Introduction

On behalf of Deloitte, it is our pleasure to welcome you to Turkey.

We are glad to present our current version of the Living and Working in Turkey brochure. This brochure has been prepared to provide you with a summary of some of the important matters that may affect foreign individuals’ relocation to Turkey along with his/her dependent.

The aims of the brochure are to give practical information, as well as to provide brief knowledge concerning taxes and other employment-related issues in Turkey. The brochure does not provide in detail explanations for specific questions and it should be considered as a general outline only. Since there are frequent changes and complexity of both international and local law, we kindly suggest you to consult a professional regarding your own personal circumstances. Please note that Deloitte Turkey will not take any responsibility for the information that is provided in this brochure.

We hope you will enjoy your new life experience in Turkey.
Country Background
Country Background

About Turkey

Geographically Turkey is located in between Asia and Europe continents. Total area of Turkey is 814,578 square kilometres, of which 790,200 are located in Asia and 24,378 are located in Europe. Turkey has an active political structure and has eight neighbour countries: Syria and Iraq at the south; Iran, Armenia, Georgia at the northeast; Bulgaria at the northwest; and Greece at the west. Turkey's regime is Republic. Ankara is the capital city of Turkey and the country has 81 cities.

Located at the junction where regions with different characteristics and resources, as well as roads between continents meet, Turkey has to take advantage of the opportunities offered by her geographical location.
Country Background

Population Structure

Turkey is a country that intensive rush of immigrants and the majority of the population is young population. Based on 2017 Population Registration System, Turkey’s population rate consists of 50.2% male, 49.8% female of population. Population in Turkey is about 80 million, most of whom live in the urban cities.

Population Projections – 2018-2080 (million)*

Language

Turkish is the mother language of 90 percent of the population of the country. Some 70 other languages and dialects are also spoken, including various dialects of Caucasian and Kurdish as well as Arabic, Greek and Armenian. The Turkish language has a fairly straightforward structure with no genders and few irregular grammatical forms. The Roman alphabet is used for writing. Universities and private language schools run Turkish language courses for foreigners in large cities.

Climate

Turkey’s diverse nature of the landscape, and the mountain ranges that run parallel to the coasts, result in significant differences in climatic conditions from one region to the other. The inland Anatolian plateau experiences extremes with hot summers (up to 42°C) and cold winters but limited rainfall, while the coastal areas enjoy milder climates.

* Source: TurkStat
Immigration
## Overview of Work Permit Types

<table>
<thead>
<tr>
<th>Work Permit Type</th>
<th>Features</th>
<th>Conditions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fixed Term Work Permit</td>
<td>The work permit is obtained as fixed term.</td>
<td>The initial fixed term work permit is issued for a certain workplace for a certain occupation the foreign individual will work for and is issued for maximum one year (unless the employment contract duration is shorter than one year in which case the fixed term work permit is issued for the duration of the employment contract). In case the foreign individual will continue his employment with the same Turkish employer, first work permit extension can be issued for a 2 years duration and the following extension can be issued for a 3 years duration.</td>
</tr>
<tr>
<td>Permanent Work Permit</td>
<td>The work permit is obtained without time constraint.</td>
<td>The individual who has a long term residence permit in Turkey or at least 8 years legally employed in Turkey (i.e. employed based on a work permit) is allowed to apply for a permanent work permit.</td>
</tr>
<tr>
<td>Independent Work Permit</td>
<td>The individual can work self-employed based on this permit.</td>
<td>The individual need to be resident in Turkey for at least 5 years uninterrupted and his activities should add value to the economic development in Turkey and have a positive effect on employment.</td>
</tr>
<tr>
<td>Exceptional Work Permit</td>
<td>Only certain individuals who meet some specific criteria can obtain this work permit type.</td>
<td>Without prejudice to the relevant laws and bilateral and multilateral agreements, the work permit is provided to specific individuals specified in the relevant legislation.</td>
</tr>
</tbody>
</table>

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**Notes:**
- **Fixed Term Work Permit:** The initial fixed term work permit is issued for a certain workplace for a certain occupation the foreign individual will work for and is issued for maximum one year (unless the employment contract duration is shorter than one year in which case the fixed term work permit is issued for the duration of the employment contract). In case the foreign individual will continue his employment with the same Turkish employer, first work permit extension can be issued for a 2 years duration and the following extension can be issued for a 3 years duration.

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**Permanent Work Permit:** The individual who has a long term residence permit in Turkey or at least 8 years legally employed in Turkey (i.e. employed based on a work permit) is allowed to apply for a permanent work permit.

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**Independent Work Permit:** The individual need to be resident in Turkey for at least 5 years uninterrupted and his activities should add value to the economic development in Turkey and have a positive effect on employment.

