



**CIRCULAR NO: 2024/130eng..**

**August 5, 2024**

## **LOCAL AND GLOBAL MINIMUM TOP-UP CORPORATE TAX**

As known, according to the letter of understanding approved by approximately 140 countries, including Türkiye, within the scope of the OECD Base Erosion and Profit Shifting (BEPS) project, it was decided to subject the branches, subsidiaries and permanent establishments of multinational enterprise groups with annual consolidated revenues exceeding the threshold of EUR 750 million in low-tax countries to a minimum top-up tax and the necessary regulations were initiated by the countries. Along with the implementation of minimum corporate tax on multinational companies, countries have also included local minimum corporate tax regulations in their legislation as a security instrument.

Through the Law No. 7524 published in the Official Gazette No. 32620 of August 2, 2024, a new section titled "**Local and Global Minimum Corporate Tax**" consisting of 13 articles was added to the Corporate Tax Law No. 5520 ("CTL"), and a new instrument was established with an additional provisional article encompassing transitional arrangements.

Local and Global Domestic Minimum Corporate Tax has entered into force as of August 2, 2024 to be applicable to the earnings obtained in 2024 and the ensuing taxation periods, and to the earnings of the corporations subject to special accounting period, in the special accounting period starting in the calendar year 2024 and the ensuing taxation periods.

The minimum corporate tax for multinational companies is, in summary, a top-up tax on profits arising in each country of operation where the effective tax rate is below 15%. The model gives the tax administration of the country where the group is headquartered the right to levy a top-up tax in the event that any top-up tax is not levied, and in the event that the tax administration of the country where the group is headquartered does not levy any top-up tax, a top-up tax can be imposed by the countries where the companies in the group are located.

Our circular provides detailed information on the application principles of the global and local minimum top-up corporate tax.

## 1. Definitions

Through the addition of "Additional Article 2" to the CTL, some concepts that are important in the global and local minimum corporate tax practice have been defined. Some of these definitions are given below for ensuring the understanding of main actors and concepts in tax implementation.

**Ultimate parent entity:** *An entity that has direct or indirect control over another entity and is not directly or indirectly controlled by another entity, or a head office that has one or more places of business in countries other than the country in which it is located, provided that it is not part of another group (provided that sovereign wealth funds that are public institutions and organizations are not considered to be the ultimate parent entity under this subparagraph),*

**Partially owned parent entity:** *A subsidiary (other than an ultimate parent entity, place of business or investment entity) that has a direct or indirect ownership interest in another subsidiary of the same multinational enterprise group and more than 20% of its direct or indirect ownership interest is held by persons who are not subsidiaries of the multinational enterprise group,*

**Subsidiary:** *Any business belonging to a group or a place of business connected to a head office,*

**Parent entity:** *An ultimate parent entity, an intermediate parent entity or a partially-owned parent entity,*

**Intermediate parent entity:** *A subsidiary that has a direct or indirect ownership interest in another subsidiary of the same multinational enterprise group (other than an ultimate parent entity, partially-owned parent entity, workplace or investment entity),*

**Multinational enterprise group:** *A group of businesses that owns one or more businesses or places of business in at least one country other than the country where the ultimate parent entity is located.*

## 2. General Functioning of the Tax

In the application of the Local and Global Minimum Top-up Corporate Tax, the top-up tax liability of multinational enterprise groups can be calculated by following the six-step roadmap below:

- i) Determining whether a multinational enterprise group is liable to pay the local and global minimum top-up corporate tax,
- ii) Identification of the country in which each subsidiary of the group is located and allocation of revenue to these subsidiaries,
- iii) Calculation of entity-based earnings or losses (GloBE Income) for each subsidiary,
- iv) Calculation of the adjusted covered taxes for an accounting period of the subsidiary or subsidiaries,
- v) Calculating the effective tax rate of subsidiaries located in the same country and determining the final top-up tax amounts,
- vi) The distribution of the calculated top-up tax according to the adopted hierarchical ranking of the qualified local minimum top-up corporate tax, income inclusion or undertaxed payments rule within certain allocation mechanisms.

