

Circular

27 December 2021

Circular No: 128

Subject: Regulations of Law numbered 7349, including income tax exemption in terms of wages and amendments regarding other certain laws.

Our explanations regarding the amendments made in the Income Tax Law, Stamp Duty Law and VAT Law with the Law No. 7349 published in the Official Gazette dated 25 December 2021 are called to your attention below:

- The wages corresponding to the remaining amount (4,253.40 TRY) after deducting the employee's social security institution premium (700.56 TRY) and unemployment insurance premium (50.04 TRY) from the monthly gross amount of the minimum wage (5.004 TRY), valid in the month the payment is made, will be evaluated as an exemption from income tax. In addition to the minimum wage earners, those who earn more than the minimum wage will be able to benefit from the said exception for a portion of their wages equal to the minimum wage.
- Stamp tax exemption will be applied to the part of the wage income up to the minimum wage. A stamp tax of 0,759% must be calculated on the exceeding portion.
- Since no tax is calculated on the minimum wage within the scope of the regulation regarding the income tax exemption in wages, the AGI application based on this tax deduction principle has also become dysfunctional and article 32 of the Income Tax Law containing this application has been abolished with article 3 of the Law No. 7349.
- This practice has been terminated by repealing the provisions on "Other wages" in the Income Tax Law. It shall be applicable for wage payments which shall be made as of January 1, 2022.

New regulations regarding taxation of above wages shall be applicable for wage payments made as of January 1, 2022.

- The phrase "up to 10 kW (including 10 kW)" in the exemption provision for electricity generation facilities based on renewable energy sources established in households has been amended to "up to 25 kW (including 25 kW)". It has entered into force on its publication date.
- Regarding the defense industry projects carried out by the Ministry of National Defense or the Presidency of Defense Industry, the deliveries and services made to these institutions within the scope of the relevant projects, as well as the deliveries and services to be made within this scope to those who perform these deliveries and services, whose quantity and qualities are approved by the above-mentioned organizations are included in the VAT exemption. It has entered into force on its publication date.



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.