



CIRCULAR NO: 2023/161

JULY 18, 2023

NEW CORPORATE TAX RATES

The “Law on the Imposition of Additional Motor Vehicles Tax and Amendments to Certain Laws and Decree-Law No. 375 for the Compensation of Economic Losses Caused by the Earthquakes of 6/2/2023” (Law No. 7456) has been published in the Official Gazette No. 32249 of July 15, 2023. Law No. 7456 has introduced some changes to corporate tax rates. In this circular, we will provide a concise overview of the revised corporate tax rates that taxpayers will be subject to in 2023, per the provisions of Law No. 7456.

The corporate tax rates applicable for the year 2023 are as follows.

1. 2023 General Corporate Tax Rate (25%)

For the accounting period 2023, the general corporate tax rate will be applied at a rate of **25%** to corporate profits.

2. Corporate Tax Rate for Financial Institutions (30%)

- Banks,
- Companies under Law No. 6361 (Financial Leasing, Factoring, Financing and Savings Finance Companies),
- Electronic payment and monetary institutions,

- Authorized foreign exchange institutions,
- Asset management companies,
- Capital market institutions¹ and
- Insurance and reinsurance companies and pension companies

will be taxed at a rate of **30%** of their earnings.

3. Reduced Corporate Tax Rate for Manufacturers and Exporters

By the provisions stated in paragraphs 7 and 8 of Article 32 of the CTL;

- Companies engaged in export activities may be eligible for a **five percentage point** reduction in corporate tax for the profits derived exclusively from exports.
- Companies holding an industrial registry certificate and actively engaged in manufacturing activities may be eligible for a **one percentage point** reduction in corporate tax for the profits derived exclusively from manufacturing activities.

4. Reduced Rate for First-Time Listed Companies on Borsa İstanbul

Under Article 32/6 of the Corporate Tax Law, corporations that have their shares listed on Borsa İstanbul for the first time will receive a **two percentage point reduction** in the corporate tax rate for a period of **five accounting periods**. This reduction applies to corporations (excluding banks, leasing companies, factoring companies, financing companies, payment and electronic money institutions, authorised foreign exchange institutions, asset management companies, capital market institutions, insurance and reinsurance companies and pension companies) whose shares are publicly offered and traded on the Borsa İstanbul Equity Market, with a **minimum public offering rate of 20%**.

Article 35 of Capital Market Law defines ¹“**Capital Market Institutions**” as follows:

“*Capital market institutions*

ARTICLE 35 – (1) The capital market institutions that may operate pursuant to this Law are set forth below:

a) Investment institutions

b) Collective investment institutions

c) Independent audit, valuation and rating institutions to operate in the capital market

ç) Portfolio management companies

d) Mortgage finance institutions

e) Housing finance and asset finance funds

f) Asset leasing companies

g) Central clearing institutions

ğ) Central depository institutions

h) Data storage institutions

ı) Other capital market institutions whose establishment and operating principles are determined by the Board”

5. Reduced Corporate Tax

Under Article 32/A of the CTL, certain investments, excluding finance and insurance sector institutions, joint ventures, contracting businesses, investments under Law No. 4283 and Law No. 3996, and investments made under royalty contracts, are eligible for reduced corporate tax rates. These reduced rates apply to earnings from the specified investments that the Ministry of Economy has granted incentive certificates. The reduced tax rates are applicable from the accounting period in which the investment begins partial or complete operation until the investment contribution amount is reached.

Sincerely,

**DENGE İSTANBUL YEMİNLİ
MALİ MÜŞAVİRLİK A.Ş.**

(*) The remarks in our circulars are for information purposes only. We recommend that the opinion and support of a qualified counsellor be sought before taking final action on questionable matters. Our company shall not be held responsible for any damages incurred as a result of transactions to be made solely based on the statements in our circular.

(**) Please contact our experts below for opinions, criticism, and questions about our circulars.

Erkan YETKİNER
Certified Public Accountant
Mazars Denge, Partner
eyetkiner@mazarsdenge.com.tr

Tufan SEVİM
Certified Public Accountant
Mazars Denge, Partner
tsevim@mazarsdenge.com.tr