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**Exceptional Work Permit:** Without prejudice to the relevant laws and bilateral and multilateral agreements, the work permit is provided to specific individuals specified in the relevant legislation.
Immigration

Work Permit Application Conditions in Turkey

Generally, work visa applications should be completed to the Turkish Consulate in foreign individual’s home country or his/her residing country. However, if the foreign individual is already residing in Turkey with a legal residence permit valid for at least 6 months, the foreign individual also has a right to apply from Turkey without completion of the procedures in the Turkish Consulate. In addition to that, there are certain criteria to be met for the Turkish employer company to hire a foreign individual such as financial and recruitment criteria.

In case the application is approved and no other objection is raised, the foreign individual is granted with a year valid work permit.

Based on the International Labour Law No 6735, work permits can be extended up to 2 years for the second applications and for 3 years for the following applications if the foreign individual’s passport has a sufficient validation. Extension applications can be made within last 2 months of validation date of a foreigner’s current work permit at the earliest. Work permits are specifically granted for an employee under a Turkish employer. Whenever foreign employee would change his/her employer, a new work permit application should have to be completed.

Work permits substitute for a residence permit within its validity. Thus foreign individual can use work permit as residence permit.

The foreign individual is obliged to enter to Turkey within 6 months following his/her work permit start date. Otherwise, foreigner’s work permit will be cancelled automatically.
Living in Turkey
Living in Turkey

Lifestyle

In Turkey’s large cities, a Western lifestyle is common. The core family structure is common in big cities, although a more traditional family structure is prevalent out of urban area. Turkish people are generally hospitable and interested in helping foreigners.

Banks and Money

The currency unit is the Turkish Lira (TRY). Banks usually open between 8.30-12.30 and 1.30-5.30, from Monday to Friday. ATMs are widespread in major. Credit cards are also widely accepted at sales outlets etc. Private exchange offices offer good rates with no or minor commission for cash money exchange. Money exchange transactions can be made via both banks and foreign exchange offices.

Public Holidays

Turkey has 6 specific public holidays; January 1, April 23, May 1, May 19, July 15, August 30 and October 29.

There are two religious holidays: One of them is Ramadan Feast (Eid ul Fitr) and the other is Sacrifice Feast (Eid ul Adha). Religious holidays approximately last in 3-4 days depending on the authority’s decision.

Office and Retail Hours

Working hours are 45 hours per week, from Monday to Friday. The most common working hours are 8:00-17:00 and 9:00-18:00 depending on the relevant company's policy.

Postal Services

The post office hours in Turkey is the same in all branch and district. Post Offices’ working hours are 8.30-12.30 and 13.30-17.30, Monday through Friday.
Living in Turkey

Transportation

Turkey has one of the largest passenger air market in the world that reaches almost 100 million of passenger in a year and the country has 37 international airports. Some of them are interchange points of international flights all around the world. The new airport, Istanbul Airport, operates as of April 2019; and it is one of the biggest airport in Europe.

The most common transportation type is highway in the country. Total road network in the country is 426,906 km.

In metropolitan cities of the country, there are increasing numbers of railways especially subway and urban rail.

Sea transportation facilities are also quite widespread nearby sea sides and they allow people to travel to countries of Mediterranean, Aegean Seas.

GSM Operators

There are main 3 different GSM companies operating in Turkey named Turkcell, Vodafone and Turk Telekom.

Health Care

Many cities have private hospitals employing foreign language speaking doctors. Private health insurance is strongly recommended. The state health system is severely overloaded, although some university hospitals are leaders in their fields.

Anatolia (a.k.a Asia Minor) has been the health hub of its territory since antiquity. Thermal springs and historical healing sites are the traditional examples of health services Turkey known for. Turkish baths are must-to-visit sites for those caring for their health and wellness.

Turkey has achieved world standards rapidly and efficiently through the Health Transformation Program of last decade. By virtue of Health Transformation Program; every year not only Turkish citizens, but also thousands of international patients are attracted by top-notch health services hosted in Turkey.

Patient rights, privacy and safety are the top most priorities of health services in Turkey.

Hospitals operate in accordance with the national accreditation system and are audited twice a year by the Ministry of Health of Turkey to ensure quality, safety and service standards. Moreover, numerous health facilities are accredited by international organizations.
Purchasing Property

There is no restriction for a foreign individual to purchase a house in Turkey. However, Turkish system does not grant special exemption and as property tax, household insurance, TCIP (the Turkish catastrophe insurance pool) etc., valuable property tax, and capital gain on sell will still be applied for the foreign individuals.

All foreign country citizens should bear in mind the couple of restrictions:
1. The property should not be located within a military zone or an area limited for homeland security reasons;
2. The total surface area of the property should not exceed 30 hectares and 10% of the size of the region.

To realize the process, the foreign individual should have to file a purchasing license request to local Land Registry, which will ask you to submit the foreign individual’s identity documents, tax identification number, a proof of insurance against seismic risks and a proof of payment of the property tax.

