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REGULATIONS ON TAX BASE AND TAX INCREASE INTRODUCED WITH THE LAW NO.7326 ON RESTRUCTURING OF TAXES AND CERTAIN OTHER RECEIVABLES

The Law No.7326 on Restructuring of Taxes and Certain Other Receivables and Amending Certain Laws (the Law) has been published in the Official Gazette dated 09.06.2021.

With Article 5 of the Law, in line with the regulations introduced with the previous Laws No.6111, 6736 and 7143, the provisions for tax base and tax increase have been also introduced.

The scope of the tax base and tax increase includes personal income tax (PIT), corporate income tax (CIT), value added tax (VAT), and PIT/CIT withholdings limited to those stated in tables 6 and 7 below.

Accordingly, regarding the taxpayers who have increased their PIT and CIT bases under the conditions specified in the article, tax inspection and assessment will not be available in terms of the taxes they have applied tax base increase, as of the periods in which they applied the increase.

Taxpayers for whom a tax inspection has been initiated or who have been referred to discretion will also be able to benefit from the increase application.

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Provisional tax will not be calculated due to the tax base increases related to PIT and CIT, and there will be no deduction from the taxes accrued due to tax base/tax increase in all tax types. Not only the mentioned taxes cannot be deducted or offset from any tax but also will be considered as non-deductible expenses (KKEG) on determination of the PIT or CIT base.

Those who would like to benefit from the provisions of the Law regarding the tax base and tax increase must make an application until 31.8.2021 (including this date) and pay the taxes within the scope of the article in advance or **in maximum 6 equal installments (with the coefficient of 1.09) in two-month periods**, with the first installment being paid until 30.9.2021 (including this date). In the event that these taxes are not paid in the specified way, the unpaid tax amounts are collected together with the late fee according to Article 51 of the Law No.6183 by deeming 30.9.2021 as the due date. **However, it will not be possible to utilize the provisions regarding the tax base and tax increase.**

In the case that all the taxes accrued as a result of tax base or tax increase are paid in **advance** within the first installment payment period, %10 deduction is made from these taxes and the coefficient is not applied.

The subjects related to tax base/tax increase are explained by tax types in the tables below, and specific points based on the relevant tax types are clarified in the notes below each table.

Kind regards.



Table 1 : TAX BASE INCREASE FOR PERSONAL INCOME TAXPAYERS

YEAR OF THE DECLARATION	TAX BASE INCREASE RATE (A)	MINIMUM INCREASE AMOUNTS				TAX RATE TO BE APPLIED TO THE INCREASED AMOUNT		PAYMENT TERMS (H)
		MINIMUM AMOUNT FOR BOOKKEEPERS ON A BALANCE SHEET BASIS AND SELF-EMPLOYED (B)	MINIMUM AMOUNT TO BE APPLIED FOR THE TAXPAYERS WHOSE INCOME CONSISTS ONLY OF COMMERCIAL EARNINGS ACQUIRED ON SIMPLE EARNINGS BASIS (C=B/10)	MINIMUM AMOUNT TO BE APPLIED FOR THE TAXPAYERS WHOSE ONLY INCOME IS FROM REAL PROPERTY (D=B/5)	MINIMUM AMOUNT FOR BOOKKEEPERS ON AN OPERATING ACCOUNT BASIS AND OTHER PERSONAL INCOME TAXPAYERS (E)	NORMAL TAX RATE (F)	REDUCED TAX RATE (G)	
2016	35%	47,000	4,700	9,400	31,900	20%	15%	In advance within the first installment payment period (with 10% deduction), or 1.09 times the amount in 6 installments and in 12 months
2017	30%	49,800	4,980	9,960	33,200			
2018	25%	52,900	5,290	10,580	35,250			
2019	20%	56,200	5,620	11,240	37,500			
2020	15%	63,700	6,370	12,740	42,500			



EXPLANATIONS ON TABLE 1:

