

Turkey: Recent developments regarding income tax rates, exemptions, and other calculations

January 8, 2018

In brief

The Revenue Administration recently announced 2018 updates to the Turkish income tax legislation. The changes (described below) are valid for individual tax returns submitted after January 1, 2018 and include a new benefit regarding compliant taxpayers that could reduce mobile workers' 2018 Turkish tax liability if certain criteria are met. Mobility professionals should ensure they are utilizing the most up-to-date information for the 2018 tax year.

In detail

Income tax rates

The income tax rates and brackets applicable for income generated (excluding employment income) in 2018 calendar year are as follows (in TRY):

Over	But not over	Tax on lower	Tax rate on excess (%)
0	14.800	—	15
14.800	34.000	2.220	20
34.000	80.000	6.060	27
80.000	And above	18.480	35

The rates for employment income are also given below:

Over	But not over	Tax on lower	Tax rate on excess (%)
0	14.800	—	15
14.800	34.000	2.220	20
34.000	120.000	6.060	27
120.000	And above	29.280	35

Social security base and ceiling

The following amounts are effective between January 1, 2018 and December 31, 2018:

	Daily (TRY)	Monthly (TRY)
Base	67,65	2.029,50
Ceiling	507,38	15.221,25

Minimum living allowance (MLA)

Effective from January 1, 2018, the MLA shall apply as follows:

Marital status	Monthly (TRY)	Marital status	Monthly (TRY)
Single	152,21		
Married (spouse unemployed) and without children	182,66	Married (spouse employed) and without children	152,21
Married (spouse unemployed) and 1 child	205,49	Married (spouse employed) and 1 child	175,04
Married (spouse unemployed) and 2 children	228,32	Married (spouse employed) and 2 children	197,88
Married (spouse unemployed) and 3 children	258,76	Married (spouse employed) and 3 children	228,32
Married (spouse unemployed) and 4 children	258,76	Married (spouse employed) and 4 children	243,54
Married (spouse unemployed) and 5 children	258,76	Married (spouse employed) and 5 children	258,76

Other changes affecting wage tax calculations

Tax-free luncheon vouchers

Effective from January 1, 2018, the daily limit for tax-free luncheon vouchers is TRY 16 excluding VAT.

Updated tax exemptions

- The first TRY 27.000 of incidental gains
- Under some circumstances, the first TRY 4.400 of the annual rent

income of residents, providing the underlying property has been let as accommodation

- The first TRY 12.000 of capital gains excluding gains generated from sale of marketable securities or other capital market instruments.

Updated exemptions for daily travel allowance

Travel costs across the country that do not exceed TRY 61.50 (daily) are

exempt from taxation. This exemption amount is TRY150,60 for the Turkish Republic of Northern Cyprus.

Tax reduction for compliant taxpayers

Taxpayers who consistently pay their taxes on time will benefit from a 5% tax discount in 2018. The discount is applicable for annual corporate and income tax returns to be submitted after January 1, 2018. Benefitting taxpayers include:

- Income taxpayers who conduct commercial, agricultural and self-employment activities, and
- corporate taxpayers excluding those operating in the finance and banking sectors, insurance, and
- retirement companies and retirement investment funds.

Let's talk

For a deeper discussion of how this issue might affect your business, please contact your PwC Global Mobility Services engagement team or the following team members:

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