

Turkey Amends Tax Rules for Payments to Employees in Mutual Termination Agreements

24 May 2018

Turkey has amended tax rules for payments to employees in the context of mutual termination agreements. Accordingly, certain payments are now deemed to be wages and are exempt from income tax. These payments include compensation, job loss indemnity, termination pay, and employment security payments.

The Law on Amendment of Income Taxation Laws and Certain Statutory Decrees ("**Amendment Law**") was published in Official Gazette number 30373 on 27 March 2018. The Amendment Law makes changes to the Law on Income Tax number 193 ("**Law**"), among other laws.

Accordingly, depending on the legislation which applies to a particular employee, certain payments made after terminating the employee's service agreement within the scope of a mutual termination agreement will now be exempt from income tax. These will now be regarded as wages under the Law.

These payments include:

- Compensation.
- Job loss compensation.
- Termination pay.
- Employment security payment.

The full text of the Amendment Law can be found at this [link](#) (only available in Turkish).

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