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Turkiye extends application of corporation tax exemption on "FX-protected Deposit and Participation Accounts" to 30 September dated balance sheets

- *The corporation tax exemption, on certain income derived from the foreign exchange (FX) protected deposit and participation accounts that the Turkish companies open by converting the foreign currency deposits into Turkish Lira currency, has been extended to the foreign currency deposits that are available in the Turkish companies' 30 September 2022 dated balance sheets.*
- *Accordingly, if taxpayer companies convert their foreign currencies which are available on their balance sheets dated 30 September 2022 into a Turkish Lira deposit or participation account with at least three months maturity, until the end of 2022; interest, participation income from participation accounts and other earnings derived at the end of the maturity, including the ones derived from year-end revaluations will be exempt from corporation tax.*

Under the Law No 7352 which was published in the *Official Gazette* on 29 January 2022, Turkiye introduced a corporation tax exemption on the interest, participation income and other earnings derived at the end of the maturity, including the income derived from year-end revaluations, from the FX-protected deposit and participation accounts that were opened by converting the foreign currencies into Turkish Lira. The exemption covered the foreign currency deposit accounts available on the Turkish companies' balance sheets dated 31 December 2021. See EY Global Tax Alert, [Turkey enacts law to postpone inflation accounting and provides corporation tax exemption on gains related to conversions into Turkish Lira](#), dated 1 February 2022.

This exemption was previously extended to cover the foreign currencies that were available in the balance sheets dated 30 March 2022 and 30 June 2022 and that were converted to Turkish Lira currency in the FX-protected deposit and participation accounts.

On 27 October 2022, Turkish Presidential Decree No. 6297, published in the *Official Gazette*, extends the above-mentioned corporation tax exemption coverage to the foreign currency deposits that are available in the Turkish companies' balance sheets dated 30 September 2022 and that are converted into Turkish Lira currency in the FX-protected deposit and participation accounts.

Accordingly, if taxpayer companies convert their foreign currencies which are available on the balance sheet of 30 September 2022 into a Turkish Lira deposit or participation account with at least three months maturity, until the end of 2022; interest, participation income from participation accounts and other earnings derived at the end of the maturity, including the ones derived from year-end revaluations will be exempt from corporation tax.

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