

GUIDEBOOK ON RENTAL INCOME FOR NON-RESIDENT TAXPAYERS

**(Citizens of Foreign Countries not Residing in Turkey
and Turkish Citizens Residing Abroad)**



FREE OF CHARGE

Taxpayer Services Department

Publication No:315

2019

For detailed information;
Tax Communication Centre (VIMER)



(This service is provided only in Turkish)

You might ask your questions on tax legislation via
infovimer@gelirler.gov.tr in English.

This guide has been published having regard to the provisions of legislation in force at the time of issue. This guidebook has been prepared only in pdf format.

You can access current legislation and news from

- ww.gib.gov.tr
- social media accounts
- e-mail information system

TURKISH REVENUE ADMINISTRATION

Taxpayer Services Department

Publication No:315

February 2019

INTRODUCTION.....	1
1. RENTAL INCOME.....	1
2. PROPERTY AND RIGHTS WHICH ARE SUBJECTS OF RENTAL INCOME....	1
3. OBTAINING OF RENTAL INCOME.....	2
3.1. Collection of Rental Income in Cash	3
3.2. Collection of Rental Income in-kind	3
3.3. Collection and Payment of Leasing by Means of Banks or Postal Administration	3
3.4. Records on Rental Incomes of Taxpayers Who Have Bookkeeping Obligation.....	4
4. LOW OR NO VALUE FOR RENTAL INCOME.....	4
5. EXCEPTION IN RENTAL INCOME	6
6. EXPENSES TO BE DEDUCTED WHEN DETERMINING THE RENTAL INCOME	7
6.1. Deduction of Expenses in the Lump Sum Expenses Method.....	8
6.1.1. Calculation of deductible expenses in case of exception in actual expenses method	9
6.2. Deduction of Expenses in the Actual Expenses Method	10
7. IN THE EVENT OF LOSS.....	10
8. TAX WITHHOLDING IN RENTAL PAYMENTS	11
9. DECLARATION OF RENTAL INCOME	11
10. DEDUCTIONS TO BE MADE FROM INCOME INCLUDED IN THE ANNUAL TAX DECLARATION	12
10.1. Individual Insurance Premiums.....	12
10.2. Education and Health Care Expenses.....	13
10.3. Donations and Aids	13
10.4. Sponsorship Expenses	15

10.5. Donations and aids which are completely deductible in accordance with other laws.....	15
11. TIME AND PLACE OF RENTAL INCOME DECLARATION.....	16
12. PRE-FILLED INCOME TAX RETURN SYSTEM.....	16
13. TAX SCHEDULE.....	17
14. TAX PAYMENT.....	18
15. RENTAL INCOME FROM IMMOVABLE PROPERTY IN TERMS OF DOUBLE TAXATION AGREEMENTS.....	19
16. EXAMPLES RELATED TO RENTAL INCOME DECLARATION.....	20
CONTRACTED BANKS RECEIVING TAX PAYMENTS.....	25

INTRODUCTION

According to the Income Tax Law, the income of real persons is subject to income tax. Income items subject to income tax are business income, agricultural income, wages, self-employment income, rental income, capital investment income and other income and gains.

Non-resident taxpayers are not settled in Turkey in other words without permanent residence are living as a real person who's more than six months in Turkey during a calendar year. Non-resident taxpayers are only liable to pay tax on their income derived from the incomes in Turkey, they do not declare income and revenues gained in foreign countries in Turkey.

This guide has been prepared in order to present general information about the properties and rights which are subjects of rental income, the calculation of rental income amount which will be declared, the amount of exception, expenses which shall be deducted from declared rental income, tax withholding in rental payments and the calculation of due tax for the property and rights subject to rental income of non-resident taxpayer's renting their property and rights in 2018. The guide also includes explanation with samples regarding the determination of the amount that should be declared and in which conditions the non-resident taxpayers shall declare their rental income.

1. RENTAL INCOME

The income obtained from leasing of the properties and rights which are stated in Income Tax Law is defined as "immovable property income" and is subject to income tax in certain conditions.

The liable persons of immovable property's income are the owners, tenants (persons having the rights to use actually), possessors, servitudes and usufruct right owners of the property and their tenants in the event of leasing of a rented property and right.

