



Thinking beyond borders: Management of extended business travelers - Turkey



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Key message

An individual's liability to income tax in Turkey is determined by residency status for taxation purposes and the source as well as the type of income derived by the individual. Income tax is levied at progressive tax rates on an individual's taxable income for the calendar year – which is the taxation period in Turkey.

1 Key message

Determination of residency status is the key point in providing tailored tax advice for business travelers as well as the international assignees in respect to income tax liabilities. However, any duration of stay for business purposes less than 6 months in a calendar year is likely to be considered as "short-term" and the individual would be regarded as "limited taxpayer" as soon as the certain circumstances are met.

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Income tax

2 Income Tax

2.1 Residency

Any individual is regarded as a tax resident in Turkey who is liable to pay taxes on their worldwide income as being full taxpayer where one of the below given criteria is met based on the Turkish Income Tax Code:

- Staying more than 6 months in a continuous period during a calendar year in Turkey, (temporary leaves does not counted as interruption for the residency).
- Being “domiciled” within the Turkish boundaries. The term domiciled here refers to be registered in Turkish address registration system (for a Turkish citizen) and holding a work & residence permit (for an expatriate)

On the other hand, fulfilment of one of the above-mentioned criteria is not necessarily adequate to conclude that an individual is tax resident in Turkey since the provisions of Prevention of Double Taxation Treaties that regulates the residency shall also be checked to comply with the bilateral agreement rules which is crucial for mobile employees to benefit from the treaty conditions.

2.2 Liability for income tax

Resident taxpayers are liable to pay taxes on their worldwide income whereas the non-resident taxpayers are only subject to taxation on their Turkish source of income.

Turkish source of income refers to fulfilment of any of the below:

- remuneration received for services rendered in Turkey for an entity in operating Turkey
- remuneration received for services rendered for an entity operating in Turkey
- remuneration received for services rendered to Turkish entity
- earnings generated from movable & immovable properties in Turkish boundaries.

2.3 Tax trigger points

Technically, there is no threshold/minimum number of days that exempts the employee from the requirements to report and pay income taxes in Turkey. In accordance with Organisation for Economic Co-operation and Development (OECD) principles, in case an economic employer is in Turkey, then the employee will be subject to withholding taxes at progressive rates regardless of their residency status.

For the case where the economic employer is not in Turkey, then the residency status as well as the income types of the individual will determine the taxation requirement to be fulfilled via annual income tax return.

2.4 Types of taxable income

Extended business travelers are generally subject to taxation on their employment income as well as other Turkish sourced income items such as income derived by the rental or sales of an immovable property.

For employment income for the year 2024:

Taxable Income Bracket		Tax Rate
From	To	Percent
1	110,000	15
110,001	230,000	20
230,001	870,000	27
870,001	3,000,000	35
3,000,001	Over	40

For other income types for the year 2024:

Taxable Income Bracket		Tax Rate
From	To	Percent
1	110,000	15
110,001	230,000	20
230,001	580,000	27
580,001	3,000,000	35
3,000,001	Over	40

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Social Security

3 Social Security

3.1 Liability for social security

Any individual who is resident in Turkey needs to contribute to the Turkish Social Security Scheme unless there is a totalization agreement between Turkey and the employee's home country/jurisdiction so that the employee is covered under their home country/jurisdiction social security scheme during the assignment period in Turkey.

Employees, that are performing dependent personal services, are not responsible to take any action for contributing to the Turkish Social Security System since the employers are responsible for all registration and required monthly reporting procedures.

3.2 Employment insurance

Employees' social security portion is 15 percent whereas the employer portion is 22.5 percent (including unemployment). However, social security contributions are capped at the following amount for 2024 which is updated by the end of each calendar year normally. The cap amount is declared as TRY 150.018,90 for 2024; however, it may change during the year, same as 2023.

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Compliance obligations

4 Compliance obligations

4.1 Employee compliance obligations

Individuals who have a filing requirement of annual income tax return shall submit their returns between 1-31 March in the subsequent year of the taxation year, which is the calendar year.

4.2 Employer reporting and withholding requirements

Withholding taxes can be classified into two groups: namely employee wage withholding taxes and other withholding taxes.

Employers in Turkey are required to process the wage payments through payroll and apply withholding taxes on the wage payments on behalf of the employees. The employers are liable against the tax office with respect to the correct calculation, filing and payment withholding taxes on employee payments. Wage income is taxed on a progressive rate basis at rates varying from 15 to 40 percent.

Other than the employee wage withholding taxes, withholding is applied on payments such as certain payments to non-residents, professional service fees, dividends and rent, made to persons listed in the relevant tax codes.

The withholding taxes are reported through monthly withholding tax returns by the employers until the 23rd of the following month and the taxes are payable until the 26th of the same month.