- (1) It is not obligatory to increase the tax base. Increases can be applied for all the years specified, as well as for the requested year(s).
- (2) For the year of the tax base increase, there shall be no tax inspection and penalty assessment afterwards (including provisional tax) in terms of Personal Income Tax (PIT). However, the obligation to preserve and present the books and documents for the year of the increase continues.
- (3) PIT payers will increase the tax bases declared in their PIT Returns regarding the years mentioned above, at the rates specified in column (A). If the amount to be reached as a result of the increase is lower than the amounts shown in column (E) for taxpayers who keep books on the operating account basis and in column (B) for taxpayers who keep books on the balance sheet basis, the Minimum Increase Amount specified in these columns is taken into account.
- (4) If tax base is not declared in the tax return for the relevant year (if there is a financial loss or if there is no tax base due to deductions and exceptions) or if no tax return has been submitted, the again minimum increase amounts are taken into account based on the bookkeeping principle which the taxpayer is subject to.
- (5) For PIT payers whose income subject to declaration consists only of Real Property Income (GMSİ), 1/5 of the amounts determined for those who keep books on the balance sheet basis for the relevant years (Column D) is taken into account as the “Minimum Increase Amount”. If there are other incomes that need to be declared besides GMSİ, the tax base is increased in terms of the income element specified in this paragraph. In cases where the Minimum Increase Amount is taken as basis, the exemption amount applied for GMSİ is not taken into account.
- (6) A tax of 20% (Column F) is calculated on the increased tax base; no additional tax is charged, and no provisional tax is calculated. It is also possible to benefit from the “*reduced rate*” application, which is 15% instead of the normal rate of 20% (Column G). However, the following are required in order to apply the reduced rate:
 - Returns regarding the year in which the increase is requested are submitted within the legal time limit,
 - Taxes accrued on the mentioned return have been paid on time, and
 - Articles 2 (Finalized Receivables) and 3 (Finalized Receivables or Receivables at the Stage of Litigation) of this Law have not been benefited **due to Personal Income Tax**. If there is no tax due in the relevant year due to exceptions, deductions and offsets, the reduced rate can be applied if other conditions are met.
- (7) A tax base increase does not hinder the tax inspections, assessments and accrual procedures initiated before the effective date of the Law. However, in this case, the inspection and appraisal procedures must be concluded until 2.8.2021 (including this date). The review and appraisal procedures that are not concluded within this period will not be continued. The increased tax bases are offset from the base differences reached as a result of the completed transactions. An assessment is made for the remaining, if any.



- (8) In order to benefit from the tax base increase, an application must be made until 31.8.2021 (including this date).
- (9) Taxes calculated (accrued) over increased tax bases can be paid in advance within first installment payment period (30.9.2021), or if requested, it is also possible to pay in 6 equal installments (with a coefficient of 1.09) at two-month intervals. Payment by credit card is possible. If all the taxes accrued as a result of the tax base or tax increase are paid in advance within the first installment payment period, 10% deduction is made from these taxes and the coefficient is not applied.
- (10) If the taxes arising as a result of tax base increase are not paid as specified in this Law, the unpaid tax amounts are collected together with the late fee, assuming that the maturity is 30.9.2021. **However, advantage of not being subject to inspection and assessment provided with the tax base increase cannot be utilized.**
- (11) Taxes paid through withholding are not deducted from the tax calculated over the increased tax bases. The claims regarding the refund of the taxes that taxpayers who applied tax base increase have paid before as a deduction from annual personal income and corporate income taxes, on account or in cash, remain valid. However, the risk of tax inspection and assessment limited to the refund request continues.
- (12) The amounts that can be deducted from the tax base in the coming years due to exceptions and deductions (e.g. deferred investment allowance) and previous year losses cannot be deducted from the increased tax base.
- (13) 50% of the financial loss, which belongs to the year of the tax base increase and is carried forward to the following years, cannot be deducted in the declarations of 2021 and the following years.
- (14) Taxes paid over the increased tax bases are in the nature of non-deductible expense (KKEG). These amounts cannot be deducted from the tax base, cannot be offset or refunded in the calculation of PIT.
- (15) In starting and quitting jobs, tax base is increased on the basis of pro-rata period. In the calculation, the fractions of the month are summed up to the whole.
- (16) Assessments that are finalized before the publication date of the Law (including the finalized correction returns) are taken into account together with the tax base period subject to the tax base increase. In other words, the amount to be increased is calculated by adding up relevant period's tax base and finalized assessments.



