

## Circular

Istanbul, 16 March 2017

### Circular No: 47

**Subject:** *Explanation made on the implementation of income tax withholding incentive introduced for employers concerning the new hired insured people.*

*Income tax withholding incentive had been introduced for employers to be applicable for the new hired insured people additionally recruited between 1 February - 31.12.2017 through the Legislative Decree (KHK) no.687 published in the official Gazette dated 9 February 2017.*

*Explanation provided below has been made on the implementation of the aforementioned arrangement through the Income Tax General Communique series no.297 published in the Official Gazette dated 16 March 2017:*

*Private sector employers can benefit from the incentive providing the below conditions:*

- a. The employee should be hired as of 1 February 2017,*
- b. There should be a Turkish Labor Institution registration of the employee,*
- c. An at least three month unemployed period without any pause is required,*
- d. Despite the insured had been unemployed during the three months prior to the recruitment, for the six months period before the recruitment, within the context of social security legislation, the reason of termination of the employment should not be notified as one of (19), (20) and (30),*
- e. The employee should be hired as additionally to the number of insured existing in the monthly premium and service documents concerning December 2016.*

*To be implemented as of being hired until 31 December 2017 for the insured people recently employed under the conditions provided above, the portion of income tax calculated over the amount of their wages per gross minimum wage implemented in 2017 (1.777,50 TL) corresponding to number of days with premium payment, after applying minimum living allowance will be cancelled from the tax accrued on the withholding tax return to be submitted.*

*Employers carrying business in more than one workplace and submitting monthly premium and service documents for each of them separately would be considering the conditions concerning income tax withholding incentive linked to additional employment for each workplace. The employer's submitting a single withholding tax return for the employees at different workplaces would not be deemed significant.*

*It is mandatory for the employers intending to benefit of income tax withholding incentive, to fill in the "Notification Concerning the Employment Incentive" (Att.1) provided within the attachment of our circular and submit it as attached to the withholding tax return.*

*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.