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LAW FIRM

June 5, 2026

KEY UPDATES ON TURKISH TAX AND INVESTMENT LEGISLATION

Law No. 7582 on Amendments to Certain Laws ("**Law**") has introduced several highly significant changes to Turkish tax and foreign direct investment ("**FDI**") legislation. The Law was enacted by the General Assembly of the Grand National Assembly of Türkiye on May 21, 2026 and was published in the Official Gazette on June 4, 2026. The changes introduced in the Law contain many significant tax exemptions, tax reduction, and incentives.

Please kindly find the comparison table below, which shows these amendments and summarizes the former legislative status and the post-amendment status:

Subject	Former Status	New Status After Law No. 7582
Deducted Corporate Tax for Manufacturing and Agriculture Companies	Manufacturers with industrial registry certificates were subject to the general corporate tax rate of **24%** (except for a 1% export deduction).	The corporate income tax rate is reduced to **12.5%** exclusively for manufacturing and agricultural earnings (No additional export deduction allowed).
Corporate Tax Deduction for Qualified Service Centers ("QSC")	Management and coordination services provided to offshore entities were subject to the standard corporate tax rate.	A **95% deduction** is granted for 20 years (if earnings are brought to Türkiye). A **full (100%) exemption** applies in the Istanbul Financial Center ("**IFC**") and industrial zones.
QSC Personnel Salary Tax	Salaries of personnel working in such management centers were taxed under standard progressive tax brackets.	Salaries up to **3 times the gross minimum wage** (up to **5 times** in the IFC and special industrial zones) are exempt from income tax.
Foreign-Source Income of Individuals	Individuals relocating to Türkiye became full taxpayers and were taxed on their worldwide income.	Individuals with no Turkish residency in the last 3 years are **exempt from income tax for 20 years** on foreign-source income if they become taxpayers in Türkiye.
Inheritance Tax for Exempt Individuals	Asset transfers via inheritance were subject to general progressive inheritance tax rates (ranging from 1% to 30%).	A **fixed 1% inheritance tax rate** is introduced for asset transfers during the 20-year exemption period above.
The Concept of QSC	No specific status or global management/coordination incentives existed in the legislation.	Added to Law No. 4875. Centers providing coordination, finance, law, or HR services to offshore group companies gained legal status.
Voluntary Tax Compliance	Previous programs had expired, and no active tax audit immunity was available.	A new declaration window is open until **July 31, 2027**, offering full tax audit immunity. Tax rates range from 5% to 0% based on investment commitments.

Public Receivables Restructuring Period	Under Law No. 6183, public receivables could be postponed/restructured for a maximum of 36 months.	The maximum restructuring period for taxpayers in financial distress is extended to **72 months**.
Restructuring Without Collateral	The maximum debt limit to restructure public debts without showing collateral was outdated at TRY 50,000 (approx. USD 1,100).	The minimum debt threshold for restructuring without collateral is increased to **TRY 1,000,000** (approx. USD 22,000).
Istanbul Financial Center Incentive and Exemption Periods	Certain temporary tax/fee exemptions and deductions under the IFC Law were limited until the year 2031.	The application periods for IFC incentives and exemptions are extended until the year **2047**.

The rest of this Client Alert aims to summarize the key updates provided by the Law.

1. Radical Corporate Income Tax Deductions for Qualified Service Centers ("QSC")

The Law amends the Corporate Income Tax Law to grant substantial exemptions for revenues derived exclusively from offshore activities of QSCs:

- **95% Tax Deduction:** 95% of the earnings generated from QSC activities can be deducted from the corporate tax base. This deduction applies for 20 accounting periods, provided that the earnings are transferred to Türkiye before the corporate tax return filing deadline.

- **100% Full Exemption Zones:** The deduction rate is applied as 100% (*full exemption*) for QSCs operating within specific industrial zones and the Istanbul Financial Center ("**IFC**") Zone.

- **Offshore Trade Mediation:** A 95% deduction (*100% in the IFC and specific industrial zones*) also applies to earnings from buying goods abroad and selling them abroad without bringing them into Türkiye, provided the earnings are brought into Türkiye.

