

Turkey Introduces Earnings Exemption for Social Media Content Producers and Mobile Application Developers

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Law numbered 7338 on Amendments to Tax Procedure Law and Certain Laws ("**Omnibus Bill**") is published in Official Gazette dated 26 October 2021 and numbered 31640, amending and introducing new regulations for the tax law.

Article 2 of the Omnibus Bill introduced a new article to Income Tax Law numbered 193 ("**ITL**") as repetitive article 20/B, which stipulates that, starting from 1 January 2022, the earnings of **(i)** social content producers who share content such as text, images, audio, and video over social network providers on the internet derived from such activities, and **(ii)** those who develop applications for mobile devices such as smartphones or tablets derived from such activities, are exempted from the income tax. The exemption will still be applicable for the above activities, even in the case the provider derives incomes or revenues from other activities.

Accordingly, benefiting from this exception is subject to two conditions below:

- Opening a bank account in the banks located in Turkey and collecting all proceeds from the activities eligible for this exemption only through this account;
- Total proceeds from such activities are lower than the amount specified in the fourth income bracket under article 103 of the ITL (which equals to TRY 650,000 for the year 2021).

The banks are obliged to withhold, declare, and pay an income tax at the rate of 15% on the date of transfer, on the amount of revenue transferred to the accounts opened in this context as per article 98 and article 119 of the ITL. No further withholding as per article 94 of the ITL will be made on this amount.

Those who do not meet the two conditions explained above will not be eligible for the exemption. Accordingly, in case the total amount derived from such activities exceed the income bracket stipulated above or in case such amounts are not collected through a bank account in Turkey opened for such purpose, the relevant taxpayers will not benefit from this exemption.

If it is determined that the conditions related to the exception are not met, the under-assessed tax will be collected by applying the tax loss penalty and a delay interest.

The President of Turkey is authorized to reduce the withholding amount down to 0% or increase by onefold for each activity classified. Further details on the implementation of the earnings exemption have yet to be announced, and the Ministry of Treasury and Finance is authorized to adopt secondary regulations to that respect.

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

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