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We would like to share with you the latest developments in Turkish tax regulations and provide you an update on the regulatory changes along with their effects on your business through our tax bulletins. There are many tax and financial amendments and updates in Türkiye recently.

We summarized the important amendments and changes monthly basis, but this time we preferred for last 2 months of the year. Hope you enjoy reading!

Major Tax Issues

Accommodation tax rate is reduced from %2 to %1.

- It will be applicable for 2026. This will be important for the tourism sector this year.

One big, beautiful tax act is being discussed in Parliament nowadays.

- You can see the [details](#) of the Law submitted to Parliament this week.
- Because of the war and the conflicts in the World, the President announced a new tax reduction omnibus for the international investors to come and invest in Türkiye.
- The Minister of Finance presented the details in the [link](#).
- New Tax Incentives for Transit Trade
 - Istanbul Financial Center (IFM) Regime: For entities operating within the IFM, the corporate tax deduction on transit trade profits is increased from 50% to 100%, effectively providing a full tax exemption.
 - National Scope: For activities conducted outside the IFM, the deduction rate is set at a highly competitive rate of 95%.
- Boosting the Tech Ecosystem for stock options.
 - Equity incentives: The tax-free limit for stock options granted to employees of "techno-entrepreneurship" companies is doubled to twice the annual gross salary.
 - Holding period of the shares: To accelerate liquidity, the minimum holding period for full tax exemption on these shares is substantially reduced. It used to be very long, and it is not very useful for technology companies.
- Regional Management Hubs
 - Global companies relocating their regional headquarters to Türkiye will benefit from a 20-year corporate tax deduction (100% via IFM, 95% elsewhere) on profits from foreign operations.
 - Türkiye used to have a regional management hub regime for corporate tax and income tax. But corporate tax incentive was abolished after a while.

- Lower Corporate Tax Rates for Exporters
 - Corporate tax rates for manufacturing exporters are announced to be reduced to 9%, while other export firms will see a reduction to 14%. This has been amended by the Commission, and we will follow up in the General Assembly. It is accepted as 12,5 % corporate tax rate for industrialist firms but kept same for exporters. It is being discussed in the General Assembly next week. It is very important to track the changes.
 - Takeaway: Announced package represents a landmark shift in Türkiye's fiscal policy, significantly lowering the cost of doing business for international players. We recommend reviewing your current structures to maximize these new strategic benefits.
- New "Tax Amnesty"
 - A new window is opening until July 31, 2027, allowing individuals and corporations to bring offshore assets (cash, gold, securities) into the national economy with tax rates as low as 0% for long-term commitments.
 - It will be applicable for the assets in Türkiye as well for the taxpayers.

The President has announced 2 deductions / amendments on foreign retains / profits with a decree.

- 2 tax amendments below will be applicable for the earnings in 2026.
- 100% Deduction for Service Exports
 - Earnings from architecture, engineering, software, design, education, and healthcare services provided to clients abroad now enjoy a 100% tax deduction (up from 80%).
 - Requirement: To qualify, the entire amount must be transferred to Türkiye by the tax return filing date. It was %50 and then increased to %80.
- Strategic Participation Gains
 - For Companies: The participation share requirement for tax-exempt foreign dividends has been reduced from 50% to 20%. Now, 80% of earnings are exempt, provided funds are transferred to Türkiye.
 - For Individuals: Individual investors with at least a 20% stake in a foreign company can benefit from a 50% income tax exemption upon bringing the earnings to Türkiye.

New Tax Omnibus (number 7577) is accepted in Parliament with some amendments.

The main regulations in the law and revisions follow:

- *A transaction tax of 0.03% (3 per ten thousand) will be levied on the transfer and sale of crypto assets (BSMV Law), according to the data, 4,2 billion TRY revenue is expected.*
- *Capital gains arising from the purchase, sale, and leasing income of crypto assets will be considered within the scope of income tax and will be subject to withholding tax (subject to 10% withholding tax; this tax will be the final tax except for fully taxable corporations and individuals earning commercial income),*