Table 2 : CORPORATE INCOME TAX BASE INCREASE FOR THE CORPORATE INCOME TAXPAYERS

YEAR OF THE DECLARATION	TAX BASE INCREASE RATE (A)	MINIMUM INCREASE AMOUNT (B)	TAX RATE TO BE APPLIED TO THE INCREASED AMOUNT		PAYMENT TERMS (E)
			NORMAL TAX RATE (C)	REDUCED TAX RATE (D)	
2016	35%	94,000	20%	15%	In advance within the first installment payment period (with 10% deduction), or 1.09 times the amount in 6 installments and in 12 months
2017	30%	99,600			
2018	25%	105,800			
2019	20%	112,400			
2020	15%	127,500			



EXPLANATIONS ON TABLE 2:

- (1) It is not obligatory to increase the tax base. Increases can be applied for all the years specified, as well as for the requested year(s).
- (2) For the year of the tax base increase, there shall be no tax inspection and penalty assessment afterwards (including provisional tax) in terms of Corporate Income Tax (CIT). However, the obligation to preserve and present the books and documents for the year of the increase continues.
- (3) CIT payers will increase the tax base amounts submitted in their CIT Returns regarding the years mentioned above, at the rates specified in column (A). If the increased amounts are lower than the amounts shown in column (B), the Minimum Increase Amounts specified in this column are taken into account.
- (4) If tax base is not declared in the tax return for the relevant year (if there is a financial loss or if there is no tax base due to deductions and exceptions) or if no tax return has been submitted, again the Minimum Increase Amounts are taken into account.
- (5) A tax of 20% (Column C) is calculated on the increased tax base; no additional tax is charged, and no provisional tax is calculated. It is also possible to benefit from the “*reduced rate*” application, which is 15% instead of the normal rate of 20% (Column D). However, the following are required in order to apply the reduced rate:
 - Returns regarding the year in which the increase is requested are submitted within the legal time limit,
 - Taxes accrued on the mentioned returns have been paid on time, and
 - Articles 2 (Finalized Receivables) and 3 (Finalized Receivables or Receivables at the Stage of Litigation) of this Law have not been utilized **due to Corporate Income Tax**. If there is no tax due in the relevant year due to exceptions, deductions and offsets, the reduced rate can be applied if other conditions are met.
- (6) In order for Corporate Income taxpayers to avoid the risk of tax inspection and penalty assessment, they should both increase the CIT base for the relevant year and increase the investment allowance withholding tax, if any (in accordance with the explanations stated in Table 3).
- (7) A tax base increase does not hinder the tax inspections, assessments and accrual procedures initiated before the effective date of the Law. However, in this case, the inspection and appraisal procedures must be concluded until 2.8.2021 (including this date). The review and appraisal procedures that are not concluded within this period will not be continued. The increased tax bases are offset from the base differences reached as a result of the completed transactions. An assessment is made for the remaining, if any.
- (8) In order to benefit from the tax base increase, an application must be made until 31.8.2021 (including this date).

