

New Tax Rates, Amounts and Thresholds Applicable for 2014

As announced in our Legal Alert 4/2013, the revaluation rate has been determined as 3,93% for the year 2013 according to the Tax Procedural Law General Communiqué No. 430 (published in the Official Gazette dated November 19, 2013, No. 28826). Taking into consideration the revaluation rate of 3,93%, the Ministry of Finance has recalculated certain tax rates and related amounts and thresholds that will be applied for the year 2014. You may find below the new rates, amounts and thresholds to be applicable for 2014.

Subject	Tax Rate/Amount/Threshold	The Relevant Communiqué
Income Tax Rates	<p>Up to TRY 11,000.00: 15%.</p> <p>Up to TRY 27,000.00: TRY 1,650.00 for the first TRY 11,000.00, plus 20% on the excess.</p> <p>Up to TRY 60,000.00: TRY 4,850.00 for the first TRY 27,000.00, plus 27% on the excess. (For employment income up to 97,000.00: TRY 4,850.00 for the first TRY 27,000.00, plus 27% on the excess)</p> <p>More than TRY 60,000.00: TRY 13,760.00 for the first TRY 60,000.00, plus 35% on the excess. (For employment income exceeding TRY 97,000.00, TRY 23,750.00 for the first TRY 97,000.00, plus 35% for the excess.)</p>	The Income Tax Communiqué No. 285 (Published in the Repetitive Official Gazette No. 28867 dated December 30, 2013)
The Exemption Amount for the Rental Income Derived from the Residences	TRY 3,300.00	The Income Tax Communiqué No. 285
The Exemption Amount for the meal benefits provided to the employee outside of the place of business	TRY 12.00	The Income Tax Communiqué No. 285
The Disability Reduction Amounts	<p>For the 1st degree disabled employees : TRY 800.00</p> <p>For the 2nd degree disabled employees : TRY 400.00</p> <p>For the 3rd degree disabled employees : TRY 190.00</p>	The Income Tax Communiqué No. 285
The Conditions for being subject to Simplified Taxation System	<p>General Conditions</p> <ul style="list-style-type: none"> the annual rental value for the place of business rented by the taxpayer and the annual fair rental value for the ones owned by the taxpayers shall not exceed TRY 5,500 within the boundaries of metropolitan municipality and TRY 3,800 within other places. <p>Specific Conditions</p> <ul style="list-style-type: none"> For the taxpayers who sell the goods, without processing or after processing, that they purchased; <ul style="list-style-type: none"> The annual purchase amount shall not exceed TRY 77,000.00, or The annual sale amount shall not exceed TRY 100,000.00 The gross income of the taxpayers other than the abovementioned ones shall not exceed TRY 38,000.00. For the taxpayers engaging in the businesses fall under both the first and the second bullets stated above, the total of the annual sale amounts and the gross income shall not exceed TRY 77,000.00 	The Income Tax Communiqué No. 285

The Exemption Amount for Capital Gains	TRY 9,700.00	The Income Tax Communique No. 285																		
The Exemption Amount for Incidental Earnings	TRY 21,000.00	The Income Tax Communique No. 285																		
The threshold amount for filing tax return regarding the security income and income from immovable property which are not subject to any exemption and withholding tax	TRY 1,400.00	The Income Tax Communique No. 285																		
The Inflation Reduction rate that will be applied over some securities derived in 2013	The inflation reduction rate will apply at the rate of 53,11% for the income derived by individual investors within 2013 from: <ul style="list-style-type: none"> Treasury bills and government bonds, Securities issued by Housing Development Administration and Privatization Administration, Corporate bonds which are issued in Turkish currency before January 01, 2006.	The Income Tax Communique No. 285																		
The threshold amount for the VAT refund applications arising from the transactions subject to the reduced VAT rate	TRY 17,700.00	The Value Added Tax Communique No. 123 (<i>Published in the Repetitive Official Gazette No. 28867 dated December 30,2023</i>)																		
Stamp Tax Threshold	TRY 1,545,852.40	The Stamp Tax Communique No. 57 (<i>Published in the Repetitive Official Gazette No. 28867 dated December 30,2023</i>)																		
Inheritance and Transfer Tax	<table border="0"> <thead> <tr> <th></th> <th style="text-align: center;"><u>Inheritance</u></th> <th style="text-align: center;"><u>Gift</u></th> </tr> </thead> <tbody> <tr> <td>For TRY 190,000.00</td> <td style="text-align: center;">% 1</td> <td style="text-align: center;">% 10</td> </tr> <tr> <td>For additional TRY 440,000.00</td> <td style="text-align: center;">% 3</td> <td style="text-align: center;">% 15</td> </tr> <tr> <td>For additional TRY 970,000.00</td> <td style="text-align: center;">% 5</td> <td style="text-align: center;">% 20</td> </tr> <tr> <td>For additional TRY 1,800,000.00</td> <td style="text-align: center;">% 7</td> <td style="text-align: center;">% 25</td> </tr> <tr> <td>more than TRY 3,400,000.00</td> <td style="text-align: center;">% 10</td> <td style="text-align: center;">% 30</td> </tr> </tbody> </table>		<u>Inheritance</u>	<u>Gift</u>	For TRY 190,000.00	% 1	% 10	For additional TRY 440,000.00	% 3	% 15	For additional TRY 970,000.00	% 5	% 20	For additional TRY 1,800,000.00	% 7	% 25	more than TRY 3,400,000.00	% 10	% 30	The Inheritance and Transfer Tax General Communique No. 45 (<i>Published in the Repetitive Official Gazette No. 28867 dated December 30,2023</i>)
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Inheritance and Transfer Tax Exemptions	<ul style="list-style-type: none"> RY 146,306.00 of the inheritance shares corresponding to each child and spouse, including adopted children TRY 292,791.00 of the inheritance share corresponding to the spouse if there are no children TRY 3,371.00 of gratuitous transfers TRY 3,371.00 of the prizes won in games of chance defined under Law No.5602 	The Inheritance and Transfer Tax General Communique No. 45																		

Special Consumption Tax Rates and Amounts are Increased for Private Cars and Mobile Phones

With the Council of Ministers Decree No.2013/5761 dated December 31, 2013 (*published in the Official Gazette No. 28869 dated January 01, 2014*); the Special Consumption Tax (the "SCT") rates for private cars and mobile phones were increased. In this regard, the SCT rates for private cars which are stated under the List No (II) attached to the SCT Law (Law No.4760) (*published in the Official Gazette dated June 06, 2002, No.24783*) have been increased as below;

The engine capacity of private car	Old tax rate	New tax rate
Smaller than 1.600 cm3	40%	45%
Bigger than 1.600 cm3 but smaller than 2000 m3	80%	90%
Bigger than 2000 cm3	130%	145%

To discuss how these developments affect your business interests please contact:

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