

## Turkey Publishes Details of Tax Exemption for young Entrepreneurs and Deduction for Commercial Income Determined via Simple Procedure

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Turkey has published secondary legislation outlining details of new tax exemptions for young entrepreneurs and taxpayers whose commercial income is determined via simple procedure. As a result, from 10 February 2016, qualifying entrepreneurs under the age of 29 can be exempt from income tax for up to 75,000 TL worth of revenue over the next three taxation periods (more). Also, from 1 January 2016, taxpayers declaring commercial income determined via simple procedure become eligible to deduct 8,000 TL from their commercial income.

The General Communique on Income Tax (Registration No: 292) ("**Communique**") was published in Official Gazette number 29703 on 5 May 2016. The Communique deals with the articles which were recently introduced to the Income Tax Law by Law No: 6663, Law Amending Income Tax Law and Some Other Laws which was published in Official Gazette number 29620 on 10 February 2016.

If a taxpayer meets the criteria for both the exemption and deduction, he or she is free to choose which benefit they prefer (but cannot receive both).

### Young entrepreneurs

From 10 February 2016 onward, if all of the following criteria are met, up to 75,000 TL of an entrepreneur's income will be exempt from income tax over the next three annual tax periods:

- It is his/her first tax obligation for commercial, agricultural or professional activity.
- He or she is younger than 29 years of age as of the date the tax obligation is established.
- He or she either:
  - Works in person at their own job; or
  - Has management responsibilities.
- He or she meets other requirements outlined in the Communique.

### The Communique outlines these criteria in detail, with examples.

If entrepreneurs begin operations as an ordinary partnership or as a private company, each of them can benefit from the exemption, provided they each meet the criteria. All parties must meet the criteria otherwise it is not available, even if some parties do meet the requirements. The exemption is not available if the entrepreneur joins a partnership with an existing business or occupational activity.

#### Commercial income determined via simple procedure

For income generated after 1 January 2016, taxpayers declaring commercial income which is determined via simple procedure become eligible to deduct 8,000 TL from their stated commercial income (Article 89(1)(15) of the Income

Tax Law).

If a taxpayer who is taxed via simple procedure changes to the real procedure for any reason in the same tax period, they are no longer eligible for the deduction.

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

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