



CIRCULAR NO: 2026/076eng.

April 30, 2026

FACILITATING AMENDMENTS HAVE BEEN INTRODUCED TO THE EXEMPTIONS FOR FOREIGN DIVIDENDS AND PARTICIPATION INCOME AND TO THE DEDUCTION FOR SERVICE EXPORTS

With Presidential Decree No. 11257, published in the Official Gazette No. 33239 dated 30.04.2026, changes have been made in favor of taxpayers to the conditions for benefiting from the exemptions related to dividends and participation income obtained from foreign subsidiaries regulated under the Personal Income Tax Law (PITL) and the Corporate Income Tax Law (CITL), as well as to the conditions for applying deductions for service exports abroad.

1. Amendments to the Exemptions for Foreign Dividends and Participation Income

Pursuant to the fourth paragraph of Article 22 of the PITL, one half of the dividends obtained from joint stock and limited liability companies whose legal and business centers are not located in Türkiye was exempt from income tax, provided that at least 50% of the paid-in capital of such companies was owned and that the dividend was transferred to Türkiye by the deadline for filing the annual income tax return for the calendar year in which the dividend was obtained.

With Presidential Decree No. 11257, the minimum paid-in capital ownership requirement necessary to benefit from this exemption has been reduced from 50% to 20%.

Under the third paragraph of subparagraph (b) of the first paragraph of Article 5 of the CITL, the exemption rate applicable to participation income earned by corporate taxpayers participating in the capital of foreign joint stock and limited liability companies

whose legal and business centers are not located in Türkiye was applied at 50%, provided that the participating company owned at least 50% of the paid-in capital of the foreign subsidiary and that the income was transferred to Türkiye by the deadline for filing the corporate tax return for the relevant accounting period.

With Presidential Decree No. 11257, the required minimum paid-in capital ownership ratio to benefit from this exemption has been reduced from 50% to 20%, and in case this condition is met, the applicable exemption rate has been increased from 50% to 80%.

2. Amendments to the Service Export Deduction

Within the scope of subparagraph (13) of the first paragraph of Article 89 of the PITL and subparagraph (ğ) of the first paragraph of Article 10 of the CITL, 80% of the income may be deducted from taxable profits, provided that it is fully transferred to Türkiye by the deadline for filing the annual income or corporate tax return for the relevant calendar year or accounting period, where such income is derived exclusively from the provision of the following services in Türkiye to non-resident individuals or to persons whose workplace, legal, and business centers are located abroad, and where the services are exclusively utilized abroad:

Architectural, engineering, design, software, medical reporting, bookkeeping, call center, product testing, certification, data storage, data processing, data analysis services, and professional training services carried out by service enterprises operating in fields determined by the Ministry of Treasury and Finance upon obtaining the opinions of relevant ministries; as well as services provided by enterprises and institutions operating in the fields of education and healthcare, subject to the permission and supervision of the relevant ministry, to non-resident individuals.

With Presidential Decree No. 11257, amendments have been made to the relevant provisions of the PITL and the CITL regarding the above-mentioned deduction, and the deduction rate applicable to service exports has been increased from 80% to 100%.

Within this framework, the above-mentioned income of income and corporate tax taxpayers has been fully exempted from tax.

3. Entry into Force

The changes introduced by Presidential Decree No. 11257 entered into force on the date of its publication and shall apply to income and earnings of taxation periods starting from 01.01.2026 onwards.

Sincerely,

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

(*) 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