There is also VAT exemption for foreigners purchasing real estate in Turkey which is briefly explained on “VAT Exemption on Purchasing a Real Estate” section.

Utilities

In order to take in hand of one of the utilities (electricity, water, the internet, natural gas) by a foreign individual, he/she has to have foreign ID number and a lease agreement.

Turkey supplies various numbers of utility providers in electricity and the internet although water and gas are managed by separate one company.

Schooling

In Turkey, there are some international schools which enable for foreign passport holders to have education in foreign language and international curriculum. These schools welcome foreign students from all around the world.

Each school has some admission requirements in order to be enrolled. Most of these schools provide a fully authorised international baccalaureate program to their students.

Useful Apps

BiTaksi: Taxi application  Yandex: Navigation application  Moovit: Public transport application  Metro Ulasim & Metro Istanbul: Istanbul metro line application  IBB Cep Trafik: Traffic jam application  Around Me: The application allows you to quickly find out information about the individual’s surroundings.
Living in Turkey

Turkey is one of the leading health bases of the world by its qualified human resources, competitive prices, advanced technology and evidence-based service provision at international standards.

As we will mention on Social Security chapter of this booklet, Turkey has a bilateral social security agreement more than 30 countries and under certain circumstances, foreign individual who has received certificate of coverage along with health document can benefit state hospitals in Turkey.

Time

Turkey is in the same time zone and local time is equal to GMT + 2 hours (GMT +3 applies in winter season).

Housing

In Turkey, there is a flat culture is quite common in whole country but specifically in Metropolitan cities such as Istanbul, Ankara and Izmir. However, depending on the financial status of a foreigner individual, detached houses would be an option both Metropolitan and suburban areas in the country.

Renting Property

It is a difficult decision to choose neighborhood where to stay when a foreign individual come to Turkey. Nevertheless, most of the foreign individuals choose a neighborhood that is closer to his/her work place. Therefore, if a foreign individual moves with his/her family, it may make more sense to rent a house or an apartment considering this fact.

It is possible to find a house for rent by the foreign individual through real estate agency, internet portal and newspapers. Besides, if the foreign individual is working in Turkey, his/her company may arrange a house for the individual and his/her dependants depending on the contract conditions.

A foreign individual can find a convenient housing option based on his/her criteria through both landowner and intermediary such as a real estate agency or relocation company. These properties would be either furnished or unfurnished and can be rented both for the short period and long period of time. It is recommended to sign a lease agreement prepared both Turkish and English.
Driving in Turkey
Driving in Turkey

Driver’s License

Individuals need to have a valid driving license to drive motor vehicles in Turkey.

According to applicable current regulation foreign individuals are in principle allowed to drive a car with both Turkish or foreign number plate during their legal residency period in Turkey on the condition that the foreign individual keeps all time with his/her original foreign driving license and the Turkish notarized translation of this foreign driving license.

Without prejudice to the relevant laws and bilateral and multilateral agreements, the driving licenses from foreign countries and the procedures and principles regarding the use of vehicles in our country are stated below:

1. Driving licenses taken from foreign countries replaced with driver’s documents in our country are sent to the relevant country’s authority.
2. At the end of six months, it is obligatory to replace driver's licenses from foreign countries with driver's license documents in order to use vehicles in our country.

Without prejudice to the provisions of the relevant laws and bilateral and multilateral agreements, the procedures and principles regarding the amendment of driver licenses from foreign countries with driver documents of our country are as follows:

a) The application may be made to any traffic registration institution.

b) The information and documents required to be presented during the application are determined by the General Directorate of Security.

c) If necessary, the Ministry of Foreign Affairs or its foreign agencies may conduct an investigation and investigation into the correctness of the driver's license.

d) Temporary foreign driver licenses are not changed.

e) Driving licenses from countries that are not party to the Convention on Road Traffic and which do not have a bilateral agreement on the mutual recognition and exchange of drivers' certificates shall not be replaced by our country driver's license.

Driving licenses taken from foreign countries replaced with driver’s documents in our country are sent to the relevant country.
Driving in Turkey

About Using the Vehicle with Foreign License Plate

There is no obstacle to rent a car in Turkey by yourself. Renting contract might be signed in English.

Individual who has resident permit in Turkey might bring his car to Turkey and drive his car with foreign license plates until two years without any governmental payment.

Individual who has not resident permit in Turkey might bring his car to Turkey and use their car with foreign license plates up to 90 days within 180 days. It is important to note that, in order to bring a car with foreign license plate to Turkey, total stay out of Turkey in last 1 year period must be longer than 185 days, otherwise custom department would not allow car’s border pass.

Depending on the person’s citizenship and residency status, the period to be given to the hired vehicles from outside of Turkey cannot be longer than the period specified in the lease agreement however the hired vehicles cannot be driven in Turkey for more than 730 days. The period might be used in a single time, as well as in pieces.

What are the conditions for benefit of two years?