2. Corporate Income Tax Rate Reduced to 12.5% from 25% for Manufacturing and Agriculture

A permanent rate reduction has been made in Article 32 of the Corporate Income Tax Law:

- **Scope:** Corporate taxpayers holding an industrial registry certificate and actively engaged in manufacturing or agricultural production will benefit from this rate.

- **New Rate:** A corporate income tax rate of 12.5% (instead 24%) will apply only to earnings derived from manufacturing and agricultural production. However, an additional export tax deduction cannot be applied to these specific earnings.

3. Income Tax Exemption for QSC Personnel

To encourage the transfer of a qualified workforce, the tax burden on QSC personnel is significantly reduced:

- **General Rule:** The portion of the salary of qualified personnel that does not exceed 3 times the gross minimum wage is exempt from income tax.

- **Special Zones (IFC and Industrial Zones):** The exemption limit is applied as 5 times the gross minimum wage for QSCs operating in the IFC or in industrial zones approved by the President.

4. 20-Year Tax Exemption for Incoming Individuals

To attract high-net-worth individuals and qualified talent to Türkiye, Article 20/D has been added to the Income Tax Law:

- **20-Year Exemption:** Individuals who become Turkish tax residents are exempt from income tax for 20 years on all income derived from abroad, provided they had no Turkish residence or tax liability in the last 3 calendar years before arrival.

- **Filing Convenience:** These individuals will not file annual tax returns for their foreign-source income.

- **Inheritance Tax Advantage:** For individuals benefiting from this exemption, the inheritance tax rate on asset transfers during the 20 years is fixed at a symbolic **1%**.

5. New Incentives for FDIs and "Qualified Service Centers"

The Law introduces the definition of "Qualified Service Center" ("**QSC**") into FDI Law No. 4875.

- **Definition and Requirements:** A QSC is defined as a joint-stock or limited liability company **(i)** established to serve related companies (group companies) active in at least three different countries and **(ii)** generate at least 80% of its annual revenue from these foreign related entities.

- **Scope of Activities:** QSCs can provide coordination and management services. These include financial consulting, strategic management, risk management, funding, budgeting, financial reporting, international accounting, compliance, legal advisory, HR, training, R&D, and technical support.

6. Voluntary Tax Compliance (*Varlık Barışı*) with Audit Immunity

A new window has been opened to bring offshore or unrecorded domestic assets into the Turkish economy:

- **Deadline:** Declarations can be made until July 31, 2027.

- **Tax Rates:** The standard tax rate is 5%. The rate decreases progressively if the assets are held in specific investment instruments in Türkiye under a commitment (0% for a 5-year commitment, 2% for 3 years, 3% for 2 years, and 4% for 1 year).

- **Audit Immunity:** No tax audit or tax assessment will be conducted under any circumstances regarding assets brought to Türkiye on time and taxed accordingly.

7. Tax Restructuring Extensions for Public Receivables

Amendments to Law No. 6183 provide flexibility to taxpayers in financial distress:

- The maximum period for postponing (restructuring) public receivables has been extended from 36 months to 72 months.

- The maximum debt limit that can be restructured without requiring collateral has been raised from TRY 50,000 to TRY 1,000,000.

8. Extension of Istanbul Financial Center (IFC) Incentives

Critical tax and fee exemption periods under the Istanbul Financial Center Law No. 7412 have been significantly extended:

- The phrase "2031" in the text has been amended to "2047", securing long-term tax and fee exemptions for financial institutions and participants in the zone.

9. Effective Dates

- **Income tax exemption for foreign-source income of individuals:** Effective as of its publication date, to be applied to individuals who acquired Turkish tax residency status as of or after January 1, 2026.

- **Corporate tax deductions for QSCs:** Effective as of the publication date, to apply to corporate earnings for tax periods starting from January 1, 2026, and beginning with the tax returns to be filed from July 1, 2026, onwards.

- **Deducted corporate tax rate (12.5%) for Manufacturing and Agriculture Companies:** Effective as of the publication date, to apply to earnings to be derived in the 2027 taxation period and subsequent periods.

- **Other provisions:** Entered into force on June 4, 2026, upon its publication in the Official Gazette.

Please do not hesitate to contact us if you have any queries regarding the amendments.

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