

TÜRKİYE TAX FACTS 2024



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The following topics are covered in this booklet:

Taxation of individuals (tax base)

Individuals Income tax rates

Corporate income tax rates (standard rate)

Tax Residence and Permanent Establishment (PE)

Branch Profits Tax Rate (Permanent Establishments)

Tax losses

Domestic withholding tax rate (WHT) on dividends paid

Domestic withholding tax rate (WHT) on interests paid

Domestic withholding tax rate (WHT) on royalties paid

Domestic withholding tax rate (WHT) on certain fees paid

Specific or general Transfer Pricing (TP) regulations

Specific or general Thin Capitalization (D:E) regulations

Specific or general Controlled Foreign Companies (CFC) regulations

OECD Base Erosion and Profit Shifting (BEPS) participation

Foreign Exchange Controls applicable

US Foreign Account Tax Compliance (FATCA) applicable

OECD Automatic Exchange of Information (GATCA/CRS/TIEA) applicable

Bilateral Investment Treaties (in force)

Transportation expenses Application of corporate tax with a 1 – 5 point discount on profits from manufacturing and export activities

Income tax tariff

Invoice and depreciation limit

Tax Declaration Due Dates

Daily Allowances Tax Exempt

Change in Vat Rates

| Topic | Turkey |
|--|---|
| Taxation of Individuals (Tax Base) | Worldwide income |
| Individuals Income Tax Rates | 15% - 40% |
| Corporate Income Tax Rates (Standard Rate) | 25% fiscal year 2021-23% fiscal year 2022 - 25% fiscal year 2023 - 25% fiscal year 2024 |
| Tax Residence and Permanent Establishment (PE) | A corporation is generally considered resident if it is incorporated in Turkey. Branches of foreign corporations and Permanent Establishments are also considered as residents. |
| Branch Profits Tax Rate (Permanent Establishments) | 25% fiscal year 2021-23% fiscal year 2022 - 25% fiscal year 2023 - 25% fiscal year 2024 |
| Tax Losses | 5 years carry forward |
| Withholding Tax Rate (Wht) on Dividends Paid | 10%, but according to double tax avoidance agreements this rate may be applied as 10% - 15% |
| Withholding Tax Rate (Wht) on Interests Paid | 10%, but according to double tax avoidance agreements this rate may be applied as 10% - 5% |
| Withholding Tax Rate (Wht) on Royalties Paid | 20%, but according to double tax avoidance agreements this rate may be applied as 10% - 15% |
| Withholding Tax Rate (Wht) on Certain Fees Paid | 20%, but according to double tax avoidance agreements this rate may be applied as 10% - 15% |
| Specific or General Transfer Pricing (TP) Regulations | Yes |
| Specific or General Thin Capitalization (D:E) Regulations | Yes |
| Specific or General Controlled Foreign Companies (CFC) Regulations | No |
| OECD Base Erosion and Profit Shifting (BEPS) Participation | Yes |
| Foreign Exchange Controls Applicable | No |
| US Foreign Account Tax Compliance (FATCA) Applicable | Yes |
| OECD Automatic Exchange of Information (GATCA/CRS/TIEA) Applicable | Yes |
| Bilateral Investment Treaties (in Force) | 91 |

1.Application of Corporate Tax with a 1 – 5 point discount for the profits from derived from manufacturing and export activities

According to the regulation made by Law No. 7456, the corporate tax rate to be applied for corporate profits in 2024 is 25%,

With Article 15 of Law No. 7351, the following seventh and eighth paragraphs have been added to Article 32 of the Corporate Tax Law. "(7) The corporate tax rate is applied with a 5-point discount exclusively to the profits obtained from exports by exporting companies. The corporate tax rate to be applied to the profits made from exports by companies will be 20%,

1 point discount is applied exclusively to the profits derived from production activities by companies that have an industrial registry certificate and are actually engaged in production activities. The corporate tax rate to be applied to the profits derived from production activities by companies will be 24%, The provision of the seventh paragraph does not apply separately for the portion of these profits that falls under exports.