- *Gains from crypto assets obtained from platforms other than those subject to the Capital Markets Board (SPK) are subject to annual declaration as there is no withholding tax.*
- *Exemption from Value Added Tax (VAT) for transactions related to cryptocurrency (VAT Law), those regulations on crypto taxation were withdrawn by the Government.*
- Exclusion of advertising and promotional expenses related to games of chance and betting as deductible expenses for corporate and income taxpayers in determining the tax base (Income Tax Law, Corporate Tax Law),
- Removal of corporate tax exemption for health institutions operating within foundation universities (Corporate Tax Law, Higher Education Law) (on the grounds of unfair competition),
- Application of VAT exemption to housing rentals included in the firms, as is the case for individuals (VAT Law) (due to sticky inflation in housing according to the Minister), (interestingly, this application was withdrawn by the Committee as the explanations were not satisfying) Some of the planned changes are very important for inflation fight.
- Conversion of some of the VAT exemptions into partial exemptions and narrowing of refund possibilities (VAT Law), (This new amendment is abandoned with a proposal in the Committee to review very carefully)
- Exemption from VAT for the transfer of real estate expropriated under Expropriation Law No. 2942 to the State and public legal entities (VAT Law),
- Granting the President the authority to increase or decrease the state contribution to the Unemployment Insurance Fund (Unemployment Insurance Law);
- Excluding the portion of the daily meal allowance up to 300 TL from the base earnings for social security purposes and ensuring parallelism with tax legislation (Law No. 5510) (with this the exempted amounts will be the same for both tax and social security applications); (This article is slightly revised in the Committee. Annual adjustment of the figure will be renewed by the inflation rate and Social Security Administration does not have any power to increase or decrease the figure.)
- The Law has been accepted after heavy discussion in the Budget Committee. Some of the articles have been removed after reviews and some are added.
- Free zone corporate tax exemption is rewritten. Originally, the firms in free zones were not subject to corporate tax for the exports from free zones to abroad. It is subject to tax if it is sold to Türkiye. With the new changes the inter zone transactions and sales to other free zones will be exempted from corporate tax regime in Türkiye.
- You can read the details by [clicking the link](#).

Tax Authority announced a new Communiqué regarding with the “tax compliance report” system.

- With the new regulation, the taxpayers enjoying many of the tax incentives or exemptions should get a “tax compliance services” from sworn-in CPA firms. It is very important issue.
- Top up tax, tax incentives for R&D centers, tax exemptions for techno park firms and free-zone firms are some of the defined company types to get this service.
- It is a necessity for the FY25 and upcoming years.
- In some cases, the same items are also applicable for income tax purposes. There are some thresholds for tax certification on those exemptions between 200.000, 500.000 to 1 million TRY. (roughly USD5K to 25k)
 - Emission Premium Earnings Exemption
 - Technopark, R&D and Design Center Tax Credit System
 - Interest Deduction Arising from Cash Capital Increase (Notional Deduction)

- Foreign Subsidiary Earnings Exemption
- Foreign Subsidiary Share Sale Gains Exemption
- Real Estate Investment Funds or Partnerships Earnings Exemption
- Free Zones Exemption in Corporate Tax
- Exemption Software, Engineering, Training and Healthcare Services Provided Abroad
- Foreign Construction, Repair, Assembly and Technical Services Earnings Exemption
- Patent Box Regime
- International Shipping Profit Exemption
- Pillar II Top Up Tax Calculation
- You can read more details by clicking the [Taxademy blog](#) on the issue.

Double tax treaty with Zambia is signed with Türkiye.

- The Agreement to Avoid Double Taxation between the Government of the Republic of Turkey and the Government of the Republic of Zambia was signed in Ankara.
- With this agreement, the number of Double Taxation Avoidance Agreements that Turkey has concluded to date has reached 106, of which 93 are currently in force.

Electronic applications are increasing in tax audits

- A change and arrangement have been made in the Tax Audit Regulation, and an innovation has been introduced that allows the audit and recording processes to be carried out via audio or video over the system, the infrastructure of which was previously established.

Banking & Finance

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Central Bank of Republic of Turkey kept the interest rates as expected.

- The Monetary Policy Committee (the Committee) has decided to keep the policy rate (the one-week repo auction rate) at 37 percent. The Committee has also maintained the Central Bank overnight lending rate and the overnight borrowing rate at 40 percent and 35.5 percent, respectively.

Commercial Regulations

The deadline for the 2025 annual operating statement has been extended.

- Pursuant to the Industrial Registry Circular, the deadline for businesses registered in the Industrial Registry Information System to submit their 2025 Annual Operating Statements has been extended until the end of May 8, 2026.

The criteria for independent audits have been raised again.

