

Circular

Istanbul, 20 December 2017

Circular No: 131

Subject: Implementation period of temporary Article 72 within the Income Tax Law regulating the tax deductions applied on payments to the athletes has been extended for 2 years.

Pursuant to the temporary Article 72 of the Income Tax Law, tax deductions (withholding) at rates indicated below are applied on payments as salary or similar to the athletes performing in sports that are subject to the league system;

- . 15 % for the ones performing in the highest league,*
- . 10 % for the league following the highest,*
- . 5 % for the other.*

Withholding rate is applied at 5 % for the payments to the athletes performing in sports that are not subject to the league system and the ones qualified for the international contests.

Annual returns are not submitted for the income indicated above and in the circumstance that any returns are submitted for the other incomes, those payments will not be included in that return.

The temporary Article 72 of the Income Tax Law containing these terms had been valid for payments as salary or similar to the athletes until 31 December 2017.

Through the Article 1 within the "Law Regarding Amendments to Certain Laws" no.7063 published in the Official Gazette dated 20 December 2017, the aforementioned date of 31 December 2017 has been amended as 31 December 2019. By this amendment, the period of withholding implementation on payments to the athletes is extended by 2 years.

The concerning term of the Law has been enacted as of the publication date (20 December 2017).

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.