2.Income tax tariff

When the income brackets in the income tax tariff are increased by the revaluation rate (and the fractions up to 5 percent are deleted), the income tax tariffs that will be valid for 2024 are as follows:

Wage income income bracket Tax rate (%)

Up to 110,000 TL : %15

From 110,000 TL to 230,000 TL : %20

From 230,000 TL to 870,000 TL : %27

From 870,000 TL out of 3,000,000 TL : %35

3,000,000 TL of more than : % 40

3.Invoice and depreciation limit

The invoice issuance limit, which was applied as 4 thousand 400 liras in 2023, and the limit for fixed assets that can be written off as direct expenses will be applied as 6 thousand 900 liras in 2024.

TAX DECLARATION DUE DATES

| Type of Declaration | Submission Period | Last Payment Day |
|---|---|---|
| Annual Corporate Tax | Last day of April | Last day of April |
| Annual Income Tax | Last day of March | Last day of March and July |
| Pre-Paid Corporate Tax | <ol style="list-style-type: none"> Period 17 May Period 17 August Period 17 November Period (With the Law No. 7338, published in the Official Gazette No. 31639 on 26.10.2021, the 4th provisional taxation period has been abolished, effective from the tax returns to be submitted for the 2022 fiscal year.)" | The evening of the 17th day of the 2nd month following the 3-month period |
| Value Added Tax (VAT) | The 28th of the following month (With Circular No. 149 of VUK, the submission and payment deadlines for VAT Returns, which are required to be submitted from December 1, 2022, have been extended until the end of the 28th day of the following month | The 28th of the month in which the declaration is made |
| Monthly Withholding Tax | 26th of the following month | The 28th of the month in which the declaration is made |
| Monthly Withholding Tax to be given on a 3month basis | <p>Submitted by the evening of the 26th day of the month following the 3-month period.</p> <ol style="list-style-type: none"> Period 26 April, Period 26 July, Period 26 October, Period 26 January" <p>This appears to be a schedule for submissions or deadlines, each due by the evening of the 26th day after a quarterly period.</p> | The 26th of the month in which the declaration is made |
| Stamp Tax | 26th of the following month | The 26th of the month in which the declaration is made |
| Banking and Insurance Transactions Tax Declaration (BSMV) | 15th of the following month | Within the period for submitting the declaration |

Change in Vat Rates

The "Decision Concerning the Amendment to the Decision Concerning the Determination of Value Added Tax Rates to be Applied to Goods and Services (Decision Number: 7346)" was published in the Official Gazette dated 07 July 2023 and numbered 32241.

As is known, VAT rates are 1% for deliveries and services in the list (I) annex to the Council of Ministers Decision No. 2007/13033, 8% for deliveries and services in the list (II), and 8% for taxable transactions not included in these lists. It is applied as 18%.

With this Decision, the general VAT rate increased from 18% to 20%; The 8% discounted VAT rate was increased to 10%. There was no change in the 1% discounted VAT rate applied to some basic food items.



Country by Country

DAILY ALLOWANCES TAX EXEMPT

No regulation has yet been made regarding the overseas travel allowance amounts to be applied in 2024, and if the daily allowances are changed, it will be announced separately.

Tax-Exempt Daily Amount for Travels to TRNC

According to the Decision Concerning Per diems to be given for trips to the Turkish Republic of Northern Cyprus, annexed to the Presidential Decree No. 6656 published in the Official Gazette dated 10.01.2023, the daily amount to be paid to the Head of Administrative Affairs of the Presidency for trips to TRNC is 557.00 TL. Until a new determination is made for 2024, this amount of the daily allowance paid to the personnel due to travels to the TRNC is exempt from income tax.

The domestic daily allowance, exempt from income tax valid in 2024, is 480 TRY.