2. PROPERTY AND RIGHTS WHICH ARE SUBJECTS OF RENTAL INCOME

Property and rights which are subjects of rental income are defined in Article 70 of Income Tax Law. They are mentioned as;

- Land, building, mineral water and underground water sources, mines, stone pits, production places of sand and gravel, brick and tile fields, saltworks and their component parts,
- Large fishing net fields and fishponds,
- Component parts of immovable properties leased separately and all their installations, inventory stock and flooring,
- Rights registered as immovable property,
- Searching, operating and franchise rights and their licenses, patent right, trademark, commerce title, any kind of technical drawing, design, model, plan and cinema and television films, audiotapes and videotapes, a secret formula belonging to an experience acquired in industry, commerce and science or rights as right of usage or privilege of usage on a production method,
- Copyrights,
- Ships and shares of ship and all the motorized shipment and unloading vehicles,
- Motorized transfer and draw-frame vehicles, any kind of motorized vehicle, machine and installation and their appurtenance.

3. OBTAINING OF RENTAL INCOME

Obtaining of rental income is bound to collection principle. In order to tax the rental income in accordance with the collection principle, it should be collected in cash or in kind.

3.1. Collection of Rental Income in Cash

Collection of rental income in cash states that the payment of rent in Turkish Liras or in foreign currency. Received cheques are also taken into account as collection in cash.

- Rental income collected by the taxpayers relating to that year or previous years is taken into account as the income of the year which it is collected in.

For example, if 2015, 2016 and 2017 rental income is collected in 2018, this income shall be taken into account as the income of year 2018.

- Rental income relating to prospective years which is collected in advance is not taken into account as the income of the year which it is collected in but as **the income of the years which the income is related to.**

For example, if 2018, 2019 and 2020 rental income is collected in 2018, each year's rental income shall be declared in the related year.

In terms of foreign currency, rental payment and gross revenue is calculated according to the exchange rate announced by The Central Bank of Republic of Turkey on collection date.

3.2. Collection of Rental Income in-kind

If the rental payment is collected in-kind, payments are valued according to Tax Procedure Law.

3.3. Collection and Payment of Leasing by Means of Banks or Postal Administration

Those who obtain a rental income and their tenants;

- For residence, 500 TL or over for each house,
- For workplace, without a limitation of amount

should make the payments and collection of the leasing by means of banks, financial institutions or postal administrations and are obliged to authenticate their payments and collections through documents issued by these institutions.

Since receipt or monthly statement is issued for the payment and collection while using mediums like depositing money, money order, cheque or credit card by means of banks, financial institutions or postal administrations, these documents shall be accepted as certifying documents. Payment and collection carried out via internet banking are also evaluated in the same scope.

The fine which shall be applied to persons who do not comply with the aforesaid obligations is 5% of each transaction's amount and it should be no lower than the amount of special irregularity fine determined for that year in accordance with the repeating Article 355 of Tax Procedure Law.

3.4. Records on Rental Incomes of Taxpayers Who Have Bookkeeping Obligation

According to the Tax Procedures Law No. 213, real person taxpayers who are obliged bookkeeping should register rental incomes subject to income tax and related expenses to a separate page of general ledger, operating account or self-employment income book or to a separate book or sheet separately, without mixing and uniting with accounts keeping for other earnings.

4. LOW OR NO VALUE FOR RENTAL INCOME

"Equivalent rental value" is taken as bases in case of low or no value for rental income. According to this basis, equivalent rental income principle shall be applied on the conditions of;

- leaving the immovable property to the usage of other persons for free,
- lower value of rental income of rented immovable property than the equivalent rental value.

The equivalent rental value in rented buildings and lands is the rental value determined by authorized specific authorities or courts, if it is available.

If there is no renting determination or judgment for the aforementioned building or land, equivalent rental value is 5% of its real estate tax value.

The equivalent rental value in property and rights for other than buildings or lands is 10% of their cost price. If this cost is not known, it is 10% of determined values of them calculated in accordance with valuation of property provisions of Tax Procedure Law.