1. To be non-resident of Turkey prior to the entrance date to Turkey (i.e. prior to date of vehicle’s border pass).
2. Prior to the entrance date of Turkey, the person should have not brought a car to Turkey in 185 days retroactively as an uninterrupted period.
3. Prior to the entrance date of Turkey, the vehicle to be brought to Turkey must have been stayed abroad uninterruptedly 185 days.
4. Individual needs to have a resident permit for the period that he/she wishes to have a car in Turkey.

Car Insurance

Every vehicle to be driven within the borders of Turkey is obliged to be insured under Highway Traffic Law Number 2918.
Labour Law
Labour Law

It can be said that general terms of Labour Law of Turkey is in employee’s favour. Therefore, the law protect their working rights in Turkey for different kind of working types that we have mentioned on Immigration Roadmap section.

Labour Law system in Turkey, an employer is obliged to do necessary notifications to relevant institutions such as social security registration and deregistration of the employee. Thus, employee does have quite few responsibilities to make notification by himself/herself.

Employment Contracts

There are mainly four types of employment contract to offer an employee in Turkey which are:

1. permanent and temporary employment agreements,
2. indefinite and definite employment agreements,
3. full-time and part-time contracts,
4. work-on-call labour agreements

It is also important to know that, to be effective from 13 September 2018, it was ensured that contract value and the other payment obligations arising from that contract concluded among Turkish residents will not be set in foreign currencies or foreign currency indexed. As per the general communiqué released on 6th of October 2018, foreign exchange in the employment contracts is accepted if;

1. The individual is a non-resident of Turkey,
2. The individual is a resident of Turkey but he/she is not a Turkish citizen,
3. The individual is making business abroad regardless of the residency position in Turkey,
4. The individual is working in a Turkish company where the majority of the shares are owned by the foreign company (more than 50%) or if the company he/she works is a liaison office, branch in Turkey.

Employment Termination

If one of the below general conditions are met, employee can terminate the employment contract with a valid reason:

1. If the employee’s current job puts his/her health in danger,
2. If the employer’s behaviour does not comply with good conduct (i.e. mobbing, sexual harassment, to ignore such complaints by employee etc.)
3. If the employee does not receive his/her salary according to the conditions of his/her employment contract,
4. If the employer deregistered the employee from Turkish social security system without his/her knowledge,
5. If the workplace does not run more than one week due to force majeure.

Consequently, employer will be obliged to make severance payment by termination with a valid reason in case the employee meets the severance payment conditions.
Social Security and Pensions
Social Security and Pensions

General Information

The Turkish social security system comprises both employee’s and employer’s contributions which contributions are withheld from the foreign individual’s salary via the Turkish payroll during the year. If a foreign individual is employed in Turkey, then he or she is in principle subject to Turkish social security system. However, the application of International Social Security Treaties may change this principle.

Employee & Employer Contributions

Employee contributions consist of:

1. Disability (invalidity), old age and death
2. Public health insurance
3. Unemployment

Employer contributions consist of:

1. Disability (invalidity), old age and death
2. Work-related accidents and illness, health and maternity
3. Public health insurance
4. Unemployment

Social security premiums are calculated as a percentage of gross salary and payable by both employees and employers. In determining taxable income, employee contributions are deductible. Employees pay 15% and employers pay 22.5% up to an upper earnings level of 26,831.40 TRY per month applicable between 01.01.2021 and 31.12.2021.
Social Security and Pensions

In below you may find the employee and employer contributions currently applicable in Turkey:

<table>
<thead>
<tr>
<th>Insurance Type</th>
<th>Category of Coverage</th>
<th>Employee</th>
<th>Employer</th>
</tr>
</thead>
<tbody>
<tr>
<td>Long term insurance branches</td>
<td>Disability (invalidity), old age and death</td>
<td>9%</td>
<td>11%</td>
</tr>
<tr>
<td>Short term insurance branches</td>
<td>Work-related accidents and illness, health and maternity</td>
<td>2%</td>
<td>2%</td>
</tr>
<tr>
<td>Public health insurance</td>
<td></td>
<td>5%</td>
<td>7,50%</td>
</tr>
<tr>
<td>Unemployment</td>
<td></td>
<td>1%</td>
<td>2%</td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>15%</strong></td>
<td><strong>22.5%</strong></td>
</tr>
</tbody>
</table>

International Situations

In case individuals are assigned from countries that have signed social security agreements with Turkey, they can apply for Certificate of Coverage’s to their home country Social Security Institutions. Based on this document the individuals can remain subject to their home country social security scheme. A copy of the Certificate of Coverage obtained from the respective foreign Social Security Institution has to be submitted to the Turkish Social Security Institution in order to prove the foreign individual is exempted from Turkish social security contributions.

In case individuals are assigned from countries that have not been signed social security agreement with Turkey, then foreign individual should be enrolled to the Turkish mandatory social security scheme once the work permit is granted in Turkey and once the 3 months exemption period for social security is over.

