

Circular

2 January 2023

Circular No: 5

Subject: Principles and Procedures regarding implementation of wage exemptions introduced with Law numbered 7420 has been determined.

In accordance with Law numbered 7420 (OG: 9/11/2022), in cases where food is not served to the personnel at the workplace or its premises, the requirement of paying the meal fee to the taxpayers who provide the food delivery service was abolished. Thus, the income tax exemption can be benefited if the meal costs that do not exceed 51 TL (110 TRY for 2023) are deposited into the bank account of the personnel. This provision has entered into force as of December 1, 2022.

In accordance with the Law, 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, are exempt from income tax and indirectly from stamp tax. This provision has entered into force as of December 1, 2022.

Monthly payments not exceeding TRY 1,000 made by the employers to the employees between November 9, 2022 and June 30, 2023 in addition to their current wages, in return for electricity, natural gas and other heating expenses, are exempt from income tax according to Law numbered 7420.

According to the Serial No. 322 General Communiqué on Income Tax published in the 2nd repetitive Official Gazette dated 30 December 2022, the procedures and principles regarding the implementation of the exemption provisions summarized above regarding wages have been determined.

The communiqué has entered into force on its publication date (December 30, 2022).

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.