

Significant Tax Amendments Introduced by Law No. 7524

Law No. 7524 on Amendments to Tax Laws and Certain Laws and Decree No. 375 (Law No. 7524), which includes significant amendments in tax legislation has been published in the Official Gazette dated 02.08.2024 and No. 32620. The new tax package, which has been long awaited and occupied the tax agenda, contains significant regulations amending many tax laws. In terms of Law No. 7524, it is important to examine the new amendments and regulations in detail and analyze their impact on operations of companies. The significant tax amendments included in the Law No. 7524 are summarized below:

Law No. 7524	Subject and Amended Article	Content of the Article
Article 1	Scope of actions that cannot be carried out without the payment of the public debt - Art. 22/A-1 of the Law on the Procedure for the Collection of Public Receivables	By requiring a certificate of no debt for payments upon payment and execution orders of court decisions or enforcement offices, the scope of actions that cannot be carried out without payment of the public debt is expanded.
Article 2	Wage exemption for benefits provided to service personnel by issuing share certificates - Income Tax Law (ITL) abrogated Art. 17	The portion of the fair value of the shares given to the employees of techno venture companies free of charge or at a reduction and considered as remuneration, which does not exceed the amount of the employee's gross annual salary in that year, is exempt from income tax. To encourage the retention of the given share certificates for a longer period, it is regulated that the said exemption is applied at different rates according to the period of retention of the share certificates.
Article 3	Determination of daily revenue and determination of income tax base for commercial and professional earnings - ITL abrogated Art. 69	To determine the revenues of those who are income taxpayers in terms of self-employment earnings and commercial earnings, it is made possible to conduct surveys not less than 3 times a month and not less than 12 times a year. In this context, it is regulated that those who have a discrepancy exceeding 20% between their revenues and declarations will be invited to explain and tax will be imposed on those whose explanations are insufficient. The provisions of this article will also apply to corporate taxpayers.

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Article 4	Expansion of the scope of payments subject to tax withholding - ITL Art. 94/1	It is regulated to withhold tax on payments made by intermediary service providers and electronic commerce intermediary service providers as defined by the Electronic Commerce Regulation Law No. 6563 to the service providers; and payments made to real persons for the purchase of goods and services related to the sectors or fields of activity determined by the President.
Article 5	Amendment to the collateral application for those who are found to have established a taxpayer status for the purpose of issuing false documents and whose taxpayer status is canceled - Tax Procedure Law (TPL) Art. 153/A	Taking into account the Constitutional Court decision, the upper limit of the collateral to be requested from the taxpayers within the scope of the article (10% of the total amount included in the forged documents issued not more than 10 million Turkish Liras) is determined, the period for providing the requested collateral is increased from 30 days to 60 days, the collateral is returned to the taxpayers who fulfill their obligations as stipulated, and the persons listed in the first paragraph are not responsible for all tax debts accrued as of the date of the collateral request.
Article 6	Obligation to notify service providers and intermediaries on the internet and other digital media, including electronic commerce - TPL Repeated Art. 257/1	The Ministry of Treasury and Finance is authorized to require non-taxpayers to certify their collections and payments related to their transactions with documents issued by banks, similar financial institutions or postal administrations. In addition, to ensure tax security in electronic commerce, the scope of persons and transactions for which obligations will be imposed is expanded.
Article 7-8	Usage of market value as a measure of valuation in the valuation of precious metals - TPL Art. 263 and 274/A	As in the case of foreign currency and foreign exchange accounts, precious metals in the assets of companies and banks and deposit accounts based on precious metals are valued with the stock exchange fair value, and as a result of this valuation, the valuation differences are taxed as of the accounting periods, including temporary tax. In this context, deposit accounts and loan accounts based on precious metals opened physically or in dematerialized form will also be valued with the stock market value.
Article 9	Increase in tax loss penalty to be imposed on unregistered taxpayers – TPL Art. 344	It is regulated that the tax loss penalties to be imposed on those who cause tax loss by engaging in unregistered commercial, agricultural, or professional activities without establishing a taxpayer although it is obligatory to establish a taxpayer are increased by 50%.