Example: Taxpayer (A) gave up a flat valued 400.000 TL to one of his friends without charge in 2018.

Accordingly, although taxpayer does not obtain rental income, he should be supposed to obtain rental income in accordance with the amount reached after the calculation of equivalent rental value.

Equivalent rental value: $400.000 \times 5\% = 20.000$ TL. This amount should be considered as income to be declared.

Equivalent rental value principle is not applied under the following conditions:

- Leaving empty immovable properties to other person's residence in order to protect the immovable,
- Allocating the buildings to the residence of the property owner's children, mother and father or siblings (But, if more than one house allocated to the residences of each of these persons, equivalent rental value is not calculated only for one of these houses. **For example**, if owner of property has allocated two houses to the residence of his child, it will not be calculated equivalent rental value for one house and for the second one it will be calculated.)
- Accommodating of relatives with the property owner in the same house or flat,
- Leasing done by General Budget and by Annex Budget Offices, by provincial administrations and municipalities and by other public institutions and organizations.

5. EXCEPTION IN RENTAL INCOME

The amount 4.440 TL of rental income from house for the year 2018 is exempted from income tax. If persons, who gain rental income from house, obtain income less than the amount of exception that is established annually (exception amount 4.400 TL for the year 2018) are not required to be registered at the tax offices and not required to file a tax declaration.

Example: Taxpayer (B) rented his house from 360 TL per month and obtained 4.320 TL annually in 2018. In this case, rental income from house less than the exemption amount of 4.400 TL is not to be declared by the taxpayer.

In the case the rental income is not declared between the dates in time or the rental income is understated, it will not be possible to benefit from the exception amount of 4.400 TL for the year 2018.

However, those who submit declarations, before any determination is made by the administration, on their own accord for their rental income which they did not declare or include in their declarations on time, will benefit from the related exception.

If the rental income from house exceeds the amount determined for exception, the amount of exception should be deducted from rental income to be declared in the annual tax declaration.

The exception applies only to rental income from properties that have been rented as house. Taxpayers whose rental income from house under 4.400 TL in 2018 do not file a tax declaration for these incomes.

For instance, if there is a rental income obtained and declared at the same time both from house and workplace, the exception applies only to the rental income obtained from house, not to the rental income from workplace.

Persons, who have to declare their income from business, agriculture or professional activities, are not eligible to benefit from 4.400 TL of exception. Besides, persons who gain rental income equal to or above 4.400 TL, of whose gross total of their income including wage, capital investment income, rental income and other incomes exceeding the amount 120.000 TL for the year 2018 jointly or severally, cannot benefit from exception.

In case more than one person has the ownership of a house, the taxation of the rental income obtained from such house will be subject to 4.400 TL (for the year 2018) of exception separately for each proprietor.

Thus, if the inheritance is not shared, every inheritor will benefit from the exception separately.

In case one taxpayer obtains rental income from more than one house, the exception will be applied at once to the total amount of rental income.

6. EXPENSES TO BE DEDUCTED WHEN DETERMINING THE RENTAL INCOME

In the taxation of rental income, the net amount of the income obtained is determined in two different ways as follows:

- Actual expenses method
- Lump sum expenses method (for other than those who lease rights)

The selection of the actual expenses or lump sum method should cover all immovable property, which means that it is not possible to choose the actual expenses method for some part and the lump sum expenses method for the remaining part.

6.1. Deduction of Expenses in the Lump Sum Expenses Method

If the actual expenses method is chosen, following actual expenses can be deducted from the gross amount of rental income:

- Lighting, heating, water and elevator expenses paid by lessor for rented property,
- Management costs which are measured according to the importance of property and related with the administration of the rented property,
- Insurance expenses relating to the rented property and rights,
- Interest of debts relating to the rented property and rights,
- 5% of acquisition value of one rented house for 5 years beginning from the date of acquisition (This deduction applies only to rental income of the rented house; non-deductible part is not evaluated as expenditure surplus. This deduction is not valid for houses acquired before 2014),

Deduction of 5% of the acquisition value applies only to one real property rented as house. For real properties rented as workplace, such expense deduction is not applicable