- (9) Taxes calculated (accrued) over increased tax bases must be paid in advance within first installment payment period (30.9.2021) or in 6 equal installments (with a coefficient of 1.09) at two-month intervals. Payment by credit card is possible. If all the taxes accrued as a result of the tax base or tax increase are paid in advance within the first installment payment period, 10% deduction is made from these taxes and the coefficient is not applied.
- (10) If the taxes arising as a result of tax base increase are not paid as specified in this Law, the unpaid tax amounts are collected together with the late fee, assuming that the maturity is 30.9.2021. **However, advantage of not being subject to inspection and assessment provided with the tax base increase cannot be utilized.**
- (11) Taxes paid through withholding are not deducted from the tax calculated over the increased tax bases. The claims regarding the refund of the taxes that taxpayers who applied tax base increase have paid before as a deduction from annual personal income and corporate income taxes, on account or in cash, remain valid. However, the risk of tax inspection and assessment limited to the refund request continues.
- (12) The amounts that can be deducted from the tax base in the coming years due to exceptions and deductions (e.g. deferred investment allowance) and previous year losses cannot be deducted from the increased tax base.
- (13) 50% of the financial loss, which belongs to the year of the tax base increase and is carried forward to the following years, cannot be deducted in the declarations of 2021 and the following years.
- (14) Taxes paid over the increased tax bases are in the nature of non-deductible expense (KKEG). These amounts cannot be deducted from the tax base, cannot be offset or refunded in the calculation of PIT.
- (15) In starting and quitting jobs, tax base is increased on the basis of pro-rata period. In the calculation, the fractions of the month are summed up to the whole.
- (16) Assessments that are finalized before the publication date of the Law (including the finalized correction returns) are taken into account together with the tax base period subject to the tax base increase. In other words, the amount to be increased is calculated by adding up relevant period's tax base and finalized assessments.



Table 3 : CAPITAL ALLOWANCE WITHHOLDING INCREASE FOR THE CORPORATE INCOME TAXPAYERS

YEARS	TAX INCREASE RATE FOR THE TAXPAYERS WHO DECLARED INVESTMENT ALLOWANCE WITHHOLDING IN THE RELEVANT YEARS (A)	IN TERMS OF TAXPAYERS WHO HAVE NOT DECLARED DESPITE HAVING INVESTMENT ALLOWANCE WITHHOLDING TAX BASE IN RELEVANT YEARS		PAYMENT TERMS (D)
		MINIMUM AMOUNT OF WITHHOLDING TAX BASE TO BE DECLARED (B)	TAX RATE TO BE APPLIED TO TAX BASE TO BE DECLARED (C)	
2016	35%	Real investment allowance withholding tax base not less than TRY 47,000	15%	In advance within the first installment payment period (with 10% deduction), or 1.09 times the amount in 6 installments and in 12 months
2017	30%	Real investment allowance withholding tax base not less than TRy 49,800		
2018	25%	Real investment allowance withholding tax base not less than TRY 52,900		
2019	20%	Real investment allowance withholding tax base not less than TRY 56,200		
2020	15%	Real investment allowance withholding tax base not less than TRY 63,750		



EXPLANATIONS ON TABLE 3:

- (1) In order for CIT payers who have benefited from investment allowances to avoid the risk of tax inspection and penalty assessment, they must both increase their CIT base for the relevant year (in accordance with the explanations in Table 2), and increase their investment allowance withholding on the basis of the principles explained, or if not declared, they must declare it based on the stated principles. In other words, it is obligatory for CIT payers to apply the CIT base increase of the relevant year together with the withholding increase/declaration related to the investment allowance.
- (2) A dual system is stipulated in the application of investment allowance withholding increase. If a return has been previously submitted, the accrued tax will be increased according to the declaration. Accordingly, the withholding amount accrued by submitting withholding tax return should be increased at the rates specified in column (A) of the table. It should be noted that it is not the withholding tax base that will be increased, but the withholding amount.

Despite benefiting from the investment allowance exemption subject to withholding in the relevant years, if a tax return **has not been submitted** for this withholding, the tax base not declared on time will be declared and a tax of 15% will be paid. As can be seen, tax base declaration is the subject in question, not the tax increase. Tax bases to be declared cannot be less than half of the minimum tax bases determined in the corporate income tax base increase.