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Article 10	Increase of irregularity fines – TPL Art. 352	Although the amounts in the table attached to the law, in which the amounts of irregularity fines are determined, are increased by the revaluation rate every year, these fines are determined and increased again.
Article 11	Increase in special irregularity fines and application of increased fines in cases of repetition – TPL Art. 353	<p>Although the amounts in the table attached to the law, in which the amounts of special irregularity fines are determined, are increased by the revaluation rate every year, these penalties are determined and increased again.</p> <p>In addition, in case more than one special irregularity fine is imposed, incremental fines are introduced to increase deterrence. Again, the fines to be imposed in case of issuing documents that are not included in the Law instead of the documents required to be issued according to the Tax Procedure Law are applied incrementally. In addition, it is regulated that fines will be imposed on those who are obliged to obtain these documents, but buyers who notify the administration that the document has not been issued within 5 business days will not be fined.</p>
Article 12	Notaries' paper transactions for which stamp tax has not been paid - TPL Art. 355	The minimum amount of special irregularity fines to be imposed on notaries who process papers for which stamp tax has not been paid is increased.

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Article 13	Special irregularity fines imposed on those who do not comply with the obligation to provide information - TPL repeated Art. 355	<ul style="list-style-type: none"> • Special irregularity fine amounts are increased for those who refrain from providing information and those who do not comply with the provisions of Article 107/A, repeated 242, 256, 257, 257, repeated 257 and Article 98/A of the Income Tax Law. In addition, an addition has been made to the article to impose special irregularity fines on those who do not comply with the obligations imposed under Article 152/A, which is a regulation aiming to collect information within the scope of the information exchange provisions of international agreements to which Türkiye is a party. • In addition, in cases where all kinds of digital media are used for economic and commercial purposes such as advertisements, announcements, sales and rentals, special irregularity fines are to be imposed on those who are obliged to provide information to ensure tax security, in case they do not fulfill these obligations, will be proportional to the economic and commercial size of these taxpayers. • It is also regulated that the special irregularity fine imposed on those who are within the scope of the obligation to certify but do not comply with this obligation is increased, and if those who make payments without complying with this obligation notify the administration within 5 business days, no penalty will be imposed on these persons. • In the event that the collections of taxpayers regarding the delivery of goods or performance of services are made through accounts registered in the name of other persons instead of accounts registered in their own name, it is regulated to impose a special irregularity fine on those who use the accounts of others and those who use their own accounts. • It is regulated to impose a special irregularity fine on those who make the collections made by using credit cards, debit cards, prepaid cards and similar payment instruments for the delivery of goods or performance of services through the electronic devices / systems (POS and similar devices) of other taxpayers or non-taxpayers and those who use these electronic devices / systems. • Payment recorder device manufacturers or importers who produce, import, provide various services to these devices, and secure service providers, banks, electronic money institutions, payment institutions, charging network operating license holders and electronic ledgers, which provide services related to these devices, banks, electronic money institutions, payment institutions, charging network operating license holders and electronic ledgers, whose qualifications are determined or approved with the devices and systems that are required to be used in order to ensure tax security, Those who are authorized to provide services for any of the issues of creating, signing, transmitting and storing documents and records, and taxpayers who use, deliver or sell order, sales, accounting, inventory tracking programs, and those who violate the issues that must be done, not done or fulfilled by them, are subject to a special irregularity fine in accordance with their economic and commercial size. • In the event that a single act requires the imposition of more than one special irregularity fine under this article, the most severe of these fines will be imposed.

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Article 14 - 16	Exclusion of the tax principal from the scope of reconciliation - TPL Art. 112, Art. 376, Additional Art. 1, Additional Art. 7, Additional Art. 8, Additional Art. 9, Additional Art. 11	It is envisaged that the tax principal is excluded from the scope of reconciliation and the related provisions are amended. Furthermore, Provisional Article 35 of the TPL provides for the finalization of the reconciliation applications made before the publication of the Law in accordance with the pre-amendment provisions.
Article 17- 21	Scope of VAT exemption - VAT Law Art. 13/1-(b) & Art. 32/1	It is regulated that vehicles used in activities such as sightseeing, entertainment, sports and amateur fishing, private boats and yachts are not considered sea vehicles and it is clarified that they are not within the scope of VAT exemption.
Article 18 - 26	Import of goods exempted or excepted from customs duty under the Customs Law - VAT Law Art. 16/1-b & Special Consumption Tax (SCT) Law Art. 7/1-6	The difference in practice in favor of imports in the import and domestic delivery of the goods specified in the relevant provision is eliminated.
Article 19	In merger, transfer and spin-off transactions, allowing the transfer of the deferred VAT and the right of refund to the new company through tax inspection without being subject to statute of limitations - VAT Law Art. 17/4-(c)	With the amendment, for the deferred VAT amounts carried forward to the next period within the taxpayers who have ceased their activities, merge or dissolved, to be used as VAT to be deducted in the acquiring company, it is regulated that the necessary inspection regarding the accuracy of this VAT is carried out without being bound by the statute of limitations regulated in the Tax Procedure Law and the right to deduction is granted according to the result of the tax inspection.
Article 20 - 23	Removal of the VAT that cannot be deducted for five years is removed from the reduction and recording as expense - VAT Law Art. 30/1& Art. 58	<p>In the current practice, if the VAT burdened by the taxpayers due to the purchase of goods and services cannot be deducted in the relevant period, this VAT amount is transferred to the following period and there is no time limit for the reduction of this transferred VAT.</p> <p>However, the amendment stipulates that the VAT amounts carried forward for five calendar years or more will be removed from the reduction VAT accounts and taken into a special account and taken into account as an expense in the determination of income or corporate tax according to the result of the tax inspection to be made upon the request of the taxpayer.</p>

