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Bulletin Date : 24/12/2021
Bulletin No : 2021/014

WITHHOLDING TAX RATE ON PROFIT DISTRIBUTIONS HAS BEEN REDUCED FROM 15% TO 10%

With the Presidential Decree dated 21.12.2021 and numbered 4936 (published in the Official Gazette dated 22.12.2021 and numbered 31697) (“Decree”), **the local withholding tax rate (WHT) on profit distributions to be made has been reduced from 15% to 10%.**

The content of the amendment is presented below for your information.

1. WHT rate in the dividends distributed by Turkish-resident corporations to Turkish-resident real persons and non-resident real persons has been reduced from 15% to 10%.
2. WHT rate to be applied to the dividends distributed by Turkish-resident companies to non-resident companies has been reduced from 15% to 10%.

These rate amendments entered into force on 22.12.2021, the publication date of the Decree.

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This regulation provides advantage especiallay for the profit distribution to the companies/real persons resident in some foreign countries. Namley,

- Countries which Turkey has not signed a Double Tax Treaty (DTT), the profit ditsibution WHT will be applied as 10%. It was 15% before the regulation.
- Countries which Turkey has signed a DTT that stipulates WHT rate higher than 10%, the profit ditsibution WHT will be applied as 10%.
- Countries which Turkey has signed a DTT that stipulates a WHT rate lower than 10%, the profit ditsibution WHT will be applied in accordance with the DTT.

Kind regards.