

## TAX NEWS NO: 2012/1

May 10, 2012

**Subject:**

The Switzerland-Turkey Income Tax Treaty Has Entered Into Force



The Switzerland-Turkey income tax treaty signed June 18, 2010, has entered into force February 8 and shall apply from January 1, 2013.

Under the treaty, dividends are taxable at a maximum rate of 5 percent if the beneficial owner is a company that directly holds at least 20 percent of the capital of the payer company. A 15 percent rate applies in other cases. Interest paid on a loan granted by an institution responsible for export promotion may be taxed at a maximum of 5 percent. In other cases, including when interest is derived by a bank, interest is taxable at a maximum rate of 10 percent. Royalties may be taxed at a maximum rate of 10 percent.

Turkey generally uses the credit method for the elimination of double taxation, and Switzerland uses a modification of the credit and exemption methods.

If you would like to review the tax treaty, you can click [here](#) (in Turkish, English and French).

Yours sincerely,  
Deloitte Turkey

---

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee, and its network of member firms, each of which is a legally separate and independent entity. Please see [www.deloitte.com/about](http://www.deloitte.com/about) for a detailed description of the legal structure of Deloitte Touche Tohmatsu Limited and its member firms.

These materials and the information contained herein are provided by Deloitte Turkey and are intended to provide general information on a particular subject or subjects and are not an exhaustive treatment of such subject(s).

Accordingly, the information in these materials is not intended to constitute accounting, tax, investment, consulting, or other professional advice or services. The information is not intended to be relied upon as the sole basis for any decision which may affect your personal finances or business, you consult a qualified professional adviser.

These materials and the information contained therein are provided as is, and Deloitte Turkey makes no express or implied representations or warranties regarding these materials or the information contained therein. Without limiting the foregoing, Deloitte Turkey does not warrant that the materials or information contained therein will be error-free or will meet any particular criteria of performance or quality.

Deloitte Turkey expressly disclaims all implied warranties, including, without limitation, warranties of merchantability, title, fitness for a particular purpose, non-infringement, compatibility, security and accuracy.

Your use of these materials and information contained therein is at your own risk, and you assume full responsibility and risk off loss resulting from the use thereof. Deloitte Turkey will not be liable for any special, indirect, incidental, consequential, or punitive damages or any other damages whatsoever, whether in an action of contract, statue, tort (including, without limitation, negligence), or otherwise, relating to the use of these materials or the information contained therein.

© 2012 Deloitte Global Services Limited