

# Global Withholding Tax Alert

## For Immediate Action

Ref: 2000/54

Date: 8/31/2000

Published by: Elaine Sullivan Marino and Danielle Jaskolka- ITS, New York

---

### **TURKEY: EARTHQUAKE TAX ON COPORATE PROFITS AND ON INTEREST FROM GOVERNMENT OBLIGATIONS SET TO EXPIRE**

The “earthquake tax”, which was imposed as a temporary measure to raise funds for Turkish earthquake relief purposes last year, will expire within the next few months.

#### **Corporate Profits**

With effect from November 11, 1999, the earthquake tax was imposed on corporations at 5% of the company’s income tax base. This tax will no longer be applied to corporate taxes paid after October 2000. Because the earthquake tax is applied to income earned in the year prior to the dividend payment, dividends paid in 2001 will have been subject to the earthquake tax whereas dividends paid after 2001 will not. Please note that the earthquake tax is a corporate level tax, not a shareholder level tax, and can not be reduced under treaties.

#### **Government Obligations**

With effect from January 1, 2000, the earthquake tax applies to any interest derived from Turkish government obligations and treasury bills issued prior to December 1, 1999. The tax imposed is in addition to any existing withholding taxes allowed under Turkish law. The application of the earthquake tax will expire after all bonds issued prior to December 1, 1999 mature (i.e., November 30, 2000).

For the rate of the earthquake tax imposed on government obligations please see Turkey Statutory Rates footnote (j). For additional information on the earthquake tax, please see Tax Alert 1999/87.

If you have any questions about this Tax Alert, please contact Elaine Sullivan Marino at:

telephone: (212) 773-1330  
fax: (212) 773-6883  
E-mail: [elaine.marino@ey.com](mailto:elaine.marino@ey.com)

or contact Danielle Jaskolka-Clark at:

telephone:

(212) 773-3543

fax:

(212) 773-6883

E-mail:

[danielle.jaskolka@ey.com](mailto:danielle.jaskolka@ey.com)