## 3. Subject Matter of the Tax

Subject matter of the tax is stipulated in "Additional Article 2" appended to the CTL. Determination of whether the earnings of a multinational enterprise group are subject to tax is based on the group's consolidated revenue. Accordingly, the earnings of subsidiaries of multinational enterprise groups **whose annual consolidated revenue in the consolidated financial statements of their ultimate parent entity exceeds the Turkish lira equivalent of EUR 750 million in at least two of the four accounting periods preceding the accounting period in which the revenue is reported** will be subject to local and global minimum top-up corporate tax.

If the accounting period is different from twelve months, the amount determined by multiplying the calculated consolidated revenue by one year will be taken into account in determining the revenue limit under paragraph one.

In the revenue test, it is first necessary to determine whether the relevant group operates internationally. In this context, groups operating in more than one country by having an enterprise or permanent establishment will be considered as a multinational enterprise group. In practice, subsidiaries that are under the control of an ultimate parent entity and whose income is consolidated in the financial statements of the same ultimate parent entity will be considered members of the same group.

The revenue test takes into account the EUR 750 million threshold also used in Country-by-Country Reporting (CbCR), but for the purposes of the global minimum corporate tax, the application of this threshold will take into account the last four accounting periods **prior to the accounting period in which the revenue is reported**. The fact that the revenue of the tested year is not taken into account in the four-year backward comparison makes it easier to determine whether the relevant group is subject to tax at the beginning of the accounting period.

Finally, enterprises exempted from local and minimum top-up corporate taxes by law will be excluded from the tax regime. However, **even if they are exempt from local and global minimum top-up corporate tax, their revenues will be taken into account in the multinational enterprise group's revenue test**.

**Example:** We test whether the income of a MNE group for the 2024 accounting period is covered by the global minimum corporate tax. Consolidated revenue amounts of the related group for the previous four accounting periods are as follows.

Accounting Period	Group's Consolidated Revenue (EUR Million)
2020	770
2021	740
2022	700
2023	850

As the consolidated revenue of the above-mentioned enterprise group exceeds the EUR 750 million threshold in 2020 and 2023, the earnings of the multinational enterprise group for the 2024 accounting period will fall within the scope of the global minimum corporate tax.

#### 4. Exemptions and Exceptions

The institutions and organizations exempted from local and global minimum corporate tax and exempted earnings are listed in "Additional Article 3" of the CTL. Accordingly, the following businesses and their workplaces are exempt from local and global minimum top-up corporate tax:

- a) Public institutions and organizations and international organizations,
- b) Non-profit organizations,
- c) Pension mutual funds,
- ç) Funds that are in the nature of an ultimate parent entity and are considered as mutual funds,
- d) Those that are in the nature of an ultimate parent entity and are considered as real estate investment instruments, especially real estate investment trusts.

Although not included in the aforementioned items, the following businesses and their workplaces will also be exempted from the local and global minimum top-up corporate tax:

a) Those operating exclusively for holding assets or investing in a fund for the benefit of exempt enterprises within the scope of paragraph one, or established for the purpose of assisting the activities of exempt enterprises, and at least 95% of the enterprise value of which is owned by such exempt enterprises (excluding organizations providing pension services),

b) Those of which at least 85% of the enterprise value is owned by exempt enterprises (excluding organizations providing pension services) within the scope of paragraph one and at least 51% of their earnings consist of the earnings specified in clause (2) of subparagraph (a) or clauses (2) and (3) of subparagraph (b) of paragraph one of Additional Article 5.

In addition, earnings of subsidiaries of multinational enterprise groups accrued from international maritime transportation activities will be exempt from local and global minimum top-up corporate tax. International maritime transportation activities and the activities carried out in connection with international maritime transportation activities that will be covered by the exemption are listed in paragraphs 6 and 7 of Additional Article 3. On the other hand, expenses related to earnings exempted from local and global minimum top-up corporate tax or losses arising from activities covered by the exemption will not be deductible from non-exempt earnings.

