



**CIRCULAR NO: 2023/001**

**JULY 27, 2023**

## **RECENT AMENDMENTS TO TAX LAWS**

Law No. 7456, recently published in the Official Gazette No. 32249 of July 15, 2023, has introduced certain amendments to corporate tax rates and various tax exemptions.

### **1. Revised Corporate Tax Rates**

The corporate tax rate applicable for 2023 has been raised **from 20% to 25%**. The corporate tax rate for banks, companies under Law No. 6361 (Financial Leasing, Factoring, Financing, and Savings Financing Companies), electronic payment and monetary institutions, authorised foreign exchange institutions, asset management companies, capital market institutions, insurance and reinsurance companies, and pension companies, will be applied at **30%**. In addition, the corporate tax deduction applicable to export earnings has been increased **from 1 to 5 percentage points**.

The rates mentioned above will apply to the earnings of corporations generated in 2023 and subsequent taxation periods, commencing from the provisional tax returns to be filed as of October 1, 2023.

### **2. Corporate Tax and VAT Exemption for Real Estate Sales**

The 50% corporate tax exemption on gains arising from the sale of immovable properties held in the assets of corporations for a minimum of two full years has been

revoked. However, a 25% exemption will still be applicable for gains obtained from the sale of immovable properties held in the assets of corporations before July 15, 2023. No corporate tax exemption will be applied for the sale of immovable properties included in the assets **after July 15, 2023**.

The VAT exemption that used to apply to the transfer and delivery of “immovable properties” held in the assets of corporations for a minimum of two full years has also been revoked. The VAT exemption will continue to be applied for the delivery of immovable properties held in the assets of corporations before July 15, 2023.

### **3. Exemptions Regarding Mutual Fund Earnings**

The corporate tax exemption previously granted to dividends from mutual funds, excluding venture capital mutual funds and investment trusts, has been revoked.

### **4. Partial Division Procedures**

Corporate taxpayers can perform a tax-free transfer of immovable properties held in their assets to either a newly established or an existing company through partial division until December 31, 2023. After this date, any partial division of immovable properties will be liable to corporate tax.

### **5. Additional Motor Vehicle Tax**

Starting from July 15, 2023, owners of vehicles that are already registered and recorded in the relevant vehicle registry, as well as owners of vehicles that will be newly registered and recorded in the relevant vehicle registry until December 31, 2023, will be required to pay a one-time additional motor vehicles tax equivalent to the amount of motor vehicles tax incurred for the year 2023.

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.

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