- The limits have been updated by the KGK (Turkish Public Oversight Board) due to inflation.
- According to the new Decree, the threshold criteria have been revised as follows:
 - Total assets: 500 million TRY
 - Annual net sales revenue: 1 billion TRY
 - Number of employees: 150
- KGK revised the Communiqué as well to describe the application of the criteria for the firms.

The Competition Authority's investigation into the auditing and financial accounting area.

- The Authority has decided to investigate firms providing services in the field of auditing and financial consultancy, as well as into TÜRMOB and İSMMMÖ.
- Details of the investigation, which can be read on their web site, are ongoing, and there is no publicly available information on the matter.

Exporters' obligation to sell the export income to CBRT ends in July.

- The foreign exchange conversion support (3%) and export foreign exchange sales obligation (35%) are current until the end of July 2026.

R&D and Incentives

A significant amendment has been made to the "Investment Completion Visa" procedure.

- This amendment revises the reporting obligations required in the investment completion visa process. The aim is to standardize the reporting obligation and create a more reliable audit process by relying solely on sworn in certified public accountant (CPA) reports (in accordance with the format specified in Annex 5 of the Communiqué).

Green Transformation Incentives updated.

- With the Amendments Communiqué on the Implementation Procedures and Principles of the Green Transformation Program, published in today's Official Gazette, the program has become more measurable, auditable, and integrated with an incentive system.
- With this companies will carry out their green transformation investments within the framework of a 5-year roadmap, concrete sustainability goals, and regular performance reporting.

Don't forget your obligation to allocate 3% of your funds to R&D and Technology Parks.

- The lower limit for the mandatory 3% R&D fund allocation has been increased.
- The amount, which was applied as 2 million TL in income and corporate tax returns for the years 2023 and 2024, has been increased to 5 million TL for income and corporate tax returns for 2025, in accordance with the relevant Presidential Decree.
- The upper limit of 100 million TL remains unchanged.

Miscellaneous

COP31 is a hot topic in Türkiye and firms should take action in this.

- It will be held in Antalya, and the web site gives main information regarding the conference. [COP31 – Climate Action Starts Here](#)
- The Conference of the Parties (COP) is the annual United Nations climate summit where nearly 200 countries negotiate and commit to actions addressing the climate crisis. COP31, the 31st such conference, will be hosted by Türkiye in Antalya — bringing together world leaders, scientists, civil society, and the private sector to shape the future of climate action.

- From oceans to industry, youth to food security — nine interconnected priorities shaping the COP31 Presidency's Action Agenda. Click any theme to read the full agenda and share your thoughts until May 11th.

Social media restriction law was enacted.

- The bill proposing amendments to Social Services Law and some other certain laws including social media bans have been enacted.
- The bill accepted by Parliament proposed the following:
- Increasing the eight-week paid maternity leave for female civil servants and workers to sixteen weeks,
- Granting ten days of leave to civil servants and workers who are foster families,
- Granting ten days of paternity leave to male workers whose wives give birth,
- Encouraging the participation of more families in the foster family social service model by enabling foster families without social security to make voluntary insurance premium payments under the social security institutions,
- Continuing to support young people who reach adulthood while under state protection and continue their higher education until they reach the age of 25 at most,
- Introducing protective measures to protect the physical, psychological, and social development of children from harmful content in the digital environment, cyberbullying, and abuse,
- Preventing children from registering with social network providers,
- to require game providers to rate games according to age criteria, and
- to impose an obligation on foreign-based game distributors with more than one hundred thousand daily users to appoint a representative in Turkey.

Government's share on the Unemployment Insurance Fund is reduced.

- According to the article 49 of the Unemployment Insurance Law, the unemployment insurance premium previously consisted of 1% employee contribution, 2% employer contribution, and 1% State contribution. With the new Presidential Decree, the State contribution has been reduced by half and redefined as 0.5%. No changes have been made to the employee or employer contribution rates, so their cost will not change.

The issue of e-notifications in taxation will be brought back to a legal basis.

- In a case before the Constitutional Court, the authority granted to the Ministry regarding electronic notifications under the Tax Procedure Law (VUK) was revoked. However, to prevent a legal vacuum, the revocation will not take effect immediately but after 9 months. This provides sufficient time for the Parliament, which has legislative power, to make regulations on this matter. We will follow up with the matter closely.

Hope to see you in 2 months with new Tax Newsletter in English.

Best regards,

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