## **5. Determination of Revenues of Subsidiaries on Country Basis**

Following the determination that a multinational enterprise group falls within the scope of the tax, the next step is to determine the country of residence and the amount of income of each subsidiary of the group. Resident countries of the subsidiaries will be determined in accordance with each country's own taxation principles.

The first starting point for determining the income of a subsidiary will be the financial accounting net income or loss ("FANIL") shown in the consolidated financial statements of the multinational enterprise group. In determining the country-based revenues of subsidiaries, the following steps can be followed:

- i) All enterprises, fixed workplaces and other structures within the group that can be accounted for on a net income basis will be identified.
- ii) The countries in which the subsidiaries operate and hold taxpayer relations will be identified. In making this determination, the local regulations and tax practices to which each subsidiary is subject will be taken into consideration. A place of business is generally defined as a place where income/corporate tax is payable for local tax purposes, whether due to residence, place of incorporation or similar factors.
- iii) The financial accounting net income or loss of each subsidiary will be determined. At this point, the accounts used in the preparation of the group's consolidated financial statements will be utilized.
- iv) Transparent enterprise revenues need to be adjusted by redistributing the revenues of transparent enterprises to their owners in proportion to their ownership and in line with local taxation practices.



## 6. Calculating Enterprise-Based Earnings (GloBE Income)

At this stage, the enterprise-based earnings of each subsidiary will be calculated by making certain adjustments to the financial accounting net income or loss. These adjustments can be considered as a kind of transition from trading profit to fiscal profit, but they will be made in accordance with local and global minimum top-up tax regulations rather than national legislation. The main purpose of these adjustments is to approximate taxable income and operating profit/loss in the financial statements, to compensate for the effects of practices such as transfer pricing adjustments and intra-group financing, to ensure a more accurate allocation of income between tax administrations or to prevent the deduction of illegal payments such as bribes.

Appended to the CTL with the Law No. 7524, "Additional Article 5" includes the adjustments to be made on financial accounting net income or loss for the purpose of determining enterprise-based income or loss.

According to the aforementioned article, the following items will **be added to the financial accounting net income or loss** in the calculation of the enterprise-based income:

- 1) Net tax expenditure greater than zero determined under subparagraph (o) of paragraph one of Article 2,
- 2) Equity losses that are not deductible in the determination of enterprise-based income,
- 3) Earnings from the revaluation method,
- 4) Losses arising from the disposal of assets and liabilities within the scope of paragraphs six and seven of Additional Article 11,
- 5) Asymmetric foreign exchange gains or losses,
- 6) Payments made under legally prohibited acts and payments in the form of penalties exceeding the Turkish lira equivalent of EUR 50,000,
- 7) Amounts arising from accounting errors from prior periods or changes in principle,
- 8) The difference between the pension expenses accrued as an expense in determining the profit for the period in accordance with internationally accepted financial accounting standards and the pension expenses actually paid in the current accounting period.

The following items **will be deducted** from the financial accounting net income or loss :

- 1) Net tax expenditure less than zero determined under subparagraph (o) of paragraph one of Article 2,
- 2) Exempted dividends,
- 3) Equity gains that are not acceptable in the determination of enterprise-based income,
- 4) Revaluation method losses,
- 5) Earnings arising from the disposal of assets and liabilities within the scope of paragraphs 6 and seven of Additional Article 11,

6) Asymmetric foreign exchange gains or losses,  
7) Amounts arising from accounting errors from prior periods or changes in principle,

8) The difference between the pension expenses actually paid in the current accounting period and the pension expenses accrued as an expense in determining the profit for the period in accordance with internationally accepted financial accounting standards.

We would like to point out that the adjustment items listed in Additional Article 5 are not limited to those listed above, and it would be useful to review the entire text of the aforementioned article for a complete list of adjustment items.

## **7. Calculation of Adjusted Covered Taxes**

Following the calculation of income (or loss) for each subsidiary, the corresponding taxes should be calculated. These taxes are referred to as "Adjusted Covered Taxes" in the domestic and global minimum top-up corporate tax regime.

