

# BILGENER CIRCULAR

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## Amendments to the Income Tax Law by Law No. 7524

The Law on the Amendment of Tax Laws, Certain Laws, and the Decree-Law No. 375, numbered 7425, was published in the Official Gazette dated 02.08.2024 and numbered 32620.

The amendments to the Income Tax Law introduced by this Law are summarized below:

### 1. Exemption for Shares Granted to Employees by Techno-initiative Companies

In recent years, stock ownership plans have been implemented to increase employee productivity and loyalty, allowing company shares to be transferred to employees. Such transfers can be made either as a gratuitous transfer or as an option to purchase shares at a low price after meeting predetermined conditions and completing a specified period. Since such stock ownership is considered compensation, it is treated as income.

With the amendment introduced by Law No. 7524, the part of the shares granted gratuitously or at a discount by employers qualifying as Techno-initiative companies, as determined by the Ministry of Industry and Technology, which does not exceed the annual gross salary amount for that year, is exempt from income tax.

However, if these shares acquired by the employee are:

- Disposed of within three full years from the acquisition date, the entire exempted tax amount,
- Disposed of within four to six years, 75% of the exempted tax amount,
- Disposed of within seven to twelve years, 25% of the exempted tax amount will be collected from the employer with delay interest, without imposing any tax penalty.

The statute of limitations for taxes not collected on time due to this exemption starts from the beginning of the calendar year following the year in which the shares are disposed of by the employee.

**Effective Date: 31.07.2024**

### 2. Daily Revenue Determination for Commercial and Professional Earnings and Explanation Requirement for Low-Declared Revenues

Article 69 of the Income Tax Law has been reintroduced by Law No. 7524. With this regulation, revenue from commercial and professional earnings will be determined through inspections, and those declaring revenues below the determined average will be asked to provide an explanation.

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Bilgener is a leading Turkish professional services provider group that harmonizes the local expertise it has and the experience it has gained since 1995.

Bilgener's primary goal is to assist local and global entrepreneurs to operate their business in Turkey more efficiently and effectively by providing high-quality tax, audit, and consulting services from a single point.

Since 2002, Bilgener has been an independent Turkish member of London-based Morison Global, a global association of leading professional service firms, serving the cross-border accounting, auditing, tax, and consulting needs of clients.

According to this, inspections can be conducted at least three times a month and twelve times a year to determine daily revenue amounts as per Article 127 of the Tax Procedure Law.

The monthly revenue amount is calculated based on the average daily revenue amounts determined through inspections. The average monthly revenue amount is determined by dividing the total monthly revenue amounts by the number of months inspected. This average is then multiplied by the number of months the taxpayer was active to determine the annual revenue.

If the difference between the determined revenue amounts and:

- a) The gross sales amount in the income statement for those keeping books on a balance sheet basis,
- b) The revenue amount in the operating account summary for those keeping books on an operating account basis,
- c) The gross revenue amount in the professional earnings statement for those keeping books on a professional earnings basis exceeds 20%, taxpayers will be invited to explain as per Article 370 of the Tax Procedure Law, and the evaluation will be conducted according to the provisions of the mentioned article.

These provisions also apply to corporate tax taxpayers.

**Effective Date: 01.01.2025**

### **3 .Withholding Tax on Payments Made by Electronic Commerce Intermediary Service Providers and Presidential Authority to Determine Sectors and Activities for Withholding Tax**

According to Law No. 6563 on the Regulation of Electronic Commerce:

- Intermediary service provider: Real and legal persons providing an electronic commerce environment for others to conduct economic and commercial activities,

- Electronic commerce intermediary service provider: An intermediary service provider that enables contracts to be made or orders to be placed for the goods or services of electronic commerce service providers in an electronic commerce marketplace. With the addition of clause 19 to Article 94 of the Income Tax Law, intermediary service providers are obligated to withhold tax on the payments they make. Additionally, clause 20 has been added to allow the President to determine sectors or activities for which withholding tax on payments can be made.

**Effective Date: 01.01.2025**

You can access the relevant Law [here](#).

Best Regards,

**BİLGENER**