

Circular

Istanbul, 6 January 2020

Circular No: 8

Subject: Severance pay upper limit and child allowance amounts exempt from income tax (01.01.2020-30.06.2020).

The salary and base salary coefficients to be referred in calculating civil servants' earnings concerning 2020 and 2021 had been set through the Civil Servants Arbitration Committee Decision published in the Official Gazette dated 1 September 2019. Increase rate regarding the first half of 2020 was proposed at 4% while the rate for second half was 4% as well.

Article 7 within the joint agreement contains a term concerning the payment for inflation adjustment. Accordingly, in the circumstance that the six months rate change on the (CPI) December index for 2019 compared to the June 2019 index (CPI) exceeds 5%, coefficients should be increased as much as the exceeding portion as of the first day (Jan 2020) of the month in which the inflation data for the concerning 6 month periods was released.

Within the context of the joint agreement's aforementioned terms, the salary coefficient applicable to 01.01.2020-30.06.2020 period is calculated as 0,146061 while the base salary coefficient is calculated as 2, 28624.

Concerning the 01.01.2020-30.06.2020 period, through using these coefficients;

- The ceiling for severance pay exempt from income tax will be implemented as TL 6.730,15;
- The monthly child allowance amount exempt from income tax will be implemented as TL 73,03 for children at the ages of 0-6 and 36,52 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.