Appended to the CTL with the Law No. 7524, "Additional Article 4" outlines the concept of adjusted covered tax. According to paragraph 3 of the Article, *a subsidiary's adjusted covered taxes for an accounting period are equal to the sum of the current period tax expense accrued in respect of covered taxes, adjusted in accordance with the following paragraphs, and the total deferred tax adjustment amount, plus any increase or decrease in covered taxes relating to gains or losses under Article 5, as shown in the statement of changes in equity or statement of other comprehensive income in the financial statements.*

Determining the adjusted covered taxes of subsidiaries located in a particular country is important as it will be used in the country-based effective tax rate calculation of the multinational enterprise group. The following system can be followed in the calculation of adjusted covered taxes:

- i) Firstly, the tax expenditures accrued in the accounts for the current year are determined. The taxes covered generally include taxes on income. Indirect taxes, taxes on wages and wealth taxes will not be included. Taxes on income primarily refer to taxes levied on a subsidiary in accordance with local tax regulations, but may also include taxes levied by foreign tax authorities through deductions, taxes paid on earnings of controlled foreign corporations and taxes levied by the tax authority of the parent entity on earnings attributable to a fixed place of business in those countries.

- ii) Some adjustments are made to the covered taxes to arrive at the adjusted covered tax size. At this stage, in principle, the taxes covered are adjusted by adding taxes that do not appear in the tax line of the profit and loss statement and deducting taxes that are not relevant to the calculation of the enterprise-based income or loss. In addition, temporary differences arising from the accrual of gains and losses in other years and taxation in different years through tax deferral are also taken into account during these adjustments. Such adjustment procedures are regulated in paragraphs 1 to 8 of "Additional Article 4" added to the CTL by the Law No. 7524. On the other hand, Provisional Article 17 added to the CTL stipulates that the amounts recognized as deferred tax assets or liabilities in the financial statements due to transactions before January 1, 2024 will be taken into account in the calculation of the tax burden under Additional Article 5. The amount to be taken into consideration in determining the tax burden as deferred tax assets or liabilities will be calculated over the lower of the minimum corporate tax rate or the corporate tax rate applied in the related country. However, in the calculation for the determination of country-based earnings, the amount of deferred tax assets arising from losses will be determined by applying the minimum corporate tax rate. Amounts recognized as deferred tax assets after November 30, 2021 arising from transactions that are not included in the calculation of country-based income or loss will not be taken into account in determining the tax burden under Additional Article 5.
- iii) Consideration should be given to the need to adjust the allocation of covered taxes from one subsidiary to another subsidiary for reasons such as the controlled foreign corporation, dividend withholdings, earnings attributable to a fixed place of business, transparent entities and hybrid structures. These adjustment procedures are set out in paragraphs 9 and 10 of "Additional Article 4" added to the CTL.

## 8. Calculation of the Effective Tax Rate

The tax burden of a multinational enterprise group with net country-based earnings will be calculated separately on a country-by-country basis for each accounting period.

The country-based tax burden of a multinational enterprise group for each accounting period will be calculated by **dividing the sum of the adjusted covered taxes** of its subsidiaries in that country **by the sum of the country-based earnings of its subsidiaries in that country**.

## 9. Base, Rate and Calculation of the Global Minimum Top-up Corporate Tax

Regulations on the base, rate and calculation of the global minimum top-up corporate tax are set out in "Additional Article 6" added to the CTL.

Pursuant to paragraph 1 of the aforementioned article, **the minimum corporate tax rate is 15%**.



**The difference between the minimum corporate tax rate and the country-based effective tax rate determined as described in the previous section of this circular is the global minimum top-up corporate tax rate.** If the country-based tax burden exceeds the minimum corporate tax rate, the global minimum top-up corporate tax will not be calculated.

