

**TURKEY**

As per 1 January 2020

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**EXPATRIATE AND EMPLOYER TAX COMPLIANCE AND ADVISORY****Personal Income Tax Rates – Employment Income**

<b>Tax rate</b>	Progressive income tax tariff is applied ranging between 15% – 40%.
<b>Tax period</b>	Calendar year.
<b>Tax residency / Domicile according to domestic law</b>	Turkish citizen. Domicile in Turkey or habitual place of residency in Turkey. Present for more than 180 days (6 months) in a calendar year in Turkey. If the presence in Turkey is based on a well defined and temporary job, duty, education, medical treatment, vacation or other reasons to stay in the country without the intention of residing, no tax residency will be in question. The expatriate with a well defined and a temporary role in Turkey will only be subject to Turkish tax over his/her Turkey sourced income.
<b>Tax registration</b>	Individuals are being registered through their employees if their only income is salary income.
<b>Employment income definition</b>	Salary and wages are defined as money and goods given as compensation to employees in association with a specific place of business as well as benefits that are provided to them and can be represented in terms of money.
<b>Examples of tax exemption</b>	Mandatory social security contributions paid by employees. Meal costs, child relief etc. up to amount determined by legislation. Severance payment for dismissal and retirement. (under certain conditions in the limited amount) Minimum living allowance calculated in accordance with marital status and number of children. Private health insurance and private pension for employees paid by the employer (under certain conditions in the limited amount).
<b>Specific expatriate concession</b>	Not applicable.
<b>Income of board members</b>	Treated as employment income.
<b>Tax returns</b>	The income tax on salaries are being declared by the employers on a monthly basis. Monthly declarations can be done on quarterly basis if the number of employees is less than 10. In case of any income other than salary income, individuals may need to file an income tax declaration on a yearly basis.
<b>Tax payments</b>	The income tax on salaries are being declared by the employers on a monthly basis to be paid on 26th of the following month.
<b>Tax on real estate property</b>	

**TAX TREATIES**

<b>Employment income / income from board members</b>	Art 15/16 OECD Model Tax Convention.
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**INTERNATIONAL SOCIAL SECURITY**

<b>Cross border employments</b>	If a Turkish company employs a foreign individual who has citizenship from the countries signed double social security treaty with Turkey, social security obligations are fulfilled in accordance with articles of the treaty. If no treaty signed between the countries social security contributions are paid according to local legislation.
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Exception under Art 16 of Reg. 883/2004

Not applicable.

and Art 17 of Reg. 1408/71

Social Security Cost as % from gross salary and absolute amounts

Short – term risks: 2% (thereof payable by employee: 0%)  
 Long – term risks: %20 (thereof payable by employee: 9%)  
 General health insurance: 12,50% (thereof payable by employee: 5%)  
 Unemployment insurance: 3% (thereof payable by employee: 1%)  
 The calculation of contributions have a limit of gross salary 13.331,40 TRL (2017).

## IMMIGRATION

Work permit

Foreign nationals are required work permit to work in Turkey. The work permit is granted for maximum 1 (one) year and can be extended for another year. The residence permit is provided with the work permit at the same time.

Visa

The list of citizens of countries who are allowed to enter Turkey without visa is available at: <http://www.mfa.gov.tr/visa-information-for-foreigners.en.mfa>  
 The visa conditions and online visa application is available at: <https://www.evisa.gov.tr/en/>  
 Staying in Turkey for turistic purposes is limited with 90 days

Residency permits / registration certificate

Valid working permit is used as residence permit. On the other hand "Work Permit Exemption Certificates" are also used as residence permit.

Driving license

The international driving licenses issued in the foreign countries are valid in Turkey. The foreign nationals may also obtain the Turkish driving license according to the procedure provided by the local laws.

STOCK OPTION PLAN

It is treated as employment income and there is no tax exemption.

## ARTICLE 15 OF THE OECD MODEL

183 days

Number of days on the territory of Turkey, including :

- the weekly rest days
- the vacation days obtained within the activity performed in Turkey,
- sickness or occupational accident days off
- part days in Turkey,
- days of departure and arrival
- public holidays
- short interruptions (training, strike days,...)

Notion of employer

In principle, the employer is the person towards who the employee is in a situation of legal subordination. However, the fact that the services rendered by the employee are an integral part of the business activities carried on by the company which benefits from these services does not imply on its own that this company becomes the employer : it is necessary to study further all the criteria set out by Article 8.14 of the comments of the OECD model to determine if this company becomes the employer.

Existence of a permanent establishment

See the criteria of the tax treaty. In countries where no tax treaty was signed with Turkey -> see the Turkey criteria of permanent establishment :

- carrying on a business in an establishment in Turkey
- any place assigned to a business activity in Turkey.



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