

## Circular

**Istanbul, 3 January 2019**

**Circular No: 11**

**Subject: Inflation deduction rate to be applied on certain income acquired in 2018 announced at 140,41 %.**

Inflation deduction rate applied on the declaration of certain securities income is announced higher than one (140,41 %).

Since the discount rate is over one, the income from securities (coupon interest and amortization incomes) derived by individual investors in 2018 through;

- Treasury bills and government bonds
- Securities issued by the Housing Development Administration and Privatization Administration
- Private sector bonds

which were issued prior to 1 January 2006 in Turkish Liras will not be declared.

The discount rate is not applied in the declaration of security incomes obtained from securities which are indexed to foreign exchange, gold or another value and those issued in foreign currency. Also, the discount rate is not applied on the gains and incomes owned by the commercial establishments.

The indicated deduction rate has been announced through the Income Tax General Communique series no.305 published in the 3<sup>rd</sup> repetitive Official Gazette dated 31 December 2018.

*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.**