

# BİLGENER CIRCULAR

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## The Withholding Tax Rate for Multi-Year Rail Transportation and Shipbuilding Projects Has Been Reduced to 1%.

The withholding tax rates applicable to multi-year construction projects are determined by Article 94 of the Income Tax Law and Articles 15 and 30 of the Corporate Tax Law.

Accordingly, pursuant to Article 42 of the Income Tax Law, a 5% withholding tax is applied to entitlement payments for multi-year construction projects. With Presidential Decree No. 9707, published in the Official Gazette No. 32857 dated March 30, 2025, changes have been made to the withholding tax rates applicable to multi-year construction projects.

With this amendment, the withholding tax rate on entitlement payments for the construction and repair of railway lines, trams, funiculars, monorails, subways, and urban rail transport systems, as well as shipbuilding and repair projects, has been reduced to 1%. For other multi-year construction projects, the withholding tax rate will remain at 5%.

The new rates will apply to payments made as of the beginning of April.

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

Best Regards,

**BİLGENER**

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