

Circular

Istanbul, 1 August 2020

Circular No: 83

Subject: Withholding rate on real estate rentals reduced to 10 percent until the end of 2020.

As per the Presidential Decision no.2813 published in the Official Gazette dated 31 July 2020, the withholding rate on the following will be applied as 10% instead of 20% until 31 December 2020;

- a. payments for the lease of the goods and rights indicated in the Article 70 of the Income Tax Law,
- b. rental payments to foundations (excluding fused foundations) and associations in return for the lease of real estate belonging to them,
- c. rental payments to foreign states, foreign public administrations and institutions and international institutions in return for the lease of real estate belonging to them that do not have diplomatic status.

As per the Decision, 10% withholding will be applied instead of 20% on rental payments in return for the lease of real estate belonging to the cooperatives to be implemented until 31 December 2020 as well.

As of 1 January 2021, the rates (20%) prior to the Decision no.2813 will continue to be applied for payments made in cash or on account within the above scope.

The Decision has been enacted as of its publication date to be implemented until 31 December 2020 (including this date) on payments made in cash or on account.

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.