

Turkey Increases Corporate Tax by 2%, Plus Announces Other Changes to Corporate Tax Regime

4 Jan 2018

Turkey has announced a series of changes to the Corporate Tax Law number 5520. Notably, corporate tax will increase from 20% to 22% for 2018, 2019 and 2020. Changes also apply to the scope and percentage of certain exemptions to corporate tax.

Notable changes to the corporate tax regime include:

- The corporate tax rate increases from 20% to 22% for 2018, 2019 and 2020.
- If revenues recorded from sale of immovables are kept within the company's assets for at least two full years, a portion will be exempt from corporate tax. The portion is reduced from 75% to 50%.
- The concept of non-partner transactions is defined for cooperatives, within the context of an exemption from corporate tax. The Ministry of Finance will regulate taxation principles for non-partner transaction revenues.
- Revenues earned through transfer of immovables, shares and pre-emptive rights owned by companies and their guarantors which were subject to execution proceedings to financial leasing and finance companies against the latter's receivables are now exempted from corporate tax, as long as they are reserved for payment of the debts.
- 50% of revenues earned through sale of immovables and 75% of the revenues earned through sale of shares and pre-emptive rights owned by the companies and their guarantors which were subject to execution proceedings to the banks, financial leasing and finance companies against the latter's receivables are now exempted from corporate tax.
- A tax reduction granted for expenses made in 2017 for investments in the production industry under incentive certificates have been extended to 2018.

The Law Regarding Amendment on Certain Tax Laws and Other Laws, was published in Official Gazette number 30261 on 28 November 2017,

regulating the dates which provisions enter into force in Article 123. Please see this [link](#) for the full text of the Law (only available in Turkish).

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