of the property. The landlord is responsible for making a compulsory contribution for the protection of immovable cultural property to the municipality at a rate of 10% of the annual accrued real estate tax (the contribution is collected along with the real estate tax).

An environmental tax is imposed by the municipalities on buildings used, inter alia, as a place of business. Tax is imposed in fixed amounts that change annually based on defined categories. The resident of the building (either the landlord or the tenant) is liable for the environmental tax.

Transfer tax: The registration of a transfer of real estate is subject to real estate transfer tax calculated as 4% of the acquisition/transfer value, which is split equally between the buyer and the seller.

Stamp duty: Stamp duty applies at rates ranging from 0.189% to 0.948%, depending on the type of document. The Turkish president may increase or decrease the fixed and proportional rates jointly or separately in terms of document type. Salary payments are subject to stamp tax at a rate of 0.759%.

Net wealth/worth tax: There is no net wealth or net worth tax. However, highly valuable residential housing tax (HVRHT) applies to residential housing with a value exceeding TRY 9,967,000 for the year 2023 (which is subject to annual increases based on the revaluation rate of the previous year). HVRHT rates vary between 0.3% and 1%, depending on the real estate tax value of the residence. The tax must be reported annually and paid in two installments, by the end of February and August in the relevant year. Where a taxpayer has a single residence potentially liable to HVRHT, no liability arises; where a taxpayer has more than one residence within the scope of HVRHT, the residence with the lowest value is exempt from HVRHT.

Inheritance/estate tax: Items acquired as gifts or by inheritance are subject to gift tax at rates between 10% and 30%, and inheritance tax between 1% and 10% of the appraised value of the item.

Other

Digital services tax (DST)

A 7.5% DST applies to revenue derived from digital services (i.e., advertising services; the sale, access, and download of digital content such as software, applications, music, video, and games; or the provision or operation of a digital platform enabling the interaction of users, including intermediary services for the sale and purchase of goods between users) performed by digital service providers in Türkiye. The Turkish president is authorized to double the DST rate or reduce it to 1%, depending on the type of digital service. The tax liability does not depend on whether digital services providers are individual or corporate income taxpayers, or whether they have a place of business or a permanent representative in Türkiye. Service providers whose annual revenue derived from digital services does not exceed TRY 20 million in Türkiye, or EUR 750 million worldwide, are exempt from DST. Such exempt companies should monitor their revenues on a quarterly and cumulative basis, since where the relevant thresholds are exceeded, a DST liability is triggered as from the fourth month following the taxation period in which the thresholds were exceeded. The president is authorized to triple the exemption thresholds or reduce them to zero.

Banking and insurance transaction tax

A banking and insurance transaction tax applies at a general rate of 5% on bank and insurance charges. Banks are required to withhold a contribution to the resource utilization support fund (RUSF) on the principal amounts of foreign-denominated loans with an average maturity period of three years or less. The rate is 3% for loans with an average maturity period of less than one year, 1% for loans with an average maturity period of at least one year but less than two years, and 0.5% where the average maturity period is at least two years but less than three years. No RUSF applies where the average maturity is three years or more. A 1% contribution applies to the interest accrued on TRY-denominated loans with an average maturity of less than one year, and 0% applies to TRY-denominated loans with an average maturity of one year or more. Imports realized on credit are subject to a 6% RUSF (subject to certain exemptions).

The banking and insurance transaction tax also applies to foreign exchange purchases from banks, insurance companies, and foreign exchange offices, at a rate of 0.2%. The Turkish president is authorized to reduce the rate to 0% or increase it to 2%.

Tourism share

A “tourism share” is collected from specified enterprises at rates of 0.2%, 0.5%, and 0.05% (reduced from 0.075%) of total net sales and leasing income derived by individual investors, legal entity investors, or operators of commercial tourism enterprises from activities in these enterprises, respectively. Rates are reduced by 50% for revenue from tourism sectors subject to special incentives, such as winter, thermal, health, rural, or qualified sports tourism. The tourism share does not apply on sea tourism vehicles with a Tourism Administration Certificate granted by the Ministry of Culture and Tourism

The tourism share must be declared and paid by corporate income taxpayers on a monthly basis by the end of the following month. Other taxpayers must declare and pay the tourism share on a quarterly basis by the end of the month following the relevant quarter. The tourism share is deductible for individual income tax and corporate income tax purposes.

Accommodation tax

A 2% tax applies on certain accommodation services, along with other services (food and beverage, activities, entertainment, swimming pool, sports, thermal, and similar services) provided by hotels, motels, holiday villages, hostels, apartment hotels, guest houses, camping, chalets, or mountain houses.

Tax treaties: Türkiye has concluded more than 100 tax treaties. Türkiye has signed the Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting (BEPS MLI) on 7 June 2017.

For information on Türkiye’s tax treaty network, visit Deloitte International Tax Source.

Tax authorities: Ministry of Treasury and Finance, Turkish Revenue Administration

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