Global minimum top-up corporate tax will be calculated over the global minimum top-up corporate tax base. **The global minimum top-up corporate tax base will be determined by deducting 5% of the total annual gross wages of the employees of the subsidiaries in that country and 5% of the net book value of their tangible assets from the total net country-based earnings.**

However, Provisional Article 17 added to the CTL stipulates that **7.8% of the net book value of tangible assets and 9.8% of the gross wages of the employees of subsidiaries will be taken into consideration for the 2024 accounting period.** These rates will be reduced by **0.2%** for the following four accounting periods and by **0.8%** for the gross wages of the employees of its subsidiaries and by **0.4%** for tangible assets for each accounting period **for the four accounting periods starting from the 2029 accounting period.**

**The global minimum top-up corporate tax for a country will be determined by applying the global minimum top-up corporate tax rate to the global minimum top-up corporate tax base.** Additional current period minimum top-up corporate tax, if any, will be added to the global minimum top-up corporate tax calculated for the relevant country and qualified local minimum top-up corporate tax will be deducted from this tax.

**The global minimum top-up corporate tax of a subsidiary will be determined by multiplying the ratio calculated by dividing the enterprise-based earnings of a subsidiary by the country-based earnings by the global minimum top-up corporate tax calculated in accordance with paragraph four for the relevant country.**

## **10. Circumstances Where the Global Minimum Top-up Corporate Tax May Be Considered as Zero**

Paragraphs 8 to 10 of Additional Article 6 of the CTL explain the cases where the global minimum top-up corporate tax rate can be accepted as "zero". The aforementioned regulations aim to provide simplification in practice by considering the top-up tax as zero in cases where certain minimum thresholds such as certain revenues, annual average earnings and total net book value of tangible assets are not exceeded. To this end;

- i) **If a multinational enterprise group's country-based average annual revenue is less than Turkish Lira equivalent of EUR 10 million and country-based average annual earnings are less than Turkish Lira equivalent of EUR 1 million, the global minimum top-up corporate tax of the subsidiaries located in this country may be accepted as zero for the relevant accounting period. For the purposes of this paragraph, average revenue or average earnings means the average of the sum of revenue or**

- ii) earnings for the accounting period for which the financial accounts of a country are reported and the two preceding accounting periods.
- iii) If the country in which the multinational enterprise group operates is designated as a safe harbour by the President, the global minimum top-up corporate tax of the subsidiaries located in this country may be deemed to be zero for the relevant accounting period.
- iv) For multinational enterprise groups that have subsidiaries in at least six different countries and whose total net book value of tangible assets in countries other than the country with the highest total value of tangible assets does not exceed Turkish Lira equivalent of EUR 50 million, the global minimum top-up corporate tax under the undertaxed payments rule will be deemed to be zero for five accounting periods.

**In line with provisional Article 17 added to the CTL, the local and global minimum top-up corporate tax in a country will be accepted as zero until the end of the fiscal year 2026 (except for those whose last day of the fiscal year exceeds June 30, 2028), if any of the following conditions is met:**

- i) **The Country-by-Country Report issued under the Presidential Decree No. 2151 of February 24, 2020 and the country-based reports of a similar nature drawn up in accordance with the legislation of the relevant country report that the total revenue is less than Turkish Lira equivalent of EUR 10 million and the profit before tax is less than Turkish Lira equivalent of EUR 1 million.**
- ii) **Tax burden of the multinational enterprise group calculated by dividing the sum of the country-based corporate tax and taxes of a similar nature calculated in accordance with internationally accepted financial accounting standards by the pre-tax profits in the country-based reports drawn up within the scope of subparagraph (1) of paragraph (e) is equal to or more than 15% for the 2024 accounting period, 16% for the 2025 accounting period and 17% for the 2026 accounting period.**
- iii) **Pre-tax profit of the multinational enterprise group in the Country-by-Country Reports drawn up under subparagraph (1) is equal to or less than the sum of the gross wages of its employees and the net book value of its tangible assets multiplied by the rate to be calculated for the relevant year under subparagraph (a).**
- iv) **If a corporate tax rate of at least 20% is applied in the country where the ultimate parent entity of a multinational enterprise group is located, the top-up tax calculated under the undertaxed payments rule for that country is deemed to be zero for each accounting period during the transition period. The term "transition period" in this subparagraph refers to the accounting periods starting before December 31, 2025 (including this date) and ending as of December 31, 2026.**

## 11. Taxpayer of the Global Minimum Top-up Corporate Tax

Additional Article 7 of the CTL stipulates that the global minimum top-up corporate tax will be determined according to the **Income Inclusion Rule (“IIR”)** and the **Undertaxed Payments Rule (“UTPR”)**.

