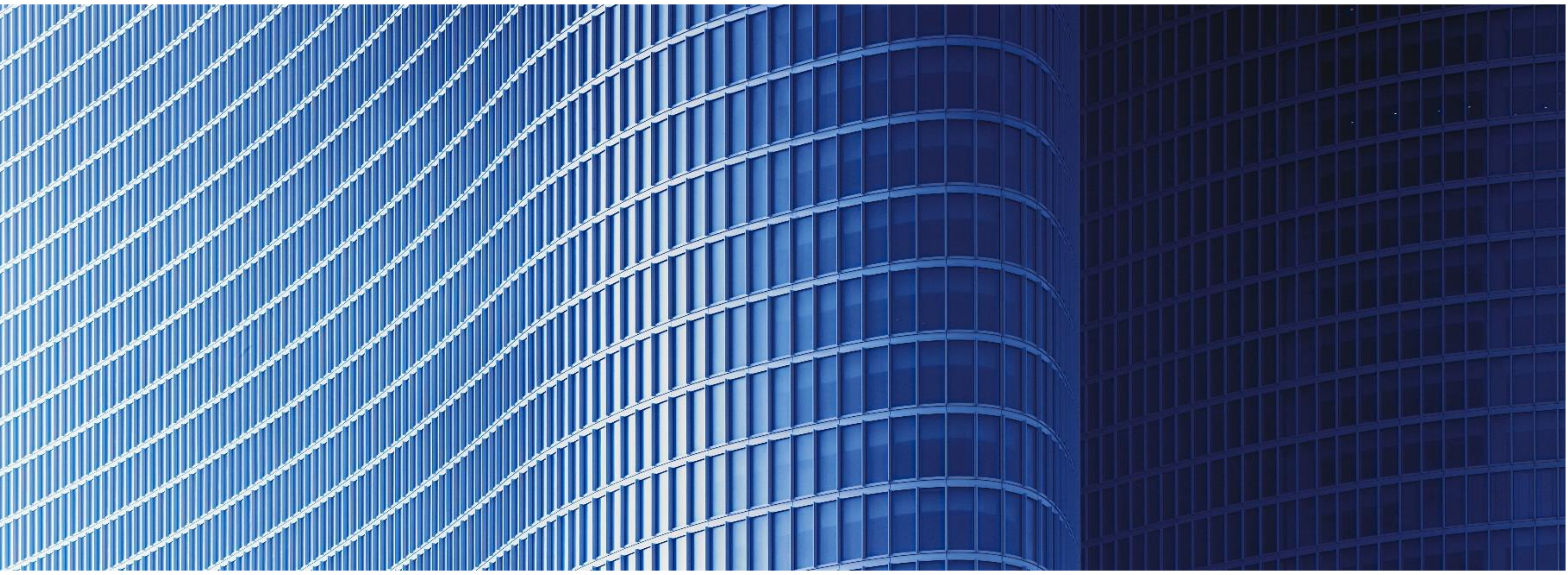

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CORPORATE INCOME TAX GENERAL COMMUNIQUÉ SERIES NO. 26 ON CERTAIN DEDUCTIONS, EXEMPTIONS AND REDUCED TAX RATE APPLICATIONS HAS BEEN PUBLISHED

Corporate Income Tax General Communiqué Series No. 1 has been updated by Corporate Income Tax General Communiqué Series No. 26, published in the Official Gazette dated 4 July 2026 and numbered 33300, in line with the amendments introduced to the Corporate Income Tax Law by Laws No. 7577 and 7582.

1. THE SCOPE OF THE FREE ZONE INCOME EXEMPTION HAS BEEN EXPANDED

The scope of the corporate income tax exemption applicable to income derived by taxpayers engaged in manufacturing activities in free zones from the sale of products manufactured in those zones has been expanded. Effective from 1 January 2026, the exemption will apply not only to sales made from free zones to customers abroad, but also to **income derived from sales made within the same free zone or to other free zones**. However, income derived from the sale of such products to Türkiye will not qualify for the exemption.

2. DEDUCTION FOR INCOME FROM INTERMEDIARY AND TRANSIT TRADE ACTIVITIES

The amendment to subparagraph (i) of Article 10(1) of Corporate Income Tax Law No. 5520 introduced a **95% deduction for income derived from the sale abroad**, **without being brought into Türkiye, of goods purchased abroad, or from acting as an intermediary in such transactions**.

It has also been stipulated that this rate will apply at **100% to entities operating in industrial zones established under Industrial Zones Law No. 4737** that are designated as eligible by the President based on the concentration of foreign investment, and to **entities operating in the Istanbul Financial Center (IFC) Zone** under IFC Law No. 7412 under a participant certificate.

2.1. Conditions for Benefiting from the Deduction

To benefit from this deduction, entities must meet the following conditions:

- The income must arise from the sale abroad, without being brought into Türkiye, of goods purchased abroad, or from acting as an intermediary in purchases and sales of goods conducted abroad;
- Neither the seller nor the buyer of the goods subject to the intermediary activity may be located in Türkiye;
- The income must be transferred to Türkiye by the due date for filing the annual corporate income tax return for the fiscal period in which it was earned;
- Entities operating in the IFC must hold a participant certificate under Law No. 7412;
- For entities operating in industrial zones, the relevant zone must have been designated as eligible by the President based on the concentration of foreign investment.

