



CIRCULAR NO: 2024/229

December 23, 2024

THE RATE OF WITHHOLDING TAX ON DIVIDEND PAYMENTS INCREASED FROM 10% TO 15%.

Currently applied as 10% on dividend payments, the withholding tax rate was increased to 15% with the Presidential Decree No. 9286 published in the Official Gazette no. 32760 of December 22, 2024.

Accordingly, **the withholding tax will apply as 15% on the following dividend payments to be made after December 22, 2024:**

- Dividends distributed by full taxpayer institutions to full taxpayer real persons, non-income and corporate taxpayers and those exempt from income tax (Income Tax Law Art. 94/6/b-i),
- Dividends distributed by full taxpayer institutions to limited taxpayer real persons and limited taxpayers exempt from income tax (Income Tax Law Art. 94/6/b-ii),
- Dividends distributed by full taxpayer institutions to limited taxpayer institutions or limited taxpayers exempt from corporate tax, except for those which obtain dividends through a place of business or permanent representative in Türkiye (Corporate Tax Law Art. 30/3),
- Dividends distributed to tax-exempt corporations (Corporate Tax Law Art. 15/2),
- Amounts transferred to the head office by non-resident corporations filing annual or special returns from the corporate income before deducting deductions and

exemptions, from the remaining portion after deducting the calculated corporate tax (Corporate Tax Law Art. 30/6).

On the other hand, the announcement of December 22, 2024 published by the Revenue Administration makes the following explanations regarding the dividend withholding practice.

Dividends distributed by full taxpayer institutions to full taxpayer real persons, limited taxpayer real persons, limited taxpayer institutions, non-income and corporate taxpayers and those exempt from income tax are subject to income/corporate tax withholding.

Half of the dividends received by real persons are exempt from income tax and if the remaining amount exceeds the second bracket of the income tax tariff for the relevant year (TL 230,000 for 2024), it must be declared with the annual income tax return. All of the tax paid through withholding is deducted from the tax calculated in the return.

Withholding tax is the final tax for limited taxpayer real persons and institutions, non-income and corporate taxpayers and those exempt from income tax.

As of the publication date of the Presidential Decree No. 9286, the withholding tax will apply as 15% on the dividends distributed.

Sincerely,

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

APPENDIX:

Presidential Decree No. 9286

(*) 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.

Erkan YETKİNER
Certified Public Accountant
Forvis Mazars, Partner

Tufan SEVİM
Certified Public Accountant
Forvis Mazars, Partner