Under the income inclusion rule, the taxpayer of the global minimum top-up corporate tax is **the ultimate parent entity, intermediate parent entity or partially-owned parent entity resident in Türkiye of enterprises that are affiliated to multinational enterprise groups and resident in other countries**. How the taxpayer will be determined in group structures where these businesses are combined is explained in detail in paragraphs 3 and 4 of Additional Article 7.

The taxpayer of global minimum top-up corporate tax under the undertaxed payments rule is **Turkish resident subsidiaries, excluding investment enterprises, of multinational enterprise groups whose ultimate parent entity, intermediate parent entity or partially-owned parent entity is not resident in Türkiye and to which global minimum top-up corporate tax is not or only partially applied on a qualified income inclusion rule in accordance with the relevant legislation**. Taxpayers in this status will be liable to pay, under the undertaxed payments rule, the portion of this tax calculated according to the percentage of the undertaxed payments rule.

## 12. Income Inclusion Rule

One of the rules for determining a multinational enterprise group's obligation to pay global minimum top-up corporate tax is the income inclusion rule. **If the country in which the low-taxed subsidiary is located has not integrated a qualified local minimum top-up corporate tax into its domestic legislation, the top-up tax will be collected by the tax administration in which the ultimate parent entity of the group is located**. Top-up tax under the income inclusion rule is paid, as a rule, at the level of the parent entity. The ultimate parent entity will be liable for the top-up tax allocated to the subsidiary enterprises to the extent of its shareholding interest in those enterprises. The income inclusion rule is generally applied at the level of the ultimate parent entity, but if the ultimate parent entity is resident in a taxation regime to which the income inclusion rule does not apply, taxation will be applied by the entity that is hierarchically lower down the corporate hierarchy. In some cases, the income inclusion rule may also be applied by intermediate parent entities to avoid the loss of top-up tax.

## 13. Undertaxed Payments Rule

This rule was developed as a supportive measure for cases where the top-up tax cannot be fully collected through the income inclusion rule. **As per undertaxed payments rule, the top-up taxes of all subsidiaries taxed below the minimum rate are pooled under the income inclusion rule and the top-up taxes are apportioned to the relevant subsidiaries through a specific formulation**. Pursuant to paragraph 8 of Additional Article 7, the **undertaxed payments rule percentage is the sum of 50% of the total number of employees of the Turkish resident subsidiaries divided by the total**

**number of employees of the Turkish resident subsidiaries in all countries to which the qualified undertaxed payments rule applies and 50% of the total value of tangible assets of the Turkish resident subsidiaries divided by the total value of tangible assets of the Turkish resident subsidiaries in all countries to which the qualified undertaxed payments rule applies.** In line with provisional Article 17 added to the CTL, the provisions of paragraphs 5 to 8 of Additional Article 7, which regulates the undertaxed payments rule, **will be applied to the earnings obtained as of January 1, 2025 (for taxpayers subject to special accounting period, as of the special accounting period starting in 2025).**

#### **14. Taxation Period, Statement, Assessment and Payment of Global Minimum Top-up Corporate Tax**

The taxation period for the global minimum top-up corporate tax is the accounting period. The taxation period of those which are assigned a special accounting period is the special accounting period.

The accounting period is the taxation period that forms the basis for the preparation of the consolidated financial statements of the ultimate parent entity.