Whether the deduction could be claimed where goods are brought into bonded warehouses located in Türkiye had been a matter of debate. Example 4 in the Communiqué has clarified this issue.

Example 4: (K) A.Ş. purchased goods from a company resident in Germany, brought them into Türkiye and stored them in a bonded warehouse, and subsequently sold them to a company resident in Bulgaria without releasing them into free circulation or subjecting them to any processing. The company derived income of TRY 2,000,000 from this activity. Provided that the entire amount is transferred to Türkiye by the due date for filing the corporate income tax return and is reported in the annual corporate income tax return, 95% of the income may be deducted from corporate income.

2.2. Repatriation of Income to Türkiye

The income must be included in corporate income for the period in which it is earned. No deduction may be claimed for the portion not transferred to Türkiye by the end of the corporate income tax return filing period. Income not transferred within this period will not qualify for the deduction even if transferred to Türkiye in subsequent years.

2.3. Treatment of Intangible Rights

The sale abroad, or intermediation in the sale abroad, of digital codes representing a specific product or service, without their being used or modified in Türkiye, falls within the scope of the deduction. Gift cards, stored-value balances, wallet codes and similar instruments that function as a means of payment are excluded.

The sale abroad, or intermediation in the sale abroad, of copyrights, trademarks, patents, utility models, industrial designs, licences, publication rights and similar intangible rights purchased from non-resident individuals or entities, without their being used or modified in Türkiye, falls within the scope of the deduction. However, the persons benefiting from the deduction must retain no right of disposal over such rights after the sale.

2.4. Determination of the Deduction Amount

The relevant income may be claimed as a deduction by reporting it under the “Exemptions and Deductions Deductible Where Income Is Available” section of the corporate income tax return. Any amount that cannot be deducted due to other deductions and exemptions or prior-year losses may not be carried forward to subsequent periods. No deduction will be available where the activity results in a loss. Revenue, cost and expense items within and outside the scope of the deduction must be monitored separately; items relating to qualifying activities must not be associated with other activities, and the accounting records must be maintained so as to support this segregation.

2.4. Income Outside the Core Business Activity

Other income of companies benefiting from this deduction that is unrelated to the qualifying activities—such as interest income from the utilisation of cash balances, foreign exchange gains arising from the valuation of foreign currencies, and gains from the disposal of assets—as well as extraordinary income, cannot be treated as falling within the scope of the deduction.

3. DEDUCTION FOR INCOME OF QUALIFIED SERVICE CENTERS

Under subparagraph (j), added to Article 10(1) of the Corporate Income Tax Law by Law No. 7582, 95% of the **income earned exclusively from abroad by entities operating as qualified service centers under Foreign Direct Investment Law No. 4875** may be deducted from corporate income.

The rate will apply at 100% to **qualified service centers operating in the IFC under a participant certificate and to entities operating in certain industrial zones designated as eligible by the President**.

The **main conditions** for benefiting from the deduction are as follows:

- The entity must operate with qualified service center status;
- The income must be earned exclusively from abroad within the scope of this activity;
- The income must be transferred to Türkiye by the filing deadline for the corporate income tax return for the relevant fiscal period;
- If the activities are conducted in the IFC, a participant certificate must be held;
- For an industrial zone, the requirement that the zone be designated as eligible by the President must be met.

The deduction applies for 20 fiscal periods, including the fiscal period in which the center commences operations. A short fiscal period is also treated as one fiscal period.

From an accounting and tax return perspective, the most critical issue is the proper segregation of the qualifying income. Accordingly, revenue, costs and expenses relating to activities within the scope of the deduction must be tracked separately from other activities, and the accounting system must be structured to demonstrate this segregation clearly.

The deduction amount will be calculated on the income determined by deducting the expenses and costs attributable to the relevant activity from the revenue generated by that activity. No deduction will apply where a loss arises. Furthermore, any deduction amount that cannot be utilised due to other deductions, exemptions or prior-year losses may not be carried forward to subsequent years.

Income outside the core business activity, such as interest income, foreign exchange gains, gains from the disposal of assets and extraordinary income, will not be treated as falling within the scope of this deduction.

4. REDUCED CORPORATE INCOME TAX RATE FOR MANUFACTURING AND EXPORT INCOME

Communiqué Series No. 26 updates the rules governing the reduced corporate income tax rate applicable particularly to entities deriving income from manufacturing, agricultural production and export activities. From the perspective of accounting records and the corporate income tax return, the key requirement is the proper segregation of income arising from different types of activities. Accordingly, manufacturing income, export income, income from purchased goods subsequently exported, and income from other activities must be tracked separately. In addition, the impact on the tax base of commercial balance sheet profit, qualifying income, non-qualifying income, loss-making activities, non-deductible expenses and prior-year losses must be analysed correctly.

