

## Circular

**Istanbul, 23 December 2020**

**Circular No: 120**

**Subject: Decision no. 2006/10731 determining the withholding rates in the temporary Article 67 of the Income Tax Law amended.**

The amendments indicated below have been made to the Decision no.2006/10731 determining the withholding rates in the temporary Article 67 of the Income Tax Law, through the Presidential Decision no.3321 published in the Official Gazette dated 23 December 2020.

-Free exchange funds will be subject to a withholding rate of 0 percent on the portfolio gains they have obtained as of 1 January 2021. There is no change in the withholding rate of 15 percent to be applied over the portfolio earnings of these funds in 2020.

-Withholding rates on income and gains obtained from bonds and bills issued by banks and acquired between the publication date of the Presidential Decision (23 December 2020) and 31 March 2021 and income and gains from lease certificates issued by asset leasing companies for which the fund user is banks have been reduced.

Accordingly, 5%, 3% and 0% withholding will be applied on the income and gains obtained from the concerning securities depending on the maturity and holding period of the paper.

-Income and gains from investment funds (excluding variable, composite, eurobond, foreign borrowing, foreign, free funds and mutual funds with foreign currency in their title) acquired between the publication date of the Presidential Decision (23 December 2020) and 31 March 2021 will be subject to a withholding rate of 0%.

*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.**