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Türkiye's Istanbul Finance Center Law enters into force

Türkiye's Law No. 7412 (the Law) regarding the establishment of Istanbul Finance Center (IFC) was published in the *Official Gazette* on 28 June 2022. The Law was enacted without any changes to the proposed Bill. For more details, see EY Global Tax Alert, [Türkiye introduces Istanbul Finance Center](#), dated 9 June 2022.

Under the Law, participants who operate in the office area, have a participation certificate and perform exportation of financial services, may benefit from the deductions, exemptions and other tax advantages which include:

- Deduction of 75% from the corporation income of the earnings derived from exportation of financial services carried out at the IFC, provided that it is separately shown on the corporation tax return. This rate is applied at 100% for the taxation periods of 2022 to 2031. For institutions using a special accounting period, these periods cover the accounting periods starting within the relevant years.
- Banking and Insurance Transactions Tax (BITT) exemption for transactions related to the exportation of financial services carried out at the IFC and the money received in favor of these transactions.
- Fee exemption on transactions related to the exportation of financial services carried out at the IFC.
- Stamp tax exemption on the documents related to the exportation of financial services carried out at the IFC.
- Income tax exemption on monthly salaries paid to the personnel employed by the financial institutions that have received the participant certificate at the IFC:
 - 60% exemption for those who have at least 5 years of professional experience abroad
 - 80% exemption for those who have at least 10 years of professional experience abroad
 - This exemption will be applied to the wage income of the personnel who did not work in Turkey for the prior three years before they started to work at the IFC.

- Fee and stamp tax exemptions on transactions and documents regarding leasing of immovable properties in the IFC.

The Ministry of Treasury and Finance is authorized to make regulations, under which financial institutions operating in the IFC may keep their books and documents in foreign currency, regardless of the provisions of the Tax Procedure Law and the Turkish Commercial Law.

Participants may freely choose a governing law for all kinds of transactions and contracts that they will enter into under private law within the scope of the activities they carry out at the IFC among themselves, provided that it is not contrary to the legislation to which they are subject to.

The Law entered into force on the date of publication in the *Official Gazette* (28 June 2022).

For additional information with respect to this Alert, please contact the following:

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