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Article 21	Authorization and tax inspection in VAT reductions and refunds - VAT Law Art. 36	It is regulated that the main procedure for the fulfillment of VAT refund requests is determined as tax inspection.
Article 23	Providing VAT exemption for the aids to be provided by foreign state institutions and organizations due to the earthquake – VAT Law Provisional Art. 45	It is regulated that the deliveries and services made to foreign state institutions and organizations regarding the construction of immovables such as housing, workplaces, schools, student dormitories, hospitals, places of worship, cultural and art centers, and libraries be donated to public administrations with general budgets as of 01.01.2024 and the delivery of the houses to be donated to public administrations with general budgets in these places to foreign state institutions and organizations are exempt from value-added tax until 31.12.2025.
Article 24	Limitation of the earnings exemption provided to enterprises operating in free zones to export revenues - Provisional Art. 3 of the Free Zones Law	It is regulated that the earnings derived by the enterprises operating in free zones exclusively from their sales abroad (exports) will be exempt, and the exemption granted to the earnings derived from their domestic sales will be abolished.
Article 26	Minimum lump sum tax on tobacco products - SCT Law Art. 12	The limitation up to 20% of the minimum lump sum tax amount regarding the lump sum tax amount to be levied on certain tobacco products included in Schedule (B) of the list numbered (III) annexed to the SCT Law will be abolished and authorization will be arranged to levy a lump sum tax up to the minimum lump sum tax amount to be levied for the product in the unit package.

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Article 32	Linking the corporate tax exemption for investment funds and partnerships to the condition that at least 50% of the real estate earnings of the funds and partnerships are distributed as profit – Corporate Tax Law (CTL) Article 5/1-a&d	<p>It is regulated as the basic condition of the exemption that the funds and partnerships investing in immovable properties distribute 50% of the earnings from the immovable properties they own, including those like the commercial property, to their shareholders as dividends until the end of the second month following the month in which the corporate tax return for the accounting period in which it was obtained should be submitted.</p> <p>This condition will be applied to the earnings obtained as of 01.01.2025.</p> <p>Real Estate Investment Companies (REICs), which fall within the scope of the exemption, are capital market institutions subject to the rules of the Capital Markets Board (CMB) and the majority of their activities consist of the sale and lease of land, housing, offices, shopping malls, hotels, logistics centers, warehouses, parks, hospitals and similar real estate. To continue to benefit from the corporate tax exemption, REICs are required to distribute 50% of such earnings from their immovable properties to their shareholders as dividends. However, to benefit from the related exemption, it is considered that it is not necessary to distribute the earnings not related to the immovable properties it owns as dividends.</p> <p>Such dividend distribution must be realized until the end of the second month following the month in which the corporate tax return for the accounting period in which the income is generated is due. For corporations with a calendar year accounting period, the deadline for filing the corporate tax return is until the last day of April. Accordingly, REICs wishing to benefit from the corporate tax exemption should (i) complete their ordinary general assemblies within June at the latest and (ii) resolve to distribute dividends at these general assemblies.</p> <p>In terms of the taxation of dividend distribution, the existing regime of (i) dividend income exemption for legal entities, (ii) 10% withholding tax for real persons and 50% tax exemption as securities capital income continues.</p>

