

Turkey Updates Rules on Double Taxation Prevention Treaties for Independent Professional Services

15 Nov 2017

Turkey has clarified rules for taxing income derived from independent professional services (and similar activities) carried out within Turkey, by residents of countries which have double taxation prevention agreements with Turkey. The number of days a company's employees spent in Turkey will now become the only basis for calculating the company's duration of stay. Foreign residents must now also apply for a Certificate of Residence, from the competent authorities in their own country.

The Communiqué on Prevention of Double Taxation Treaties Serial Numbered 4 ("**Communiqué**") was published in Official Gazette number 30192 on 26 September 2017, entering into effect the same date.

Calculating the Duration of Stay in Turkey for Legal Entities and Enterprises

Previously, the number of employees at a company and their duration of stay in Turkey were taken into account when calculating the company's duration of stay in Turkey. The Communiqué clarifies that the number of days employees spent in Turkey will become the only basis for calculating the company's duration of stay. The company's number of employees will no longer be considered.

Under the new approach, if a legal person or enterprise which is resident in another country performs 20 days of independent professional service activities in Turkey with ten employees, the duration of stay will be calculated as 20 days. Previously, the duration of stay would have been calculated as 200 days.

Calculating the Duration of Stay in Turkey for Projects which are the Same or Related

Double Taxation Treaties occasionally foresee that the duration of stay in Turkey for projects which are the same or contingent on each other will **be evaluated together. The definitions of "same and "related" projects in this context have now been clarified.**

Certificate of Residence

To benefit from Double Taxation Treaties, foreign residents must now apply for a Certificate of Residence, obtained from the competent authorities in their country. The original of the Certificate of Residence must be submitted to Turkish tax authorities, alongside with a certified Turkish translation. Failure to submit a Certificate of Residence will mean local legislation will apply, instead of the relevant Double Taxation Treaty.

The certificate for each calendar year must be valid until the fourth month of the following year. An original, notarized or certified Turkish translation of the certificate must be presented to the relevant tax office or tax accountants.

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

Related Practices

- Tax, Fiscal and Public Debts
 - Administrative Procedures and Actions
-

Related Attorneys

- BENAN ARSEVEN
 - C. HAZAL BAYDAR, LL.M.
-

Moroglu Arseven | www.morogluarseven.com