

Circular

İstanbul, 16 January 2018

Circular No: 12

Subject: Taxation of the interest income and capital gains in 2018.

Concerning the declaration and taxation of revenue and income acquired through securities, withholding system had been launched as of 1 January 2006 within the scope of temporary Article 67 of Income Tax Law.

Pertaining to that article, income tax withholding was handled by the intermediary institutions over the revenue and income acquired by real and legal entities through banks and brokerage houses during 2006-2015 from bonds and bills issued as of 1 January 2006 and other securities. Income on certain securities (eurobonds or revenue and income acquired through foreign securities) does not exist within the scope of temporary Article 67.

Although the overall withholding rate (15%) existing in the article has been changed by the Council of Ministers according to the revenue and income or type of liability both by the legal amendments and within the context of the authority fixed by the law; for several incomes during that period, it's apparent that any deviation from the principle of deduction at source is not seen.

Despite the validity of the aforementioned article expires on 31 December 2015, **its period of enforcement has been extended until 31 December 2020** through the "Law Regarding Amendments on Certain Laws" no. 6655 published in the Official Gazette dated 1 January 2016.

The "Table of Securities" drafted by us that contains the arrangements on taxation of income acquired through securities and other capital markets instruments are presented to your attention after being updated annually or following each significant amendment or arrangements.

Please click for access to the Table titled "Taxation of the interest income and capital gains in 2018" in which the overall regulations on the taxation of revenue and income acquired through securities in 2018 are provided which was updated as of 16 January 2018 within the context of legislation provided above.

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.