

Turkey Expands Council of Ministers' Power to Apply Withholding Tax

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Turkey has amended withholding tax responsibilities for parties and intermediaries in taxable commercial transactions under the Tax Procedural Code. With the change, the Council of Ministers becomes entitled to enforce withholding tax responsibility against parties to taxable transactions or intermediaries regardless of a range of specified factors.

The Law on Supporting Investments on Project Basis and Amending Certain Laws and Decrees numbered 6745 was published in Official Gazette number 29824 on 7 September 2016 ("**Amendment Law**"). The Amendment Law makes changes to withholding tax provisions under the Tax Procedural Code.

The Council of Ministers is generally entitled to determine different tax rates (between certain legislative thresholds) for taxable transactions, according to work classes, work kinds, sectors and commodity groups within the scope of its authority.

Under the Amendment Law, the Council of Ministers can now enforce withholding tax responsibility against parties to taxable transactions or intermediaries regardless of whether:

- The payee is a taxpayer.
- The payer or payment mediator is entitled to a tax cut.
- The subject of the payment is sale and purchase of goods or services.
- The subject of the payment took place in an electronic environment.
- The payee used the sum for discount in the tax assessment.

As a consequence to the amendments, the Council of Ministers becomes authorised to regulate withholding tax deduction obligation to intermediaries in commercial transactions concluded via the internet.

Article 15 of the Corporate Tax Law (titled "Tax Withholding") is amended to include the obligations under Article 11(7) of the Tax Procedural Code as payment items, subject to withholding tax.

Article 30 of the Tax Procedural Code (titled "Tax Withholding in Limited Tax Payers") is also amended to the effect that items under Article 11(7) of the Tax Procedural Code are now included as incomes subject to withholding tax for limited tax payer corporations.

Please see this [link](#) for the full text of the Regulation (only available in Turkish).

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