

# GMS Flash Alert

2023-032 | February 9, 2023



## Turkey - Income Tax Inflation Adjustments for 2023

Under Turkey's General Communiqué No. 323 on Individual Income Tax,<sup>1</sup> the individual income tax brackets for 2023 and income tax return thresholds have been updated based on the revaluation rate (122.93 percent) determined for the tax year 2022.

In addition to the updates in the income tax table, Turkey's Social Security Authority announced that the maximum amount of wages subject to social security (the "SSI ceiling") increased from ₺ 48,532.50 to ₺ 75,060.00 and the minimum amount of wages (the "SSI base") subject to social security increased from ₺ 6,471.00 to ₺ 10,008.00 in 2023 (₺ = TRY). The 54.66 percent increase in the social security wage base from 2022 to 2023 represents the very high inflation rate in Turkey during 2022.

### WHY THIS MATTERS

International assignment cost projections and budgeting for assignments to Turkey and for assignees outside Turkey still subject to Turkish taxation should take into account the adjustments to the income tax brackets and changes in the SSI ceiling and SSI base. Where called for, employers may need to make payroll adjustments and update hypothetical tax calculations for tax-equalised assignees.

### Tax Brackets for Individual Taxpayers, Adjusted for Inflation

With the inflation adjustment, for tax year 2023, the employment income tax rates for taxpayers will be:

- 40% for incomes over ₺ 1,900,000.00
- 35% for incomes over ₺ 550,000.00

- 27% for incomes over ₺ 150,000.00
- 20% for incomes over ₺ 70,000.00
- The lowest rate is 15% of incomes for individuals with incomes of ₺ 70,000.00 or less.

All income other than employment income tax rates for taxpayers will be:

- 40% for incomes over ₺ 1,900,000.00
- 35% for incomes over ₺ 370,000.00
- 27% for incomes over ₺ 150,000.00
- 20% for incomes over ₺ 70,000.00
- The lowest rate is 15% of incomes for individuals with incomes of ₺ 70,000.00 or less.

### Standard Exemptions

- Income from immovable property exemption increased to ₺ 21,000.00.
- Daily food costs exemption increased to ₺ 110.00.
- Daily transportation costs exemption increased to ₺ 56.00.
- Occasional income exemption increased to ₺ 129,000.00 (Article 82(2) of the Individual Income Tax Law).
- Capital gains arising from the disposal of intellectual property (received by persons other than authors or creators or their statutory heirs) exemption increased to ₺ 55,000.00.
- Income from immovable property and investment exemption increased to ₺ 8,400.00.
- Income from sales on the Internet exemption is ₺ 700,000.00 (tradesman tax exemption under Article 9(10) of the Individual Income Tax Law).

### Standard Allowances

Disability allowance:

- first degree disability allowance is ₺ 4,400.00 (disability 80 percent);
- second degree disability allowance is ₺ 2,600.00 (disability 60 percent);
- third degree disability allowance is ₺ 1,100.00 (disability 40 percent).

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## KPMG INSIGHTS

Inflation adjustments are largely routine. Nevertheless, given the impact of these changes to the operation of Turkish payroll/shadow payroll, these changes should be communicated to relevant stakeholders as soon as possible, to help ensure that payroll processes and software can be updated in a timely fashion. Pre-departure conversations with assignees who will be subject to Turkish income tax should include mention of applicable tax rates, thresholds, exemptions, and allowances and the impact on the assignee.

Employers and employees concerned about the effect of the above-noted changes and how to budget for and otherwise plan the employee's assignment, should contact their qualified tax professional or a member of the tax team with KPMG in Turkey (see the Contacts section).

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## FOOTNOTE:

1 See GELİR VERGİSİ GENEL TEBLİĞİ at : <https://www.resmigazete.gov.tr/eskiler/2022/12/20221230M2-13.htm> .

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TRY 1 = EUR 0.05  
TRY 1 = USD 0.053  
TRY 1 = GBP 0.04  
TRY 1 = BGN 0.096

Source: [www.xe.com](http://www.xe.com)

## Contact us

For additional information or assistance, please contact your local GMS or People Services professional or one of the following professionals with the KPMG International member firm in Turkey:



**Erdem Erdem**

**Director**

Tel. +90 (212) 316 60 00 Ext: 6230

[erdemerdem@kpmg.com](mailto:erdemerdem@kpmg.com)



**Merve Aybirdir**

**Manager**

Tel. + 90 (212) 316 60 00 Ext: 6553

[maybirdir@kpmg.com](mailto:maybirdir@kpmg.com)

**The information contained in this newsletter was submitted by the KPMG International member firm in Turkey.**

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