Table 4 : TAX INCREASE or TAX BASE DECLARATION IN VALUE ADDED TAX

YEARS	TAX INCREASE APPLICATION IF VAT RETURNS FOR AT LEAST 3 PERIODS OF THE RELEVANT YEAR ARE SUBMITTED		INCREASE APPLICATION IF ONLY 1-2 PERIOD VAT RETURN HAS BEEN SUBMITTED IN THE RELEVANT YEAR OR IF NO VAT RETURN HAS BEEN SUBMITTED OR IF THERE IS NO CALCULATED VAT IN ANY PERIOD OF THE CALENDAR YEAR		PAYMENT TERMS (E)
	AMOUNT TO CONSTITUTE A BASIS FOR THE INCREASE (A)	INCREASE (TAX) RATE (B)	AMOUNT TO CONSTITUTE A BASIS FOR THE DECLARATION (C)	TAX RATE (D)	
2016	Annual Calculated VAT Amount to be Reached by Adding the Average of the Calculated VAT in the Submitted Returns to 1 Year	3%	The increased PIT or CIT base, provided that PIT or CIT base increase has been applied	18%	In advance within the first installment payment period (with 10% deduction), or 1.09 times the amount in 6 installments and in 12 months
2017		3%			
2018		2.5%			
2019		2%			
2020		2%			



Table 5 : APPLICATION OF INCREASE FOR THE TAXPAYERS WHOSE EXEMPTIONS OR VAT RETURNS CONSIST ONLY OF TRANSACTIONS WITHIN THE SCOPE OF POSTPONEMENT-CANCELLATION OR WHO DO NOT HAVE CALCULATED VAT IN CERTAIN PERIODS OF THE CALENDAR YEAR FOR OTHER REASONS

YEARS	COMPARISON IN THE CASE THAT THE PERIODS WITH NO CALCULATED VAT AND THE PERIODS WITH CALCULATED VAT COEXIST		INCREASE PROCEDURE TO BE APPLIED	PAYMENT TERMS
	(F)	(G)		
2016	18% of the amount to be reached in case of an increase in the tax base in terms of personal or corporate income	Amount calculated based on VAT increase rates (column B)	The larger of the results reached according to F and G is applied.	In advance within the first installment payment period (with 10% deduction), or 1.09 times the amount in 6 installments and in 12 months
2017				
2018				
2019				
2020				



EXPLANATIONS ON TABLE 4 and 5:

- (1) VAT increase is optional and not mandatory. Increases can be made for all the years specified, as well as for the requested year or years, provided that it is on an annual basis. On the other hand, no increase can be applied for certain one or more than one VAT periods. Taxpayers who start or quit their job during the year may apply increase for the taxation periods in which they operate. Having increased the PIT or CIT base does not necessitate a VAT increase. Reverse Charge VAT Returns are not within the scope of the increase.
- (2) If the taxpayers increase the value added tax under these conditions, no value added tax inspection and assessment is made regarding the taxation periods of the years in which they agreed to pay the tax in question.
- (3) Regarding the taxation periods within the year in which the taxpayers would like to apply increase, the assessments made and finalized before the publication of this Law are taken into account together with the related period's declaration.
- (4) For the periods in which there is an increase request regarding the tax inspections to be made in the periods following the years for which the increase is requested, in terms of value added tax transferred to subsequent periods and for the periods in which the increase is requested, the right to inspect and assess the cancellation and refund transactions arising from export registered deliveries or transactions giving rise to the right to refund are reserved. In the inspections made in terms of value added tax carried forward to subsequent periods, assessment cannot be proposed for the periods in which an increase is requested.
- (5) The value added tax paid in this context is not taken into account as an expense or cost element in the determination of personal income or corporate income tax bases, is not deducted from the value added taxes to be paid or is not refunded in any way.
- (6) There are three methods in VAT increase: If VAT returns for at least 3 periods related to the relevant year have been submitted, average of the calculated VAT amounts in the returns submitted from the periods of this year is added to one year, annual calculated VAT amount is reached on the basis of the increase, and the TAX INCREASE is applied. If no return has been submitted, or if return has been submitted for a maximum of 2 periods, or if no calculated VAT has been issued for any period, TAX BASE DECLARATION based on PIT or CIT increase is applied. Each of the years included in the scope is evaluated separately, and the basis on which it will be subject to VAT increase is determined. If VAT return is submitted for at least 3 periods in a year, tax increase method is applied for this year. Otherwise, tax base declaration is applied. However, if there are both exceptions and taxable transactions in the relevant period, the comparison method will be applied.

