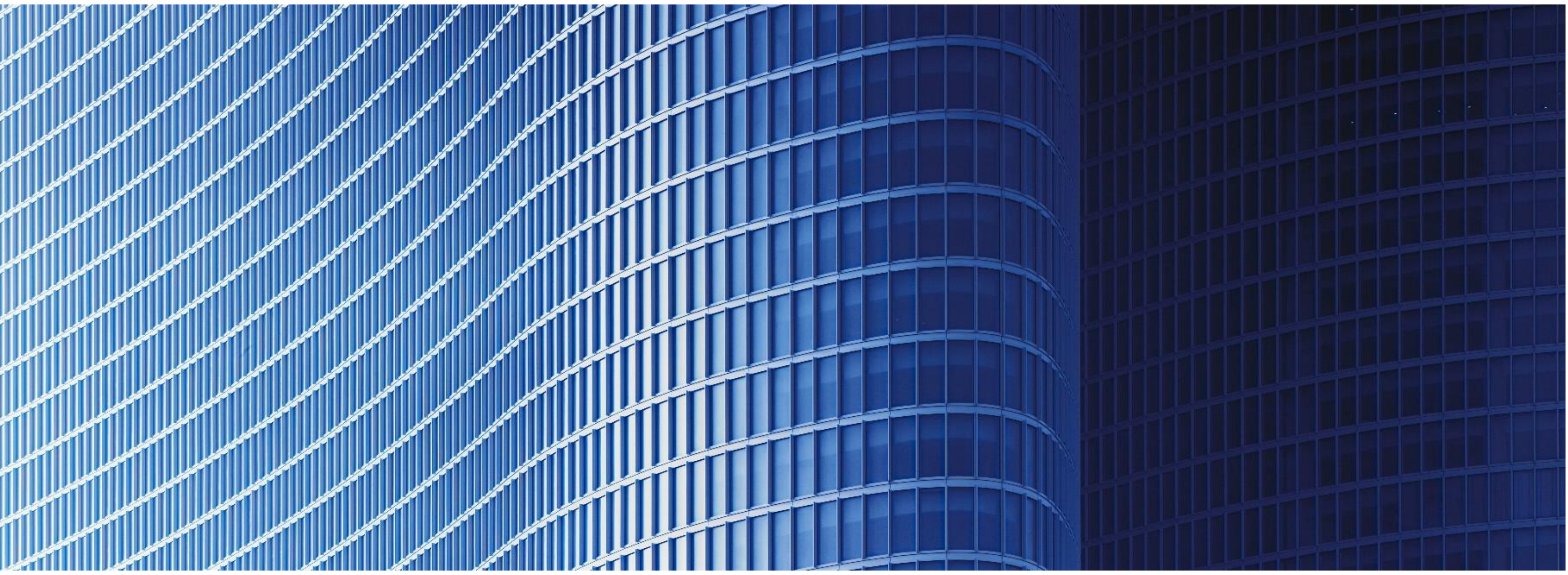

CIRCULAR NO: 2026/136eng. **July 6, 2026**

COMMUNIQUÉ ON THE PERSONAL INCOME TAX EXEMPTION FOR FOREIGN-SOURCED INCOME AND GAINS HAS BEEN PUBLISHED

Personal Income Tax General Communiqué (Series No. 333), published in the Official Gazette dated 4 July 2026 and numbered 33300, sets out the implementation principles of the new tax exemption for income and gains derived from abroad under Repeated Article 20/D added to the Personal Income Tax Law (ITL).

1. Scope of the Exemption

The principal condition for benefiting from the exemption is that individuals deemed resident in Türkiye must **not have had a domicile or tax liability in Türkiye during the three calendar years preceding the year in which they became resident in Türkiye**.

Under Article 4 of the ITL, the following persons are deemed resident in Türkiye:

1. Persons whose domicile is in Türkiye (domicile being determined in accordance with Article 19 and the subsequent articles of the Turkish Civil Code);

2. Persons who reside continuously in Türkiye for more than six months in a calendar year (temporary absences do not interrupt the period of residence in Türkiye).