Mandatory General Health Insurance Plan

Foreign individuals who have stayed in Turkey for more than 1 year with residence permits and are not contributing to the Turkish Social Security system through local payrolls are required to contribute individually to the Mandatory Public Health Insurance Plan as of 1 January 2012 unless there is a Certificate of Coverage covering both short term and long term period of contributions. The monthly fixed amount of contribution is 107,32 TRY between 01.01.2021 – 31.12.2021.
Service Indebtedness Method

Service Indebtedness Method is regulated under Evaluation of the Stay Period of the Turkish Citizens Living Abroad With respect To Social Security Law and is very briefly used to purchase of the days during the periods of inactivity under some conditions (i.e. military obligation, strike, lockout, duration of the physician’s honorary assistance, the period of detention or detention of those arrested or detained for any offense while they are insured, work abroad, etc.). In order to benefit from the Indebtedness Service in Turkey the following 5 criteria have to be fulfilled:

1. Having the Turkish Citizenship
2. To be abroad for working purposes
3. To document the assignment or working period abroad
4. Not qualified for monthly pensions from the Turkish Social Security Institution
5. To file a petition with the respective Authority

Turkish citizens can benefit from this system by paying the period that he/she has spent in foreign countries with the proof of the service documents either at the repatriation or at the time after repatriation whenever participants request. It is important to note that service indebtedness method does not provide contribution to short term insurance plan (i.e. health) and either participants or dependents would not benefit from the public health insurance services in Turkey free of charge during the time when participants are not contributing to the system.

List of Social Security Treaties

Albania, Austria, Azerbaijan, Belgium, Bosnia and Herzegovina, Canada, Croatia, Turkish Republic of Northern Cyprus, Czech Republic, Denmark, France, Hungary, Italy, Germany, Georgia, Libya, Luxembourg, Kyrgyzstan, Macedonia, Montenegro, Netherlands, Norway, Poland, Portugal, Romania, Quebec, Serbia, Slovakia, South Korea, Spain, Sweden, Switzerland, Tunisia and the United Kingdom.
Turkish Income Tax System
Residency System

The taxation of a foreign individual working in Turkey depends upon whether the foreign individual can be classified either as a resident or a non-resident taxpayer. According to Turkish Income Tax Law a foreign individual can be considered a resident of Turkey for taxation purposes if any of the following conditions are met:

1. His/her home or principal residence is in Turkey (home is considered to be where his/her family lives)
2. His/her usual residence is in Turkey (being in Turkey for more than 6 months in calendar year)
3. His/her principal place of professional activity or employment is in Turkey
4. His/her centre of economic interest is in Turkey

Considering the above and applicable Turkish Income Tax Law, certain criteria are important for determining residency, such as location of foreign individual's registered address or his/her total staying in Turkey within a calendar year.

Resident versus Non-resident

Resident taxpayers are legally required to report all of their income derived from sources anywhere in the world to the Turkish Tax Authority and be liable to taxation on that basis. Non-resident taxpayers are only liable to taxation on their income earned in Turkey.

Tax System

In Turkey, income tax is charged on the following seven different types of income:

1. Commercial Income
2. Agricultural Income
3. Employment Income
4. Self-employment Income
5. Income From Immovable Property
6. Income From Movable Property
7. Other Types of Income
Turkish Income Tax System

Deductions

Taxpayers who have a filing obligation in Turkey can deduct the following expenses made to organizations located in Turkey on their tax return under certain conditions:

1. Life and Personal Insurance premiums

2. Education and Health expenses
   a) Expenses must be related for tax payer’s himself, spouse or/and kids younger than 18 years old
   b) Expenses must be afforded by tax payer himself

3. Donations and grants

4. Sponsorship expenses

5. Home country income taxes

Private insurance premiums are also deductible in the actual payroll or shadow payroll to a certain extent.

On the other hand, in order to deduct home country income taxes, official documentation proving the paid foreign tax amount has to be approved at the relevant Turkish Consulate located in home country and submitted to the Turkish Tax Administration.

Special Tax Regime for Foreign Individuals

No special provision has been made regarding taxation of foreign individual’s or assignees in Turkish legislation and henceforth no special rule is settled for the foreign individuals who are on international assignments. The tax treatment of the foreign individuals are covered under the general principles of Income Tax Law and interpreted according to current provisions. Therefore, foreign individuals who reside or work in Turkey are subject to taxation with the same tax rates and conditions applicable for Turkish resident taxpayers.
Turkish Income Tax System

Allowances

According to current Turkish Income Tax Law, resident taxpayers can benefit from certain allowances like disability allowance and minimum subsistence allowance.

There is also daily allowance (i.e. per diem) amount that is shared by relevant authorities to be paid to an individual who are assigned to another country. This amount depends on the country where to be assigned.

