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## TAX RETURN FOR CERTAIN SALARY INCOME SHALL BE SUBMITTED TO TAX AUTHORITY UNTIL THE END OF MARCH 2021

In 2019 with the “[Law Numbered 7194 on Amendment of Certain Laws and in Decree Law No.375 Regarding the Digital Service Tax](#)” (hereinafter referred to as “**Law No.7194**” or “**the Law**”), significant amendments has stipulated regarding the taxation of salaries. The details are provided with our tax bulletin dated 25.12.2019, with bulleting no 2019/005.

Furthermore, “[the Income Tax General Communiqué \(Serial No.311\)](#)” hereinafter referred to as “**Communiqué No 311**” or “**the Communiqué**” was published in the Official Gazette dated May 27, 2020 and numbered 31137.

Within this scope, the requirements of submission of personal income return for wages/salaries are summarized within this Tax Bulletin.

*(Please note that this bulletin covers only salary income submission requirements.)*

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## 1. THE PERSONAL INCOME TAX TARIFF:

With Article 17 of Law No.7194, the amendments have been made to the personal income tax brackets and rates regarding the personal income tax tariff stated in Article 103 of Personal Income Tax Law (*PIT Law*).

With this amendment, a new bracket is added to the personal income tax tariff, and the maximum bracket is increased from 35% to 40%.

Accordingly, the earnings that are TRY 600,000 and above obtained in 2020 shall be subject to personal income tax at the rate of 40% in 2020.

The income tax bracket for 2020 is as follows:

Gross Income	Tax Rate
Up to TRY 22,000	15%
For TRY 22,000 of TRY 49,000 the tax is TRY 3,300, in excess the rate is	20%
For TRY 49,000 of TRY 120,000, the tax is TRY 8,700, (regarding salary income: for TRY 49,000 of TRY 180,000, the tax is TRY 8,700), in excess the rate is	27%
For TRY 120,000 of TRY 600,000, the tax is TRY 27,870, (regarding salary income: for TRY 180,000 of TRY 600,000, the tax is TRY 44,070), in excess the rate is	35%
For TRY 600,000 of TRY 600,000, the tax is TRY 195,870 (regarding salary income: for TRY 600,000 of TRY 600,000, the tax is TRY 191,070), in excess the rate is	40%

## 2. SALARY INCOME THAT SHOULD BE DECLARED THROUGH ANNUAL PERSONAL INCOME TAX RETURN

Prior to the Law No.7194, as per Article 86 of the PIT Law, no annual tax return could be submitted for salaries received from sole employer and they were subject to taxation through withholding mechanism. Additionally, these earnings were not included to annual personal income tax returns to be submitted due to other earnings.

However, according to the new amendments, a personal income tax return shall be submitted for salaries exceeding the amount specified in the 4th bracket of the personal income tax tariff (TRY 600,000 for 2020), even if such salaries received from a sole employer. If a tax return is submitted for income other than salary, the mentioned salary income also must be included to the tax return together with the other income.

This regulation shall be applied to the salary income obtained in 01.01.2020 and onwards.

Accordingly in 2020, salary income that have been taxed in Turkey through withholding mechanism and still need to be declared through annual personal income tax return are explained as below:

- Employees whose salary income exceed TRY 600,000.00 for 2020 from a sole employer,
- For employees who earn salary income from more than one employer: if their total salary income exceeds TRY 600,000 for 2020, including the salary income from the first employer,
- For employees who earn salary income from more than one employer: if their total salary income received after the first employer exceeds TRY 49,000 for 2020 (the salary/salaries after the first employer are freely determined by the employee)

Please note that the tax withheld by employers shall be deducted on personal income tax returns of employees.

Furthermore, when salaries are declared through annual personal income tax return, expenses regarding life and personal insurance premiums (paid to the insurance companies, located in Turkey), education and health expenses (regarding institutions located in Turkey- expenses related the person, spouse or/and kids), donations and grants in Turkey, sponsorship expenses in Turkey can be deducted from the income to be submitted.

Personal income tax returns for 2020 should be submitted by no later than March 31<sup>st</sup>, 2021. Any balance of tax due must be paid as a whole in March, 2021 **OR** in two installments in March and July, 2021.

Kind regards.