Article 19 of the Turkish Civil Code defines domicile as the place where a person resides with the intention of remaining permanently. It further provides that a person may not have more than one domicile at the same time. Article 20 states that a change of domicile is conditional upon acquiring a new domicile and that **the place where a person currently resides shall be deemed that person's domicile where the previous domicile is unknown or where the person has left a domicile abroad but has not yet acquired a domicile in Türkiye.**

2. Duration of the Exemption

Income and gains derived abroad by qualifying taxpayers will be exempt from income tax for **twenty years**. The exemption is available to individuals deemed resident in Türkiye on or after 1 January 2026.

3. Eligibility Conditions and Special Circumstances

To benefit from the exemption, individuals must be deemed resident in Türkiye as of the application date. The exemption is available to individuals deemed resident in Türkiye **on or after 1 January 2026**. A tax liability arising before the individual became resident in Türkiye in respect of **rental income, income from securities and movable capital or capital gains** will not preclude eligibility for the exemption. Conversely, the establishment of a tax liability during the three calendar years preceding the year in which the individual became resident in Türkiye in respect of **business income, agricultural income or employment income (even if subject to withholding tax)** will hinder eligibility for the exemption. Only individuals may benefit from this regime; corporate income taxpayers are outside its scope.

4. Application Process and Obtaining the Exemption Certificate

Individuals wishing to benefit from the exemption must apply to the tax office authorised to make the assessment for an **exemption certificate** by the end of the calendar year in which they are deemed resident; individuals who become resident during the final two months of the year must apply by the end of the second month of the following year. This is a statutory forfeiture period, and failure to apply within the prescribed deadline results in the loss of entitlement to the exemption. Following the relevant checks by the tax office (including verification of residence and tax liability during the preceding three years), qualifying applicants will be issued a "Certificate of Exemption for Income and Gains Derived from Abroad".

5. Taxation and Filing Principles

No annual income tax return is required for foreign-source income and gains covered by the exemption. Where an annual return is filed due to other income, the exempt income and gains will not be included in that return. Expenses and costs attributable to exempt income and gains may not be taken into account in determining other taxable income. Taxes paid abroad in respect of exempt income and gains may not be credited against income tax assessed in Türkiye. The exemption applies solely to foreign-source income and gains; taxpayers' obligations in respect of income and gains derived in Türkiye (such as rental income, dividends and professional income) continue to apply under the general provisions.

6. Tax Audit and Penalties

Where it is subsequently determined that a taxpayer did not satisfy the exemption conditions, a tax loss penalty will be imposed in respect of the taxes that were not originally assessed, and the under-assessed taxes will be recovered together with late-payment interest. Individuals resident in Türkiye are generally subject to tax on all income and gains derived both within and outside Türkiye. Accordingly, individuals who are not deemed resident in Türkiye, as well as those who obtained an exemption certificate under this Communiqué but subsequently cease to be Turkish tax residents, will be assessed under this general rule; their income and gains derived outside Türkiye will not be subject to taxation in Türkiye.

7. Illustrative Examples

Example 1: Taxpayer (A), who became resident in Türkiye on 12 July 2026, applied to the competent tax office for an exemption certificate on 1 December 2026. The tax office established that Taxpayer (A) had neither tax liability nor domicile in Türkiye during the 2023, 2024 and 2025 calendar years; accordingly, the exemption certificate will be issued upon application.

Example 2: Taxpayer (B), who became resident in Türkiye on 2 March 2028, applied to the competent tax office for an exemption certificate on 1 May 2030. The tax office established that Taxpayer (B) neither had tax liability in Türkiye nor was deemed resident in Türkiye during the 2025, 2026 and 2027 calendar years. However, as the taxpayer failed to apply by the end of 2028, the calendar year in which the taxpayer became resident in Türkiye, an exemption certificate will not be issued.

Example 3: Taxpayer (C), who became resident in Türkiye on 12 May 2028, commenced the retail sale of apparel products in Türkiye on 30 October 2028 and applied to the competent tax office for an exemption certificate on 15 November 2028. Provided that Taxpayer (C) is found to have had neither tax liability nor domicile in Türkiye during the 2025, 2026 and 2027 calendar years, being the three calendar years preceding the year in which the taxpayer became resident in Türkiye, an exemption certificate will be issued upon application.

