

Turkey extends dividend distribution limitations until 31 December 2020

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Turkey implemented, in April 2020, a temporary partial ban on the payment of dividends to shareholders.¹

On 18 September 2020, President Decision No. 2948 (the Decision) was published in the *Official Gazette*. The Decision extends the date of this temporary ban to 31 December 2020. The ban was originally set to expire on 30 September 2020.

Under the Decision, the limitations will be applied as follows:

- ▶ The amount of dividends that a company can distribute until 31 December 2020 cannot exceed 25% of the net profit of 2019.
- ▶ The General Assembly cannot authorize the Board of Directors to distribute advance dividends.
- ▶ If the General Assembly had approved the distribution of dividends for the fiscal year 2019, but the shareholders have not yet been paid or partial payments have been made, payments for the portion exceeding 25% of the net profit for 2019 are postponed until the end of the respective period (through 31 December 2020).

Endnote

1. See EY Global Tax Alert, [Turkey postpones deadlines for 2019 corporation tax and enacts law to amend tax and legal provisions due to COVID-19](#), dated 17 April 2020.

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