The global minimum top-up corporate tax is levied upon the declaration of taxpayers. The tax calculated **will be declared and paid until the last day of the fifteenth month following the close of the accounting period.** However, in accordance with provisional Article 17 added to the CTL, the statements to be submitted **for the 2024 accounting period will be submitted until the last day of the eighteenth month following the month in which the accounting period closes and the accrued taxes will be paid until the last day of the declaration period.** The aforementioned provisional article will also apply to taxpayers that are global minimum top-up corporate taxpayers and will file their returns for the first time.

Taxpayers are obliged to include the **global minimum top-up corporate tax information returns** in the annex of their returns submitted within the scope of paragraph three. If the global minimum top-up corporate tax information return is filed in another country where a qualified competent authority agreement is applied and the country in which the information return is filed and by which subsidiary is notified in the annex to the return under paragraph 3, the obligation of taxpayers to file global minimum top-up corporate tax information returns will be eliminated.

#### **15. Local Minimum Top-up Corporate Tax**

Global minimum top-up corporate tax rules allow tax administrations to establish their own local minimum top-up corporate tax regulations. If a country's tax administration has introduced local minimum top-up corporate tax regulations in line with national global regulations and these regulations are recognized as "qualified" local minimum top-up corporate taxes, these local top-up taxes will be offset against the top-up tax to be levied on the same income. **The local minimum top-up corporate tax grants a country's tax administration primary taxation rights over its own revenues. In addition, where a**

**qualified local minimum top-up corporate tax applies, in the case of a subsidiary, this rule will apply first, followed by the income inclusion rule and the undertaxed payments rule, respectively. In other words, the global minimum tax has adopted a top-down approach that prioritizes qualified local minimum top-up corporate taxes.**

Additional Article 9 added to the CTL defines the taxpayer of the local minimum top-up corporate tax as the **Turkish resident subsidiaries and joint ventures of multinational enterprise groups** within the scope of Additional Article 1.

Pursuant to the regulations in the following Additional Article 10, the taxation period for the local minimum top-up corporate tax is the accounting period. The taxation period of those which are assigned a special accounting period is the special accounting period.

As per paragraph 4 of Additional Article 6, the local minimum top-up corporate tax determined by applying the minimum top-up corporate tax rate to the global minimum top-up corporate tax base will be levied over the statement of taxpayers and additional local minimum top-up corporate tax, if any, will be added to this tax for the current period. Subparagraphs (a), (c) and (ç) of paragraph 9 of Additional Article 4 and, except for the distributions made to the owners of subsidiaries in relation to ownership shares or the taxes withheld on these amounts in cases deemed as profit distribution, subparagraph (d) will not be taken into account in this calculation. As can be understood, the local minimum top-up corporate tax is essentially calculated over the global minimum top-up corporate tax base, and the determination of the base does not differ from that of the global minimum tax.

The calculated tax **will be declared and paid from the first to the last day of the twelfth month following the close of the accounting period.**

The minimum threshold regulations stipulated in the provisions of paragraph 8 of Article 6 will also be taken into account in determining the local minimum top-up corporate tax.

Pursuant to paragraph 1 of Additional Article 9, in the event that any of the taxpayers resident in Türkiye and affiliated to the same multinational enterprise group declares and pays the entire local minimum top-up corporate tax on its own behalf, the responsibilities of other taxpayers for the declaration and payment of this tax will be eliminated. In the event that the tax is not paid in full, the taxpayers belonging to the same multinational enterprise group will continue to be jointly and severally liable for the payment of the tax.

**As can be seen, the Local and Global Minimum Corporate Tax is a regulation that encompasses many countries and requires complex calculations and information. In this context, we would like to state that companies should contact their group head offices and audit companies and formulate their roadmaps on what to do with the issue both in Türkiye and in other countries.**



Sincerely,

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

**APPENDIX:**

The Law Amending Tax Laws, Certain Laws and the Decree Law No. 375

(\*) 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 to be incurred as a result of transactions to be made solely on the basis of the statements in our circular.

(\*\*) For opinions, criticism and questions about our circulars, please contact our experts below.

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