

Circular

Istanbul, 16 July 2018

Circular No: 86

Subject: Procedure and principles identified for the incentives on income tax withholding granted within the scope of the temporary Article 21 in Unemployment Insurance Law.

The temporary Article 21 had been added to the Unemployment Insurance Law no.4447 through the Article 44 of the Law no.7103 published in the second repetitive Official Gazette dated 27 March 2018.

This article contains the incentive on income tax withholding obtained through the cancellation of the portion of the income tax calculated on the basis of the amount corresponding to the number of days premium paid after the minimum living allowance reduction applied from the tax accrued on withholding tax return/withholding and premium service return for those who are hired under the provisions of temporary articles 19 and 20 of the same Law and meet the conditions in these articles.

The tax incentives will be applied for 12 months until December 2020 for employees who are covered by the incentive. However, this period is considered as of the date of employment entry; for women over 18 years old, male workers over 18 and under 25 years old and for insured registered disabled as 18 months.

Procedure and principles concerning the implementation of the provision above have been identified within the Income Tax General Communique series no.304 published in the Official Gazette dated 6 July 2018.

The aforementioned Communique has been enacted as of its publication (6 July 2018) date.

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.