

Circular

Istanbul, 4 July 2018

Circular No: 83

Subject: Ceiling for severance pay exempt from income tax and child benefit amounts (01.07.2018-31.12.2018).

The salary and base salary coefficients to be referred in calculating civil servants' earnings concerning 2018 and 2019 had been set within the 4th term joint agreement published in the Official Gazette dated 25 August 2017. Increase rate regarding the first half of 2018 was proposed at 4 % while the rate for second half was 3,5 %.

Article 8 within the joint agreement contains a term concerning the payment for inflation adjustment. Pertaining to that term, in the circumstance that the six months rate change on the (CPI) June index for 2018 compared to the December 2017 index (CPI) exceeds 4 %, coefficients should be increased as much as the exceeding portion effective from 1 July 2018.s

Within the context of the joint agreement's aforementioned terms, the salary coefficient applicable to 01.07.2018-31.12.2018 period is calculated as 0,11794 while the base salary coefficient is calculated as 1,8461.

Concerning the 01.07.2018-31.12.2018 period, through using these coefficients;

- The ceiling for severance pay exempt from income tax will be implemented as TL 5.434,42,
- The monthly child benefit amount exempt from income tax will be implemented as TL 58,97 for children at the ages of 0-6 and TL 29,49 for other children.

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.