4.1. Five-Percentage-Point Reduction for Export Income Continues to Apply

The corporate income tax rate continues to be reduced by five percentage points for income derived exclusively from exports by exporting entities. Exports carried out through foreign trade capital companies or sectoral foreign trade companies under an intermediary export agreement are also covered.

4.2. Corporate Income Tax Rate on Manufacturing Income Will Decrease to 12.5% from 2027

For entities holding an industrial registry certificate and actively engaged in manufacturing, the corporate income tax rate applicable to income derived exclusively from manufacturing activities will be reduced by 12.5 percentage points, resulting in a 12.5% rate, for 2027 and subsequent periods. For 2026, the existing one-percentage-point reduction for manufacturing income will continue to apply. For entities with a special fiscal period, the **12.5-percentage-point reduction will apply to**

income derived exclusively from manufacturing activities for the special fiscal period beginning in calendar year 2027 and subsequent taxation periods.

4.3. Agricultural Production Income Has Also Been Included

Entities engaged in agricultural production may also benefit from the 12.5-percentage-point rate reduction. To qualify, the entity must hold a producer document issued by the Ministry of Agriculture and Forestry, such as a farmer registration certificate, food business registration certificate or business approval certificate, and must actively carry out production.

4.4. Manufacturing and Export Reductions May Not Be Applied Concurrently to the Same Income

For income derived from the export of products manufactured by the taxpayer, the export reduction will not apply in addition to the manufacturing reduction; such income will be subject solely to the 12.5-percentage-point manufacturing reduction. Conversely, income derived from goods purchased and exported by a non-manufacturer may benefit from the five-percentage-point export reduction.

4.5. Determination of the Tax Base Subject to the Reduced Rate

The portion of the tax base subject to the reduced corporate income tax rate is calculated by reference to the proportion of qualifying income within the commercial balance sheet profit. Accordingly, for companies deriving manufacturing or export income while also earning income from non-qualifying activities, the amount subject to the reduced rate is determined based on the portion of the tax base attributable to the relevant income.

Formula: Tax base × Manufacturing or export income / Commercial balance sheet profit

The amount calculated in this manner may not exceed either the relevant manufacturing/export income or the net corporate income.

4.6. Income from Multiple Manufacturing Activities

If one manufacturing activity generates income while another generates a loss, all manufacturing activities are evaluated collectively. If the manufacturing activities result in an overall loss, the manufacturing rate reduction will not apply even if the entity has commercial balance sheet profit or a tax base.

4.7. Treatment of Contract Manufacturing Income

Outsourcing certain stages of the manufacturing process will not, in itself, preclude eligibility for the reduction. However, the taxpayer must carry out production within the scope of its industrial registry certificate or operating licence, assume responsibility for the production organisation and commercial risk, procure the raw materials, and ensure that the activity predominantly retains the character of its own manufacturing. Where the taxpayer merely purchases and sells goods without undertaking the production organisation, or where production is essentially carried out by the contract manufacturer, the resulting income will not be treated as manufacturing income.

4.8. Order of Rate Reductions for Publicly Traded Companies

For entities whose shares are offered to the public for the first time for trading on Borsa Istanbul at a rate of at least 20%, the two-percentage-point public offering reduction will first be applied to the entire tax base, followed by an additional reduction of 12.5 or five percentage points to the portion attributable to manufacturing or export income, respectively.

Detailed examples are available in the Communiqué attached to this circular.

5. CERTAIN DEDUCTIONS MAY NOW BE DEDUCTED FROM THE DOMESTIC MINIMUM CORPORATE INCOME TAX BASE

The following deductions may now be deducted from corporate income used as the basis for calculating domestic minimum corporate income tax:

- Deduction for income derived by entities from selling abroad, without bringing into Türkiye, goods purchased abroad, or from acting as an intermediary in purchases and sales of goods conducted abroad (Article 10(1)(i) of the Corporate Income Tax Law);

- Deduction for income earned abroad by entities operating as qualified service centers (Article 10(1)(j) of the Corporate Income Tax Law);

- Deduction for income derived from financial service export activities conducted in the Istanbul Financial Center Zone (Article 6(1)(a) of Law No. 7412).

In addition, item (ğ), "Deduction for income earned by entities operating in the Istanbul Financial Center Zone (Article 10(1)(i) of Law No. 5520)," has been removed from Section 32.5.6, "Exemptions and deductions not deducted from corporate income in the calculation of domestic minimum corporate income tax," of Corporate Income Tax General Communiqué Series No. 1.

6. TERMINATION OF THE TAX EXEMPTION FOR HEALTHCARE INSTITUTIONS OWNED BY FOUNDATION UNIVERSITIES

Effective 1 January 2027, the corporate income tax exemption will be abolished for hospitals, outpatient clinics, rehabilitation centers and similar healthcare institutions operating within foundation universities, providing healthcare services for a fee and constituting economic enterprises. Corporate income tax liability will need to be established for these institutions from that date.

7. EFFECTIVE DATE

The Communiqué entered into force on 4 July 2026.

Yours sincerely,

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(*) 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.

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