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Article 33 - 34	Authorizing the President to include certain payments within the scope of income and corporate tax withholding – CTL Art. 15 & 30	<p>It is regulated that the payments made by intermediary service providers and electronic commerce intermediary service providers, which enable the electronic commerce service providers to make contracts or place orders for the supply of goods or services in electronic commerce marketplaces, to the service providers and electronic commerce service providers operating in the marketplaces, are included in the scope of tax reduction.</p> <p>In addition, it is regulated to withhold tax on payments made to full and limited taxpayer institutions for the purchase of goods and services, taking into account the sectors and fields of activity determined by the President of the Republic.</p> <p>This article enters into force on 01.01.2025.</p>
Article 35	Corporate tax at the rate of 30% on earnings derived within the scope of the Build Operate and Transfer Model – CTL Art. 32	<p>According to Law No. 3996, projects carried out within the framework of the build-operate-transfer model and according to Law No. 6428, projects carried out within the framework of the public-private partnership model are subject to corporate tax at a rate of 30% on the earnings of the institutions operating in these projects.</p>

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Article 36	Introduction of Domestic Minimum Corporate Tax – CTL Art. 32/C	<p>Domestic minimum corporate tax is introduced and it is regulated that the corporate tax to be paid by corporate taxpayers cannot be less than 10% of the corporate income before deducting deductions and exemptions.</p> <p>As the corporate income over which 10% corporate tax will be calculated, the amount found by adding the unallowable expenses to the commercial balance sheet profit or loss and deducting the exemptions and deductions stipulated in the article will be taken into consideration.</p> <p>From the calculated domestic minimum corporate tax, the tax not collected due to the reduced rate application under Article 32/6-8 of the CTL and the tax not collected in the relevant accounting period under Article 32/A of the CTL in the incentive certificates obtained from the Ministry of Industry and Technology before the effective date are deducted and the domestic minimum corporate tax to be paid is determined.</p> <p>The regulation enters into force on the date of its publication to be applied to the earnings obtained in 2025 and the following taxation periods.</p> <p>The exemptions and deductions to be deducted while calculating the domestic minimum corporate tax include the following:</p> <ul style="list-style-type: none">• Exempted earnings listed in subparagraphs (a), (ç), (i), (j), and (k) of Article 5/1 of the CTL and in subparagraph (d) of Article 5/1 of the CTL except for the earnings derived from the immovable properties owned by them,• Tax deductions within the scope of subparagraphs (g) and (h) of Article 10/1 of the CTL,• Exempted earnings under the Turkish International Ship Registry Law dated 16.12.1999 and numbered 4490,• Exempted earnings under the Law No. 491 on the Amendment of the Decree Law,• Exempted earnings under the Free Zones Law dated 06.06.1985 and numbered 3218,• R&D and design reductions that can be deducted from the corporate tax base and the exemption of earnings within the scope of the Technology Development Zones Law dated 26.06.2001 and numbered 4691.

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Articles 37-50	Introducing the Global Minimum Tax - CTL Section 5	<p>Taking into account the Model Tax Convention and Guidelines issued by the OECD, subsidiaries of multinational enterprise groups whose annual consolidated revenue in the consolidated financial statements of the ultimate entity exceeds EUR 750 million equivalent Turkish Lira in at least two of the four pre-reporting accounting periods are subject to domestic and global minimum top-up tax.</p> <p>Within the scope of the aforementioned regulations, a fifth section titled "Domestic and Global Minimum Top-up Tax and Provisional Articles" is added to the Corporate Tax Law, which currently consists of four sections, and this section includes regulations on the subject, taxpayers, tax base, tax rate, exceptions and exemptions of the domestic and global minimum top-up tax to which multinational enterprises within the scope of the Law are liable, and other issues regarding the application of the said tax.</p> <p>Within Additional Article 6, the minimum tax rate is determined at 15%. The second paragraph of the Article stipulates that the difference between the minimum tax rate and the tax burden determined as detailed in the relevant article is the global minimum top-up tax rate; the third paragraph explains how to calculate the global minimum tax base.</p> <p>The regulation enters into force on the date of its publication to be applied to the earnings obtained in 2024 and the following periods (for entities subject to special accounting periods, it will be applied to the special accounting periods starting in the 2024 calendar year and subsequent periods).</p>
Article 52-54	Monetary limits for appeal and cassation - Administrative Jurisdiction Procedures Law Art. 45-46, Additional Article 1	<p>Taking into account the annulment decisions of the Constitutional Court, the monetary limit at the date of the final decision of the court of first instance or regional administrative court should be taken as the basis in determining the decisions that may be applied to appeal and cassation.</p>

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