

Circular

Istanbul, 6 December 2017

Circular No: 121

Subject: Implementation of additional minimum living allowance for the wage earners seeing their net income lowered under TL 1.404,06 caused by the income tax tariff.

The temporary Article 87 has been included into the Income Tax Law, to be effective from 1 September 2017 through the Article 15 of the Law no.7061 published in the Official Gazette dated 5 December 2017. Through the statutory provision, for the wage earners seeing their net income lowered under TL 1.404,06 for the months September, October, November and December of 2017 caused by the income tax tariff, an opportunity of compensating the amount remaining under TL 1.404,06 through additional minimum living allowance is introduced.

Explanations regarding the implementation of the aforementioned provision have been made within the Income Tax General Communique series no.299 published in the Official Gazette dated 6 December 2017.

Pertaining to that, the wage earners seeing their net income for the months September, October, November and December of 2017 lowered under TL 1.404,06 caused by the income tax tariff will be able to benefit from this implementation. For the ones that their income does not fall under TL 1.404,06, it will not be possible to benefit from this implementation even though some reduction occurs on their income.

The difference amounts will be added to the minimum living allowance computed within the "Minimum Living Allowance Payroll" as well.

The difference amounts that are computed for September and October of 2017 which are not benefitted through additional minimum living allowance will be refunded to the employee by adding it to the minimum living allowance existing in the Minimum Living Allowance Payroll for November after being deducted from tax.

Our explanations provided above include general information on the issue. No responsibility can be claimed against EY and Kuzey YMM ve Bağımsız Denetim A.Ş. due to the implications arising from the context of this document or emerging with respect to its context.

Best Regards,

KUZEY YMM VE BAĞIMSIZ DENETİM A.Ş.