

## Circular

10 October 2022

Circular No: 93

**Subject: Regulations, including amendments in Income Tax and Corporate Tax Law, of Bill of Law presented to Grand National Assembly of Republic of Turkey on October 7.**

The amendments, foreseen to be applied in terms of Income and Corporate Tax Laws through the Bill of Law presented to Speaker's Office of Turkish Parliament on October 7, 2022, are summarized below:

- The phrase "up to 25 kW (including 25 kW)" in the exemption provision for electricity generation facilities based on renewable energy sources established in households is amended as "up to 50 kW (including 50 kW)". (Effective Date: Publication date.)
- In cases where food is not served to the personnel at the workplace or its premises, it is foreseen that the condition of paying the meal fee to the taxpayers who provide the food delivery service will be abolished. Thus, the income tax exemption can be benefited if the meal costs that do not exceed the determined amount (51 TL as of 1 July 2022) are deposited into the bank account of the personnel. (Effective Date: Beginning of the month following its publication.)
- It is foreseen that the wage payments made to the employees working in the construction, repair, installation works and technical services abroad, which are paid by the employer's foreign income in return for their actual work abroad, will be exempt from income tax and indirectly from stamp tax. (Effective Date: Beginning of the month following its publication.)
- The discount application for individual participation investors (angel investors), which will expire on 31 December 2022, is expected to be extended until 31 December 2027. In addition, the maximum discount amount that can be benefited from TRY 1,000,000 is increased to TRY 2,500,000. (Effective Date: at the date of publication, to be applied to income and earnings from 1 January 2023.)
- It is foreseen that the monthly payments not exceeding TRY 1,000 made by the employers to the employees in addition to their current wages, in return for electricity, natural gas and other heating expenses, are exempt from income tax. However, this exemption will be valid for payments made between the date the Bill of Law is enacted and published in the Official Gazette and the date of 30 June 2023. (Effective Date: Publication date.)
- It is foreseen that article 32/B titled "Taxation in capital reduction" will be added to the Corporate Tax Law. In case the equity items added to the capital by the institutions are subject to capital reduction within five full years from the date of addition to the capital; first of all, it will be accepted that the capital elements that need to be taxed are distributed. In case of a capital reduction after the expiration of 5 full years, the capital elements within the amount subject to the reduction will be

determined by proportioning the cash or in-kind capital and other elements added to the total capital. (Effective Date: Publication date.)

*- Within the scope of supporting the conversion of foreign currencies and gold account balances into Turkish lira deposit and participation accounts, it is foreseen that the deadline for conversion to Turkish lira at the conversion rate/price will be changed to 31.12.2023. (Effective Date: 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.