

Changes for those receiving wage income from multiple employers

Certain updates to the taxation of wages have been introduced through the arrangement made in late 2019. Those earning wage income from more than one employer in a calendar year are also affected by the latest amendments. Additionally, the Communiqué published in May includes explanations on this matter. The term "multiple employers" refers to employees who earn wage income from two or more employers in a calendar year. Those who change jobs during the year, employees working for two or more employers at the same time and members of the management board in a different company while working for a company are examples that will be evaluated in this context.

Employees are taxed through withholding in Turkey generally and mostly they do not submit annual income tax return. However, employees earning wage income from more than one employer may need to submit an annual return in some cases. Previously, these employees were required to declare their wages with an annual tax return if the amount they found when they added their income from their employers during the year by excluding one of their own choice exceeds the amount in the second tranche of the income tax tariff (49.000 TL for 2020).

There is no change in this, but in accordance with the new rule introduced by the latest regulation, if the total income from all employers during the year exceeds the amount in the last tranche of the income tax tariff, (600.000 TL for the year 2020), they should be declared with an annual tax return. Therefore, workers now have to check if they meet both criteria.

Another change is whether the employees who left their jobs during the year and started working for a different employer will be informed of their new employers about the cumulative income tax bases from the previous employer. In the previous income tax communiqué, it was indicated that in case of job change, the new employer should calculate the employee's cumulative income tax base without associating it with the previous employer. However, with the new communiqué, employees who want to do so are free to inform the new employer about the cumulative income tax bases that occur in their previous employers.

Therefore, while employees who want to continue to be taxed from their previous tranche by transferring their tax base, new employers will calculate income tax again for employees who do not want this, starting with the lowest tax tranche. Employees' preferences for reporting or not notifying their employers to new employers do not affect their liability for submitting annual tax returns. In other words, employees who transfer the tax base may also have to submit an annual return if their wage income exceeds the specified limit.

For the employees earning wage income from more than one employer in a calendar year, to make tax assessments, it would be beneficial to do these evaluations when the possibility of obtaining income from more than one employer emerges, without waiting for the period that the tax return will be submitted in order to make the right decision regarding the transfer of the tax base and to prevent possible sanctions by fulfilling their declaration obligations on time.



Explanations in this article reflect the writer's personal view on the matter. EY and/or Kuzey YMM ve Bağımsız Denetim A.Ş. disclaim any responsibility in respect of the information and explanations in the article. Please be advised to first receive professional assistance from the related experts before initiating an application regarding a specific matter, since the legislation is changed frequently and is open to different interpretations.