

Circular

Istanbul, 28 May 2020

Circular No: 71

Subject: Updated table on the taxation of the interest income and capital gains in 2020.

Concerning the declaration and taxation of revenue and income acquired through securities, withholding system had been launched as of 1 January 2006 within the scope of temporary Article 67 of Income Tax Law.

Pertaining to that article, income tax withholding was handled by the intermediary institutions over the revenue and income acquired by real and legal entities through banks and brokerage houses during 2006-2015 from bonds and bills issued as of 1 January 2006 and other securities. Income on certain securities (eurobonds or revenue and income acquired through foreign securities) does not exist within the scope of temporary Article 67.

Although the overall withholding rate (15%) existing in the article has been changed by the Council of Ministers/President according to the revenue and income or type of liability both by the legal amendments and within the context of the authority fixed by the law; for several incomes during that period, it's apparent that any deviation from the principle of deduction at source is not seen.

The withholding rate on income obtained from commercial papers certified by the Capital Markets Board as per the Law no.6362 and short-term lease certificates issued by asset leasing companies and gains arising from disposal of these has been increased to 15% through the Presidential Decision no.2569 published in the Official Gazette dated 24 May 2020. The Decision has been enacted as of its publication date to be applied over the income obtained from the aforementioned securities acquired since the date of its publication.

Please click for access to the updated table titled “Taxation of the interest income and capital gains in 2020” in which the overall regulations on the taxation of revenue and income acquired through securities in 2020 are provided which was updated as of 28 May 2020 within the scope of the relevant Presidential Decision.

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.