

## COUNTRY PROFILE



# Turkey

## Tax overview

Personal Income Tax	40%, progr.
Corporate Income Tax	25%-30%
Gift Tax	30%, progr.
Inheritance Tax	10%, progr.
Wealth Tax	None

### Legal System

The Republic of Turkey is a presidential Republic, which has applied Civil Law since 1926, originally based on the Swiss Civil Code.

### Personal Income Tax

Turkish residents are subject to tax on worldwide income on progressive rates from 15%-40%. Turkey imposes gift tax as well as inheritance tax, but not wealth tax.

### Corporate Income Tax

Turkish resident corporations are subject to tax on worldwide income at 25%. Financial companies are subject to tax at 30%. Dividends paid by a Turkish company to another Turkish company are exempt from WHT, but a 10% WHT rate applies to dividends paid to resident individuals or non-resident individuals or corporations.

### Anti-Avoidance Rules

Turkey has no general anti-avoidance rules (GAAR). Turkey has Transfer Pricing rules, as well as Thin Capitalization rules, and Controlled Foreign Corporation (CFC) rules.

### Controlled Foreign Corporations (CFCs)

Foreign corporations that are controlled by Turkish resident individuals or corporations that hold 50% or more of the shares, dividend rights or voting rights, will be treated as CFCs if the following 3 conditions are met: 25% or more of the income of the foreign corporations is passive; the foreign corporations are subject to an effective tax rate of less than 10%; and annual gross revenue exceeds TRY 100,000. The profits of the CFC must be included in the income of the Turkish resident.

### Double Tax Treaties (DTTs)

Turkey has a number of DTTs in effect, including with Canada, Hungary, Luxembourg, Malta, Netherlands, Switzerland, UK, and US.

### Investment Treaties

Turkey has a network of bi-lateral and multi-lateral agreements for the protection of foreign investments that provide for international arbitration in the event of nationalization or expropriation, including with Hungary, Luxembourg, Malta, Mauritius, Netherlands, Singapore, Switzerland, UAE, the UK, and the US.

### OECD Multilateral Convention

Turkey is a signatory to the Multilateral Convention on Mutual Administrative Assistance in Tax Matters. The Convention requires signatories to exchange information "on request," and authorizes information exchange spontaneously and automatically.

### Common Reporting Standard (CRS)

Turkey has implemented CRS for the automatic exchange of information, and has a number of exchange relationships in effect.

### FATCA

Turkey has signed a FATCA Model 1 IGA with the United States for the automatic exchange of account information.

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