

Circular

Istanbul, 23 December 2020

Circular No: 118

Subject: The period of withholding rate reductions on real estate rentals to be applied until the end of the year extended to 31 May 2021.

As per the Presidential Decision no.2813 published in the Official Gazette dated 31 July 2020, the withholding rate on the following had been reduced to 10% from 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, 20% withholding was reduced to 10% on rental payments in return for the lease of real estate belonging to the cooperatives to be implemented until 31 December 2020 as well.

Through the Presidential Decision no. 3318 published in the Official Gazette dated 23 December 2020, the period of these rate reductions has been extended until 31 May 2021.

Accordingly, from 1 January 2021 until 31 May 2021 (including this date), income tax withholding at the rate of 10% will continue to apply on rental payments indicated above.

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.