- (7) **TAX INCREASE METHOD:** The amount to be taken as basis for the tax increase (Column A) is the ANNUAL sum of the “CALCULATED VALUE ADDED TAX” amounts in the VAT Returns. VAT amount to be increased for that year is calculated by applying the rate in column (B) to the annual total amount. In the calculation of the amount subject to increase, deferred taxes are deducted from “CALCULATED TAX” for taxpayers who benefit from postponement-cancellation application within the scope of both Article 11/1-c and Provisional Article 17. The term “deferred taxes” refers to the amount in “Deferrable VAT” line in “Export Registered Deliveries” section of the VAT Return. If VAT Returns have been submitted for at least 3 periods in the relevant year but no VAT Return has been submitted for other periods, average of the CALCULATED VAT amounts in the submitted returns is added to 1 year, and ANNUAL CALCULATED VAT amount as basis for the increase is reached. In other words, calculated VAT in the submitted returns are added up and divided by the number of months. This average amount is multiplied by 12 to reach the annual VAT. Tax increase is applied on the annual amount reached in such a way. In determining “Annual Calculated VAT” amount related to VAT increases to be made by sellers who have been subject to VAT withholding, the reverse charge VAT amount declared by the buyer is not taken into account, the part declared by them is included in the calculation.
- (8) **TAX BASE DECLARATION METHOD:** If no tax return has been submitted in the VAT periods of the relevant year or if it has been submitted for a maximum of 2 periods, or if “calculated VAT” has not been issued because all transactions in the relevant year consist of deliveries and services within the scope of exemptions or transactions within the scope of postponement-cancellation application or other similar transactions, Tax Base Declaration method is applied instead of Tax Increase method. In case the tax base declaration method is applied, it is obligatory to increase the tax base in terms of PIT or CIT. Therefore, in this method, an additional 18% VAT is calculated and paid over the increased tax base, provided that Personal Income or Corporate Income Tax base is increased for the relevant year.
- (9) **COMPARISON METHOD:** If both the periods without calculated VAT due to exception, postponement-cancellation or other reasons and the periods with calculated VAT coexist in the relevant calendar year, comparison should be made. Taxpayers who have submitted VAT return for at least 3 periods but does not have “Calculated VAT” in some of these periods and have “Calculated VAT” in remaining of these periods should apply for this method. Taxpayers in this situation will calculate 18% VAT over the increased tax bases calculated on the basis of Personal Income or Corporate Income Tax base increase (tax base declaration). This VAT will be compared with the VAT amount increased with the rates stipulated in the law (Column B) (tax increase), and the larger one will be considered as the increase amount. If the amount reached by the tax base declaration method is higher than the amount reached by the tax increase method, it will be obligatory to increase the tax base in terms of PIT and CIT since the tax base declaration method will be applied.



