

## Daily food exemption is becoming TRY 110

According to the 12-month averages from October to October, the producer inflation rate (D-PPI) was announced as 122.93 percent. This rate is also accepted as the 2022 revaluation rate.

The relevant laws specify which amounts will be increased at the revaluation rate and reset methods. Accordingly, many amounts such as income tax tariff brackets, stamp taxes, fees, penalties, exemptions and declaration limits that will be valid in 2023 will be calculated using the revaluation rate.

However, it should be noted that the President has the authority to set a lower or higher rate than this rate.

### Food exemption

In the event that food is not served at the workplace, the income tax exemption can be benefited if the meal costs, which do not exceed TRY 51 per day in December, are also deposited into the bank account of the personnel. Daily exemption amount is becoming TRY 110 for 2023.

### Transportation expenses

In cases where the employers do not provide shuttle services to the employees, it is exempt from income tax provided that the daily transportation cost for the days worked does not exceed TRY 25.50 as of 2022/July and the related payments are made in the form of a public transport card, ticket or payment instruments used for this purpose. The limit of TRY 25.50 will be TRY 56 in 2023.

### Income tax tariff

When the income brackets in the income tax tariff are increased at the revaluation rate (fractions up to 5 percent are deleted), the income tax tariffs that will be valid for 2023 are as follows:

#### ➤ Wage income

| Tax bracket  | Tax Rate |
|--|----------|
| Up to TRY 70,000   | 15%      |
| TRY 10,500 for TRY 70,000 of TRY 150,000, for more                 | 20%      |
| TRY 26,500 for TRY 150,000 of TRY 550,000, for more                | 27%      |
| TRY 134,500 for TRY 550,000 of TRY 1,900,000, for more             | 35%      |
| TRY 607,000 for TRY 1,900,000 of more than TRY 1,900,000, for more | 40%      |

➤ **Non-wage income**

| <b>Tax bracket</b>   | <b>Tax Rate</b> |
|--|-----------------|
| Up to TRY 70,000   | 15%             |
| TRY 10,500 for TRY 70,000 of TRY 150,000, for more                 | 20%             |
| TRY 26,500 for TRY 150,000 of TRY 370,000, for more                | 27%             |
| TRY 85,900 for TRY 370,000 of TRY 1,900,000, for more              | 35%             |
| TRY 621,400 for TRY 1,900,000 of more than TRY 1,900,000, for more | 40%             |

**Rental exemption**

The exemption, which is valid only for housing rental income, is applied as TRY 9 thousand 500 for 2022 incomes. Those who rent a house below this amount in 2022 do not submit a declaration. The exemption amount for 2023 incomes is TRY 21 thousand.

**Declaration threshold**

The limit amount used in the declaration of movable and real estate capital gains subject to withholding (tax deductions), such as dividend income, workplace rental income or wage income from more than one employer, is also increased according to the revaluation rate. This amount, which is TRY 70 thousand for 2022 revenues, is being increased to TRY 150 thousand for 2023 revenues.

For real estate and securities capital gains (such as foreign bank interest income) that are not subject to any withholding or exceptions, the declaration limit, which is TRY 3 thousand 800, will be applied as TRY 8 thousand 400 in 2023.

**Sales of immovables**

Except for the sales made within the scope of commercial activities, income tax is not paid on the income obtained from the real estates sold after being held for at least 5 years. If a profit exceeding TRY 25 thousand (for the year 2022) is obtained from the properties sold before the end of the 5-year period, the income tax calculated by declaring the excess amount must be paid. In 2023, the exemption amount for the income from real estate sales made within this scope is TRY 55 thousand.

**Invoice and depreciation limit**

Invoice issuance limit, which was applied as TRY 2 thousand in 2022 and the limit for fixtures that can be recognized directly as expenses, will be applied as TRY 4 thousand 400 in 2023.

**Limitation on personal car expenses**

The amounts applied in 2022 related to passenger car expenses and the 2023 amounts calculated by increasing the revaluation rate are summarized in the table below:

|   | <b>2022 year<br/>(TRY)</b> | <b>2023 year<br/>(TRY)</b> |
|---|----------------------------|----------------------------|
| Monthly leasing expense of passenger car  | 8,000                      | 17,000                     |
| Total VAT and SCT which can be recognized as expense for the initial acquisition of passenger car                                 | 200,000                    | 440,000                    |
| Portion, which can be taken into account as expense, of expenditures regarding passenger cars (such as fuel, repair, maintenance) | 70%                        | 70%                        |
| Depreciation cap for passenger cars   |                            |                            |
| - Those capitalized excluding SCT and VAT   | 230,000                    | 500,000                    |
| - Those capitalized through adding SCT and VAT to cost (including second-hand purchases)  | 430,000                    | 950,000                    |

### **Compliant taxpayer reduction**

This reduction application is valid for taxpayers who submit their declarations on time, do not have tax debt and do not have a finalized assessment for previous years. 5% of the tax calculated on annual income or corporate tax returns is deducted from the income or corporate tax payable.

The amount of the reduction cannot exceed TRY 2 million for the declarations submitted in 2022. This limit will be applied as TRY 4 million 400 thousand in annual income and corporate tax returns that must be submitted as of January 1, 2023.

Not only that, of course. Many amounts such as irregularity and special irregularity penalties, various exemptions and reductions, bookkeeping rates according to the balance sheet method, stamp duty and fees charged as fixed (quantitative) will be applied by increasing it by 122.93 percent in 2023 or a different rate to be determined by the President.

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