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Tax regime for investors in Turkiye

Introduction.

For foreign investors, Turkiye has always been a desirable country, ripe for lucrative investments in its industry, agriculture, real – estate and technology and textile markets. These bountiful markets to invest, combined with the competitive currency exchange rates allow more investors to invest in Turkiye, especially in energy, petrochemicals, banking and real – estate markets.

In this article, we will explain the applicable tax regime in Turkiye, and indicate the possible exemptions for the foreign investors where applicable.

Taxpayers and their status.

In Turkiye, there are two types of taxpayers. First type is broadly translated to “fully burdened” whereas the second type is “partially burdened.”

a. Fully Burdened Taxpayers

In accordance with the Income Tax Law, fully burdened taxpayers are (i) Turkish Citizens and Companies, and (ii) those who act on behalf of the Turkish state in other countries. These taxpayers are taxed on all their income, gained in Turkiye and abroad.

However, as per the terms of the relevant bilateral treaties between Turkiye and other countries regarding prevention of double – taxation, it is possible to deduce the already paid taxes to another country, from the tax that should be paid to Turkiye. The term of such regime is subject to the specific regulations within the bilateral treaty.

b. Partially Burdened Taxpayers

Partially burdened taxpayers are foreign individuals who gain their income within the borders of Turkiye, or whose services end up creating a value in Turkiye. These taxpayers are only taxed for the amount they gain in or from Turkiye.

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