Tax Rates

A foreign individual’s tax liability is calculated by applying below progressive tax rates to the taxable income. The calculated income tax amount will be reduced by the amount of the minimum subsistence allowance which is a fixed amount determined based on the family structure of a tax resident employee and differs from monthly 268,31 TL to 456,13 TRY according to the figures of 2021.

The following tax rates are applicable on employment income for the calendar year 2021:

<table>
<thead>
<tr>
<th>Taxation rate</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Up to 24,000 TRY</td>
<td>% 15</td>
</tr>
<tr>
<td>From 24,000 TRY to 53,000 TRY</td>
<td>% 20</td>
</tr>
<tr>
<td>From 53,000 TRY to 190,000 TRY</td>
<td>% 27</td>
</tr>
<tr>
<td>From 190,000 TRY to 650,000 TRY</td>
<td>% 35</td>
</tr>
<tr>
<td>Over 650,000 TRY</td>
<td>% 40</td>
</tr>
</tbody>
</table>
Turkish Income Tax System

The following tax rates are applicable on other types of income for the calendar year 2021:

<table>
<thead>
<tr>
<th>Taxation rate</th>
<th>Taxation rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Up to 24.000 TRY</td>
<td>% 15</td>
</tr>
<tr>
<td>From 24.000 TRY to 53.000 TRY</td>
<td>% 20</td>
</tr>
<tr>
<td>From 53.000 TRY to 130.000 TRY</td>
<td>% 27</td>
</tr>
<tr>
<td>From 130.000 TRY to 650.000 TRY</td>
<td>% 35</td>
</tr>
<tr>
<td>Over 650.000 TRY</td>
<td>% 40</td>
</tr>
</tbody>
</table>

List of Income Tax Treaties

Albania, Algeria, Australia, Austria, Azerbaijan, Bahrain, Bangladesh, Belarus, Belgium, Bosnia and Herzegovina, Brasil, Bulgaria, Canada, China, Croatia, Cyprus, Czech Republic, Denmark, Egypt, Estonia, Ethiopia, Finland, France, Gambia, Georgia, Germany, Greece, Hungary, India, Indonesia, Iran, Ireland, Israel, Italy, Japan, Jordan, Kazakhstan, Kosovo, Kuwait, Kyrgyzstan, Latvia, Lebanon, Lithuania, Luxembourg, Macedonia, Malaysia, Malta, Mexico, Moldova, Mongolia, Morocco, New Zealand, Norway, Oman, the Netherlands, Norway, Pakistan, Philippines, Poland, Portugal, Qatar, Romania, Russia, Saudi Arabia, Serbia and Montenegro, South Africa, South Korea, Singapore, Slovakia, Slovenia, Spain, Sudan, Syria, Sweden, Switzerland, Tajikistan, Thailand, Tunisia, Turkmenistan, Ukraine, United Arab Emirates, United Kingdom, Vietnam, Yemen, United States of America and Uzbekistan.

Stamp Tax

In Turkey 0.759% of stamp tax is levied on the foreign individual’s monthly gross salary processed on Turkish payroll. If for some reason the foreign individual has a filing requirement, a fixed amount of stamp tax is additionally deducted on the tax return which amount is currently 97,20 TRY for 2021 filings.
Obtaining Foreign ID Number (Tax ID Number)

Every foreign individual in Turkey must have a Foreign ID number for tax purposes. This number is also considered as the foreign individual’s Tax ID Number. The first step for a foreign individual to obtain a Foreign ID Number is to apply for a residence permit valid for at least 6 months at the Immigration Office where she/he resides in Turkey. It should be also noted that person who has work permit in Turkey is automatically granted foreign ID number (Tax ID number).

In case of urgency a Tax ID Number can also be obtained at any Tax Office by submitting a petition, a valid passport and if applicable notarized Turkish translation of the passport and power of attorney. Tax ID Number for the foreigners can also be obtained from e-Tax Office system with passport information. This number does not start directly with a “9” (like the foreign ID number) and it consist of 10 digits and it can be used for formal transactions.

e-Government

e-Government (e-devlet) means the access to government services for citizens or foreign citizens who hold a valid residence/work permit through an electronic portal. At this point, it is aimed to deliver state services to citizens in the easiest and most efficient way, in high quality, fast, uninterrupted and secure way.

The e-Government Portal is a web site that provides access to public services from a single point. The objective of the Portal is to present the public services to citizens, businesses and public institutions effectively and efficiently with information and communication technologies.

Authentication tools such as passwords, e-signatures or mobile signatures are needed to access the integrated electronic services requiring personal information access or security.

