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TAX REGULATIONS MADE WITH THE LAW NO:7256

The regulations in the law regarding the tax laws are briefly as follows:

- With the amendment made in Article 32 of the Corporate Income Tax Law No.5520, the corporate income tax rate is decreased by two points regarding the corporate income of the companies that offer at least 20% of their shares to the public through Borsa İstanbul Stock Exchange (BİST) for five accounting periods starting from the accounting period that public offering takes in place. Banks, leasing companies, factoring companies, financing companies, payment and electronic money institutions, authorized foreign exchange institutions, asset management companies, capital market institutions, insurance and reinsurance companies and pension companies cannot benefit from this deduction.
- Under certain conditions, those who sell the goods through internet and similar electronic media which are produced in their homes will be exempt from personal income tax.

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- A new incentive has been created in order to improve the international competitiveness of Turkey's economy through exports, to create new export fields, to increase employment opportunities and to increase our country's share in the new markets is introduced. Accordingly, full taxpayer real persons have been enabled to **deduct 50% of the earnings from their exportation activities (micro exportation) under certain conditions.**
- A regulation has been made regarding dividend distribution in case full taxpayer equity companies buy back their own shares.
- **Regulations made in the Provisional Article 67 of the Personal Income Tax Law, which includes provisions for the taxation of income derived from the disposal and retention of securities and other capital market instruments as well as deposit interests, repo incomes and income from private financial institutions. Accordingly the implementation period of the article is extended until 31.12.2025 (it was 31.12.2020 before the amendment).** In addition in which cases the exemptions stipulated in other laws will be applicable for this article has been clarified.
- **The implementation period of Provisional Article 68 of the Personal Income Tax Law, which includes provisions for withholding 20% tax over the salary payments made to jockeys and apprentice and trainer jockeys, is extended until 31.12.2025.**
- **A new repatriation of capital is introduced.** Accordingly, the money, gold, foreign exchange, securities and other capital market instruments abroad are brought to Turkey and to the national economy, and the money, gold, foreign exchange, securities, other capital market instruments and immovables owned by personal or corporate income taxpayers, which are in Turkey but are not included in the records of the enterprises, are allowed to be recorded in the legal books. In this context, it is assured that no tax inspection and assessment will be made due to the assets brought to Turkey (or deemed to be brought) and registered domestic assets.
- Since, the UEFA Champions League Final which has been planning to take place in Turkey is postponed from 2020 to 2021, the relevant tax exemption article have been updated. Accordingly, participating football clubs and legal entities working in the organization, those whose workplace, legal and business center are not in Turkey, are exempted from personal and corporate income tax due to their earnings and revenues in Turkey. Goods deliveries and services due to this event are exempted from value added tax as well.
- The effective date of accommodation tax is postponed to 1.1.2022.
- In addition, the implementation period of the following articles, whose **implementation period will expire on 31.12.2020**, is extended.

- ✓ Provisional article regarding non-formation of economic enterprise due to some incomes of associations or foundations that are subject to withholding tax (from December 31, 2020 to December 31, 2025)
- ✓ Provisional article 17 of the Value Added Tax Code regarding the ability to perform transactions within the scope of postponement-cancellation as part of inward processing and temporary acceptance regime (from December 31, 2020 to December 31, 2025)
- ✓ Provisional article regarding the VAT exemption provided for free delivery of computers and hardware to the Ministry of Education (from December 31, 2020 to December 31, 2023)
- ✓ Provisional article regarding the VAT exemption provided for deliveries and services to Istanbul Project Coordination Unit within the scope of Istanbul Seismic Risk Mitigation and Emergency Preparedness Project (ISMEP) (from December 31, 2020 to December 31, 2025)

Kind regards.