- Taxes, duties and fees paid for the rented property and rights and rates paid to municipalities for expenses by lessor,
- Depreciation setting aside for rented property and rights, and heat insulation and energy saving expenditures which are made by the lessor and that increase the economic value of the real estate. (These expenditures can be considered as cost if it exceeds 1000 TL for the year 2018.)
- Repair and maintenance expenses incurred by lessor for the rented property,
- Rents and other actual expenses paid by sub-lessors,

- Rent of the house accommodated by the lessors who rent their own property, (non-deductible part is not evaluated as expenditure surplus),

It is not allowed for taxpayers not residing in Turkey, (including Turkish nationals who reside abroad more than a continuous period of six months with residence or work permit) to deduct the amount of rents they pay in a foreign country from their rental income obtained in Turkey.

- Cost of loss, detriments and compensations paid for rented property and rights based on a contract, law or court decree.

Non-residents who have opted for the actual expenditure method should keep the documents showing the expenses incurred for a period of 5 years and submit to the tax office when required.

6.1.1. Calculation of deductible expenses in case of exception in actual expenses method

Where a taxpayer chooses the actual expenses method and benefits from the exception applied to rental income from house, the amount of actual expenses corresponding to exception is not deductible from gross revenue.

The deductible amount is calculated as follows:

$$\text{Deductible expenses} = \frac{\text{Total Expenses} \times \text{Taxable Revenue}^*}{\text{Total Revenue}}$$

(*) **Taxable Revenue = Total Revenue – Exception for Rental Income from House**

Example: Taxpayer (C) rented her house in 2018 and obtained 38.000 TL of rental income. Taxpayer, who has no any other income, incurred 9.500 TL of expenditure for his property and choses the actual expenses method.

The amount that taxpayer can deduct as actual expenses will be the amount that corresponds to the taxable revenue of the total expense for 9.500 TL.

Taxable Revenue = 38.000 - 4.400= 33.600 TL

Deductible expense = (9.500 x 33.600) / 38.000= 8.400 TL

6.2. Deduction of Expenses in the Actual Expenses Method

Taxpayers who have opted for the lump sum method can, after deducting the amount of exception from their rental income, set off the lump sum expenses at 15% of the remaining amount against actual expenses. It is not possible to opt for lump sum expenses method in the case of leasing rights. For instance, taxpayers, who gain office rental income and income from leasing rights, should choose actual expenses method since they should declare rental income from leasing rights at their tax return.

Taxpayers who have chosen the lump sum expenses method cannot choose actual expenses method before two years have elapsed.

Lump sum expenses rate is determined at 15% of the revenue to be applied to rental income from 1/1/2017.

7. IN THE EVENT OF LOSS

Any decrease occurring in the capital itself which is subject to income from immovable property is not considered as loss and is not accepted as expense when determining the gross income amount.

Losses arising from the expenditure surplus in the calculation of the net amount of income from immovable property can be deducted from income to be declared in the following years not for more than **5 years**.

There are two exceptions to this rule:

- In the event of any loss resulting from deducting the amount of the rent of the house or lodging paid by the lessor from the rental income of their house, such loss cannot be subject to deduction from the income from immovable property to be obtained in the following years.

- Non-deductible part of the amount corresponding to 5% of the acquisition value which has been subject to deduction of income from the immovable rented as house is not considered as an expenditure surplus.

Accordingly, it is not possible to consider an expenditure surplus as loss in these situation.

8. TAX WITHHOLDING IN RENTAL PAYMENTS

Persons, corporations and entities who rented property and rights in accordance with Article 94 of Income Tax Law are obliged to withhold income tax on the gross amount of payments made for rent.

Those people and enterprises that are tenants have to withhold income tax from the gross amount of their rental payments at the rate of 20%.

This withholding tax will also be made from the rent paid in advance for the upcoming months and years. For example; when the rent is paid in advance for 3 months or 1 year for a workplace, the total rent paid will be subject to tax withholding.

If tenants are taxpayers whose commercial earnings determined according to simple method, they shall not withhold in rental payments.

In case that the immovable property leased out is used both as house and workplace; the total rent is subject to withholding as long as it is used as workplace partially or in whole.