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Immigration

5 Immigration

5.1 Work permit/visa requirements

Immigration process to Turkey depends on the intended duration of stay and purpose. Basically, there are 2 types of visas: short-term and long-term in terms of business & working purposes.

1. Short Term Visa Holders

Permissible Activities for foreigners holding a Business Visa and Assembly Visa

- a) Permissible activities for Business Visa holders;
- Attending meetings & conferences with colleagues, clients or customers
 - Participating in training programs- Developing business contacts
 - Advertising and Market research
 - Collecting data, reviewing work related issues.

Visas for business meeting/conference can be obtained via the Electronic Visa Application System (www.evisa.gov.tr)

- b) Permissible activities for Assembly Visa (Maintenance & Installation Work Visa) holders;

Short term purpose of stay such as the maintenance, installation or repair of a machinery etc. where the total duration of stay will not exceed 90 days in a period of 12 months.

Important notes for foreigners holding a Business Visa & Assembly Visa

- Regardless of the visa application type, applicants need to obtain their visa from Turkish Embassy/Consulate prior to their intended travel date. These visa types are generally obtained within 2 working days depending on the country/jurisdiction of residence and completeness of the appropriate application documents.
- Multiple entry assembly visa can only be granted once in a 12 month period following the individual's first entry and total days of stay in Turkey cannot exceed 90 days. The holders of assembly visa & business visa are not requested to apply for work or residence permit. They are also exempted from such obligatory social security payments from both the employer's and employee's side. Therefore, these visa types are relatively advantageous for short term works.
- It is important that the current passport of the individual foreigners wishing to enter Turkey should carry a passport with an expiration date at least 60 days beyond the "duration of stay" of their visa, e-Visa, visa exemption, or work permit.
- Individuals have to return to their home countries/jurisdictions before the expiration date of their visa and apply for the work permit for any purpose of stay more than the obtained short term visa period.

2. Long-Term Visa (Work Permit)

In case the intended work or business in Turkey exceeds 90 days in a 12 month period, the necessary action will be applying for a work permit from the home country/jurisdiction and obtain initial work visa from the nearest Turkish Embassy/Consulate which is the first step to be taken to be granted with a work permit. The Turkish employer or its legal representative will then be obliged to realize the work permit application to the Ministry of Labour and Social Security within 10 days following the issuance of the work visa. The Ministry of Labour will then evaluate the submitted work permit application within approximately 30 days.

Important notes for foreigners holding a Work Permit

- Unless otherwise provided in the bilateral or multi-lateral agreements to which Turkey is a party, working permission for a definite period of time is given to be valid for at most 1 year for first time applicants.
- Taking into consideration the situation in the business market, developments in the labor life, sectorial and economic conjuncture changes regarding employment, according to the duration of residence permit of the foreigner and the duration of the service contract or the work, to work in a certain workplace or enterprise and in a certain job; The Ministry of Labour and Social Security may extend or narrow down the area of validity of the work permit in accordance with its evaluations.
- Legal dependents of work permit holders are eligible for obtaining dependent residence permits.

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Other issues

6 Other issues

6.1 Double taxation treaties

Turkey has double taxation treaties that are in force with 82 countries/jurisdictions and more treaties are expected to be in force in the next years to tighten the international cooperation for prevention of double taxation as well as the fiscal evasion.

6.2 Permanent establishment implications

There is potential that a permanent establishment (PE) could be created as a result of extended business travel, but this would be dependent on the type of services performed, the level of authority the employee has and the duration of stay in Turkey for those services.

6.3 Indirect taxes

The deliveries of goods and services are subject to VAT in Turkey. The standard VAT rate is 20 percent, while reduced rates of 10 percent (for basic foodstuff, textile products etc.) and 1 percent (for certain agricultural products, financial leasing services etc.) are defined for the deliveries of specific goods and services.

6.4 Transfer pricing

With respect to transfer pricing, Turkey applies the widely recognized OECD principles. Transfer pricing issues could arise if, for example, an employee provides a service for the benefit of an entity in one jurisdiction while the respective costs are borne by the entity in a different jurisdiction. The possible consequences and remedies to such situations depend on the nature and complexity of the services performed.

6.5 Local data privacy requirements

Turkey has personal data privacy laws.

6.6 Exchange control

Following the recent changes in the local regulations, exchange control practices are generally in line with the EU norms. Suspicious financial interactions and/or high amounts of money transfer (either in cash or in online form) are subject to investigation in accordance with the requirements of EU Money Laundering Directives.

Furthermore, in case an amount of TRY 25,000 or 10,000 Euro (EUR) or equivalent of other currency will be carried out of the Turkish borders, there will be a reporting requirement in the customs and certain restrictions can be applied by the Ministry of Finance

6.7 Non-deductible costs for assignees

Non-resident individuals are not allowed for foreign tax credit system for the income tax due in Turkey. Furthermore, there are certain items that cannot be deducted from the tax liability of an individual depending on the income type and amount.

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