TURKEY – LAW ADOPTED ON THE SPECIAL TAX REGIME AND TAX INCENTIVES FOR INDIVIDUALS

GLOBAL AIM

Against the global trend toward tightening special tax regimes, Turkey has taken the opposite approach by enacting a **law** introducing new tax incentives for individuals

1 Preferential Tax Regime for New Residents

20-year income tax exemption for foreign-source income of new Turkish residents

- Key condition: the individual must not have been a Turkish tax resident during the previous 3 years. Receipt of certain Turkish-source income may be an obstacle
- Foreign-source income is fully tax-exempt
- Turkish-source income is taxed under the general rules

Inheritance tax at a rate of 1%

upon receiving an inheritance during the period of the foreign income tax exemption

2 Taxation of Share-based Compensation

The amount of tax-exempt share awards for employees of technology start-ups has been increased: full exemption applies after a 6-year holding period and is capped at two times the annual salary

Incentives may also apply for holding periods of less than 6 years:

Sale of shares within 2 years	Full amount of tax
Within 3–4 years	75% of the tax on the award
Within 5–6 years	25% of the tax on the award

3 Capital Amnesty

A voluntary declaration mechanism is introduced for assets transferred to accounts in Turkey by 31 July 2027

Cash, gold, securities and other investments may be declared

- Assets will not be subject to tax audits for prior periods
- The value of assets covered by the amnesty is taxed at 5% (in 2026)
- If the assets are invested in the Turkish instruments (deposits, bonds or funds) for 1–5 years, rates from 0% to 4.5% may apply

4 Incentive for Employees of Companies Registered in the IFC

The previously available incentive now applies to employees of all IFC resident companies (previously, it applied only to employees of financial-sector companies)

Exemption of up to 60% of the tax amount for individuals with at least 5 years of professional experience abroad, and up to 80% for individuals with at least 10 years of experience

5 Incentives for Employees of “Service Centers” of Multinational Groups

A qualified service center is a company that:

- Provides qualifying services to group companies or related companies (at least 3 jurisdictions)
- Receives at least 80% of its annual revenue from overseas group companies

Exemptions:

- **From salary tax** on amounts up to 4 times the minimum wage (up to 6 times in the IFC)
- **From stamp duty** on payroll-related documents

HOW WE CAN HELP YOU

We will assess if the special tax regime can be applied in your case → **We will identify the incentives and advantages potentially available to you** → **We will compare the new incentives with regimes in other countries to identify the most suitable approach**

Special tax regimes are available in
- Italy
- UK
- Switzerland
- Portugal
- Spain, etc.

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