To obtain password in order to login the system the citizens can easily obtain e-Government password from PTT (post office) branches. By using e-Government system, a foreign individual who has a foreign ID number can eliminate most of bureaucratic procedures while obtaining a Turkey related document such as criminal report, address registration document if already registered at civil registry office, 4A social security service document etc.
Indirect Taxes
Indirect Taxes

Value Added Tax (VAT)

The Value Added Tax (KDV in Turkish) rates are between 1% - 18% but in general, it is applied as 18%. VAT payable on local purchases and on imports is regarded as "input VAT" and VAT calculated and collected on sales is considered as "output VAT".

It is also possible to receive VAT refund for the individuals if the individual shown on invoice or similar documents related from transactions which are exempt from VAT such as:

1. Exportation of goods and services,
2. Exemption for vehicles, petroleum exploration and investments made under an investment incentive certificate (IIC)
3. Transit transportation,
4. Diplomatic exemption

VAT Refund on Purchasing Goods

Individuals temporarily visiting Turkey, and having purchased an item from a Tax Free Point affiliated shop can refund by using our easy service. Individuals can be eligible for a VAT refund so long as he/she is a non-resident visitor of Turkey (i.e. has a permanent residence outside Turkey or have not spent more than 6 months in Turkey).

VAT Exemption on Purchasing a Real Estate

Foreign citizens and Turkish citizens who reside in foreign countries who purchased a real estate are VAT exempted. The below conditions should be fulfilled in order to benefit from the VAT exemption:

1. Only the new real estate properties purchased from construction companies are included. In other words, second-hand purchases are not in scope of the exemption.
2. The real estate’s price must be paid in foreign currency.
3. The purchased real estate cannot be sold within a year following the purchase date. In case the real estate is sold within a year, the exempted VAT will be collected.

Special Consumption Tax (SCT)

Unlike VAT, which is applied on each transaction, SCT is charged only once from the relevant party. There are mainly 4 different product groups that are subject to SCT and different tax rates are applied as follow:

1. Petroleum products, natural gas, lubricating oil, solvents and derivatives of solvents
2. Automobiles and other vehicles, motorcycles, planes, helicopters, yachts
3. Tobacco and tobacco products, alcoholic beverages
4. Luxury products
Taxes on Wealth

Property Tax

Property taxes are paid each year depending on the tax values of land and buildings at rates varying from 0.1% to 0.6%. In the case of the sale of a property, a 1.5% levy is paid on the sales value by both the buyer and the seller. The rate is also applied as 1.5% if the property is contributed as capital-in-kind. On the other hand, these rates are applied twice for property located in the Metropolitan Municipality areas.

Buildings and lands owned in Turkey are subject to real estate tax at the following rates below:

1. Residences 0.1%
2. Other buildings 0.2%
3. Land 0.1%
4. Vacant land (but allocated for construction purposes) 0.3%
5. Farming lands 0%

Valuable Housing Tax

Valuable housing tax is recently introduced in Real Estate Tax Law.

According to this law, valuable housing tax will be calculated in accordance with the value of residential properties as shown below;

- Properties valued between 5,227,000 TRY and 7,841,000 TRY (0.3%),
- Properties valued between 7,841,001 TRY and 10,455,000 TRY (0.6%),
- Properties with value exceeding 10,455,001 TRY (1%).

Withholding Tax

Turkish tax system allows to collect taxes through withholding in order to secure the collection of taxes. These include income tax on salaries of employees, lease payments to individual landowners, independent professional service fee payments to resident individuals, and royalty, interest income, license and service fee payments to non-residents etc. Additionally, companies in Turkey are responsible to withhold these taxes on their payments and declare them through their monthly withholding tax returns.

At the end of fiscal period, individuals are required to submit additionally annual income tax return for their income where withholding taxes are not applied (unless an exemption applies) or their overall annual income exceeded 650,000 TRY.
Taxes on Wealth

Individuals were not required to report their employment income through annual income tax return if they were employed by only the same employer till 2019 calendar year (2019 calendar year included). However, through the new amendments, all individuals will be asked to file annual income tax return by the end of March of 2021 where their employment income is more than the amount in the fourth tax bracket (i.e. 600.000 TRY for the year 2020, i.e. 650.000 TRY for the year of 2021.).

Environmental Tax

Municipalities are authorized to collect an Environmental Tax as a contribution towards the financing of their some of the certain services such as garbage collection. This tax is levied at scheduled fixed amounts that vary according to the location of the house or office. The individual who lives or occupies that house or office pays this tax through water bill of the property.

Inheritance and Gift Tax

Items which have acquired as gifts or through inheritance are also subject to taxes between 1% and 30% of the item's appraised value. It is possible to deduct tax that has paid in a foreign country on inherited property from the taxable value of the asset. Inheritance tax is payable over the period of three years and in two instalments per year.

Foreign individuals are also subject to inheritance and transfer tax if the funds inherited or transferred within Turkey, whether the heir is living in or outside Turkey, in the event of receiving funds through inheritance or gift.