Table 6 : TAX INCREASE IN PIT WITHHOLDING (SALARY WITHHOLDING) FROM SALARY EARNERS

	YEARS THAT THE INCREASE CAN BE APPLIED	TAX BASE SUBJECT TO THE INCREASE	TAX TO BE INCREASED (PAYABLE)	PAYMENT TERMS
TAX INCREASE FOR TAXPAYERS WHO HAVE SUBMITTED WITHHOLDING TAX RETURN IN AT LEAST 1 PERIOD REGARDING THE TAX WITHHOLDING MADE FROM SALARY EARNERS IN THE RELEVANT YEAR	<ul style="list-style-type: none"> - Increase can be applied for the years 2016, 2017, 2018, 2019 and 2020. - The increase can be applied <u>annually</u> and for the requested year or years. It cannot be applied independently for a certain withholding period or periods. 	<ul style="list-style-type: none"> - If a withholding tax return has been submitted for all periods within the year of the increase, annual total of the <u>gross amount of salary payments</u> included in the returns shall be the basis for the increase. - If a withholding tax return has been submitted for 1 or more periods in a year, annual tax base to be taken as basis for the increase is calculated by taking the <u>average of the gross amount of salary payments</u> included in the return(s), and adding it to one year. 	<p>On the tax base subject to the increase,</p> <p>6% for 2016 5% for 2017 4% for 2018 3% for 2019 2% for 2020</p>	<p>In advance within the first installment payment period (with 10% deduction), or 1.09 times the amount in 6 installments and in 12 months</p>
TAX INCREASE FOR TAXPAYERS WHO HAVE NOT SUBMITTED ANY TAX RETURNS RELATED TO THE TAX WITHHOLDING MADE FROM SALARY EARNERS IN THE RELEVANT YEAR		<p>If no return has been submitted, it is considered that in each withholding period for the year in which the increase is applied,</p> <ul style="list-style-type: none"> • Average number of employees notified in the monthly premium and service documents submitted in the year of the increase. • If no premium and service document has been submitted in the year of the increase, number of employees in the first monthly premium and service document submitted in the periods following the year of the increase (until the publication of this Law), • If no monthly premium and service document has been submitted until the publication of this Law, at least two employees, are employed. Regarding the number of employees determined in such a way, gross amount of the minimum salary valid in the last taxation period of the year in which the increase is applied is determined as the annual increase base. 		



Table 7 : INCREASE REGARDING PIT AND CIT WITHHOLDING IN CERTAIN PAYMENTS

INCREASE IN TERMS OF THE TAXPAYERS DECLARING THE WITHHOLDING TAX IN THE RELEVANT YEARS (A)					
YEARS	AMOUNT SUBJECT TO THE INCREASE	INCREASE RATE (B)			PAYMENT TERMS
		INCREASE RATE IN WITHHOLDING ON CONSTRUCTION REPAIR WORKS EXTENDING TO YEARS (PIT LAW 94/3; CIT LAW 15/1-a and 30/1-a)	INCREASE RATE IN SELF-EMPLOYMENT AND RENTAL WITHHOLDING (PIT LAW 94/2 and 94/5; CIT LAW 15/1-b)	RATE IN TERMS OF WITHHOLDING ON OTHER PAYMENTS (PIT LAW 94/11 and 94/13)	
2016	Annual total of the gross amounts related to these payments in the withholding returns	1%	6%	25% of the withholding tax rate valid in the relevant year	In advance within the first installment payment period (with 10% deduction), or 1.09 times the amount in 6 installments and in 12 months
2017			5%		
2018			4%		
2019			3%		
2020			2%		

EXPLANATIONS ON TABLE 7:

- (1) If one or more withholding tax returns have been submitted within the period, only the sum of the amounts in the submitted returns is taken into account; it is not accrued to the year.
- (2) In the event that no withholding tax return is submitted in the year for which the tax base is increased, or if the type of the payment requested to be increased is not in the return, an increase is made over the amounts determined based on the minimum personal income tax base amounts for the relevant years in accordance with Article 5/2-ç of the Law, and the tax amount is paid at the rates specified in these subparagraphs. In case of an increase pursuant to this paragraph, there is no additional requirement for a personal income or corporate income tax base increase.
- (3) If those who want to increase their personal income (withholding) or corporate income (withholding) tax start or quit their jobs within the year, an increase is made within the framework of the principles specified in this paragraph for the taxation periods in which they operate (by considering the fractions of months as full months).
- (4) Regarding the taxation periods within the year in which personal income (withholding) or corporate income (withholding) tax increases are applied, assessments made and finalized before the publication of this Law are considered together with the related period declaration.
- (5) The salary amount and the bases subject to the increase within this scope are not considered as an expense or cost element in determination of PIT or CIT bases.
- (6) In this context, no exceptions or deductions are applied to the personal income tax calculated by benefiting from the increase.