Example 4: Taxpayer (D), who had a domicile in Türkiye during the 2022 calendar year, left Türkiye on 10 November 2024 and moved their domicile back to Türkiye in the 2027 calendar year, applied to the competent tax office for an exemption certificate on 9 November 2027. As the taxpayer was resident in Türkiye during the 2024 calendar year, an exemption certificate will not be issued.

Example 5: Taxpayer (E), who became resident in Türkiye on 12 May 2028, has earned rental income in Türkiye and filed tax returns since 7 May 2026. Provided that Taxpayer (E) applies for an exemption certificate by the end of the 2028 calendar year and satisfies the applicable conditions, the existence of a tax liability in respect of rental income will not preclude the issuance of an exemption certificate.

Example 6: Taxpayer (F), who became resident in Türkiye on 23 July 2028, earned employment income subject to withholding tax from a single employer in Türkiye during the 2026 calendar year. As Taxpayer (F) earned employment income during the three calendar years preceding the year in which the taxpayer became resident in Türkiye, an exemption certificate will not be granted and the taxpayer will not be eligible for the exemption.

Example 7: Taxpayer (G), who became resident in Türkiye on 15 September 2028, has been registered as a taxpayer in Türkiye in respect of business income since 1 January 2026. Taxpayer (G) applied to the competent tax office for an exemption certificate on 20 December 2028. As the taxpayer had a tax liability in Türkiye during the 2026 calendar year, an exemption certificate will not be issued.

Example 8: Taxpayer (H), who benefits from the exemption, earned rental income and investment income in Türkiye, as well as rental income from immovable properties located abroad. As the rental income derived from the properties abroad falls within the scope of the exemption, it will not be included in the annual income tax return filed in respect of the taxpayer's income derived in Türkiye.

Example 9: Taxpayer (I), who benefits from the exemption, earned rental income from an immovable property located in Türkiye. The rental income derived by Taxpayer (I) from letting the property in Türkiye will not fall within the scope of the exemption.

Example 10: Taxpayer (J), who benefits from the exemption, works as an engineer in Türkiye and provides consultancy services to non-resident clients in relation to their investments in Türkiye. The professional income derived from these services performed in Türkiye will not fall within the scope of the exemption.

Example 11: Taxpayer (K), who benefits from the exemption, earns annual rental income of TRY 600,000 from an immovable property owned in Istanbul and dividend income of TRY 500,000 from a resident company in 2026. Taxpayer (K) also receives dividend income from a company resident in Spain and rental income from an immovable property owned in Monaco. The rental and dividend income derived in Türkiye will not qualify for the exemption, whereas the foreign-source dividend and rental income will fall within its scope. No annual income tax return will be filed for the exempt foreign-source dividend and rental income, and such income will not be included in the return filed for the rental and dividend income derived in Türkiye.

Example 12: Taxpayer (L), who became resident in Türkiye on 12 May 2026, applied to the competent tax office for an exemption certificate on 1 December 2026. The tax office established that Taxpayer (L) had neither tax liability nor domicile in Türkiye during the 2023, 2024 and 2025 calendar years and issued an exemption certificate on 1 December 2026. A tax audit conducted in 2027 established that the taxpayer had carried on an unregistered business activity and earned business income; accordingly, the tax office registered the taxpayer ex officio in respect of business income for the 2025 and 2026 calendar years. As it was determined that Taxpayer (L) should have been registered for those years and did not satisfy the exemption conditions, the exemption certificate will be revoked with effect from 12 May 2026. The under-assessed tax arising from undeclared foreign-source income for the relevant years will be collected by the competent tax office together with late-payment interest and a tax loss penalty.

Example 13: Individual (M), who is domiciled in the United Arab Emirates and is not resident in Türkiye, transferred USD 100,000 from abroad to a bank account held with a bank established in Türkiye and also transferred EUR 50,000 of rental income derived from an immovable property owned in France to the same account. As non-resident individuals are taxable in Türkiye only on income and gains derived in Türkiye, neither the transfer of funds to the Turkish bank account nor the income derived outside Türkiye by (M), who is domiciled in the United Arab Emirates and is not deemed resident in Türkiye, will be subject to taxation in Türkiye.

8. Effective Date

The Communiqué entered into force on 4 July 2026.

Yours 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.

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