<table>
<thead>
<tr>
<th>Taxable Value of Acquisition*</th>
<th>Taxation Rate for Inheritance</th>
<th>Taxation Rate for Gifts</th>
</tr>
</thead>
<tbody>
<tr>
<td>First 380.000 TRY</td>
<td>%1</td>
<td>% 10</td>
</tr>
<tr>
<td>Following 900.000 TRY</td>
<td>%3</td>
<td>% 15</td>
</tr>
<tr>
<td>Following 1.900.000 TRY</td>
<td>%5</td>
<td>% 20</td>
</tr>
<tr>
<td>Following 3.600.000 TRY</td>
<td>%7</td>
<td>% 25</td>
</tr>
<tr>
<td>Over 6.780.000 TRY</td>
<td>%10</td>
<td>% 30</td>
</tr>
</tbody>
</table>
Tax Penalties

Delay interest

In case a taxpayer could not pay his/her tax due in legal period of time, delay interest applies for the tax due. Delay interest is 1.6% of total tax due per month.

Tax Loss Penalty

Tax loss penalty is imposed when the taxpayer fails to fulfil the tax obligations in due time. This penalty will be the same amount of the unpaid tax and will be increased three times if tax is deliberately evaded.

Self-Disclosure Method

In order to benefit from self-disclosure method, certain conditions should be met such as notify the authorities of income that is required to make declaration before a tax audit or notification of audit is received. Such overdue taxes must be paid together with self-disclosure charges.
Other Considerations

Crossing border with pets

An individual can bring his/her household pets (Totally 2 pets (cats, dogs or birds) or 10 aquarium fish provided that they are travelling via passenger.) without any problem, as long as your pet’s documentation is correctly completed. Therefore, when an individual enters to Turkey from another country with his/her household pet, it needs to meet the entry requirements. These include;

1. Certificate of vaccination
2. Official veterinary certificate
3. A vet passport or identification card

After the individual’s arrival, his/her pet’s health check is carried out by an official veterinarian. Meanwhile, the individual have to present required documents at the Turkish Customs.

Duty-free Limit in Turkey

Accompanied Turkish Liras, foreign currency, valuable metals, stones or goods are considered within the context of provisions of Articles 3, 4 and 7 of “Resolution Number 32 on Preserving the Value of Turkish Liras” published.

In this context;

1. Passengers are free to bring accompanied Turkish Liras or foreign currency to Turkey.
2. Passengers take out an amount of 5,000.- US Dollars or an equal amount of cash and Turkish Liras equal to maximum 5,000.- US Dollars.
3. Persons, who are resident in foreign countries and Turkish citizens who are deemed to be resident in Turkey but working abroad, may take out an amount of 5,000 US Dollars or an equal amount of cash with themselves, provided that they declared the amount while entering to Turkey, and persons resident in Turkey, provided that they document they purchased foreign exchange from the banks.
4. Passengers may bring into Turkey or take out from Turkey goods belonging to her/him made out of precious metals and gems having the quality of non-commercial purpose jewellery at the amount of 15,000 USD together with herself/himself. Taking out from Turkey or bringing into Turkey the jewellery having a higher value depends on the condition of declaring in the entrance and of documenting that they are purchased in Turkey.
Other Considerations

LIST OF PERSONAL BELONGINGS IN ACCOMPANIED BAGGAGE

A) ITEMS OF CONSUMPTION

a) TOBACCO AND TOBACCO PRODUCTS
1- Cigarettes 600 ea.
2- Cigarillos (cigars not heavier than 3 g each) 100 ea.
3- Cigars 50 ea.
4- Shredded Tobacco (with 200 cigarette sheets) 250 g
5- Pipe tobacco 250 g

b) ALCOHOLIC PRODUCTS
11- Alcohol and alcoholic spirits with alcohol degree exceeding 22% 1 l
11- Alcohol and alcoholic spirits with alcohol degree no exceeding 22% 2 l

c) COSMETIC PRODUCTS
Five cologne, lavender, perfume, essence or lotion in maximum 120 ml bottles

d) FOOD PRODUCTS
1- Tea 1 kg
2- Granule instant coffee 1 kg
3- Coffee 1 kg
4- Chocolate 1 kg
5- Food from sugar 1 kg

As per further information, you may check FAQ page of Ministry of Trade:

https://ggm.gtb.gov.tr/frequently-asked-questions-faq/passenger-transactions
About
Deloitte Turkey
About Deloitte Turkey

Deloitte is a leading accounting and consulting company in Turkey and provides industry specific services in the areas of Audit, Risk Advisory, Tax & Legal, Consulting and Financial Advisory. With nearly 1,300 employees operating out of five locations in Istanbul (headquarter), Ankara, Izmir, Bursa and Adana.

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Our Global Employer Services practice’s priority is to help employers and their workforce find solutions to the employment, tax and HR challenges they face when doing business across borders.

How we can help you

As Global Employer Services team in Turkey, we are providing services at the following areas to our clients: immigration, global mobility advisory, personal income tax and social security services.
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