9. DECLARATION OF RENTAL INCOME

Non-resident taxpayers do not submit annual declarations for the income from immovable property which are subject to withholding tax in Turkey. Also, in case that they submit annual declaration for other income, they do not include the income which is subject to withholding tax in their declarations.

Taxpayers who have only rental income from immovable property in Turkey will submit annual tax declaration, if;

- their rental income from house exceeds tax exception amount (4.400 TL for the year 2018); and,
- their rental income not subject to withholding obtain from leasing of the properties and rights within a calendar year

On the other hand, rental income which is subject to withholding will not be declared the annual tax return regardless the amount.

Every member of a family has to submit a declaration on their own behalf for the rental income they obtained from the property and rights belonging to them.

On the occasion that minor and restricted persons are taxpayers; the annual declaration to be submitted on behalf of them is signed by their parents, guardians or curators.

In case of having property and rights with shares, every partner should declare the rental income corresponding to his/her own shares.

10. DEDUCTIONS TO BE MADE FROM INCOME INCLUDED IN THE ANNUAL TAX DECLARATION

Deductions with respect to income to be declared by an annual tax declaration are specified in Income Tax Law and in other relevant laws. In order to make the following deductions from the income to be declared in income tax declaration while income tax base is being determined, there must be an income to be declared in an annual tax return and deductions to be made should satisfy the requirements specified in the relevant legislation.

Accordingly, following items may be subject to deduction:

10.1. Life/Individual Insurance Premiums

The 15% of life/individual insurance premiums paid, can be deducted for determining the tax base in the annual tax returns.

The revenue that is declared at the annual tax return before the other deductions and the revenue loss of former years are deducted would be taken as the base revenue to calculate the amount that would be deducted.

The premiums that should be taken into account for determining the tax base are as follows:

- 50% of life insurance payments of the taxpayers', their spouses and children,
- 100% of death, accident, health, disability, maternity, child birth and education individual insurance premiums.

The total amount that would be deducted cannot exceed the 15% of total revenue and annual amount of minimum wage. (The gross annual minimum wage for 2018 is **24.354 TL**).

10.2. Education and Health Care Expenses

The education and health care expenses done as stated below would be deducted from the annual revenue declared in tax return in condition not to exceed the 10% of total revenue:

- The education and health care expenses should be done in Turkey.
- The expenses should be verified by the documents taken from the individual or legal personalities who are personal or corporate income taxpayers.
- The expenses should be regarding the taxpayers' oneself or their spouse and children underage.

10.3. Donations and Aids

10.3.1. Limited Deductions

Personal income taxpayers, General and private budgeted public administrations, provincial administrations, municipalities, villages and non-profit associations and the foundations that are exempted from tax by the President of Republic, can deduct the donations and aids against

receipt from their annual income in condition that it would not exceed the 5% of total income. (It would not exceed 10% of total income if donations are made to the stated organizations, associations and foundations in the development priority zone).

10.3.2. Non-limited Deductions

a) The donated schools, health institutions, the student dormitories and day care centers which have bed capacity not less than 100 (in development priority zones not less than 50), orphanages, rest houses, care and rehabilitation centers to the General and private budgeted public administrations, provincial administrations, municipalities, villages and all expenses for the construction of the place of worship constructed by the permission of authorized public administrative director, the institutions where the religious education is given under inspection of Directorate of Religious Affairs, youth centers and youth and scouting camps belong to the Youth and Sports Ministry or all donations and aids in kind or in cash made for the construction or for the maintenance of their activities of these establishments can be deducted.

b) The total cost of food, cleaning supplies, clothing and heating donated to the foundations and associations established as food banks for helping poor people in line with the procedures and principles determined by the Ministry of Finance can be deducted.

c) General and private budgeted public administrations, provincial administrations, municipalities, villages, non-profit associations, the foundations that are exempted from tax by the President of Republic, the expenses done by institutions which makes scientific research or the expenses for the studies that are supported by Ministry of Culture and Tourism and all donations and aids made for these purposes can be deducted.

d) The total amount of the donations and aids in kind or in cash against receipt to the aid campaigns initiated the President of Republic.

e) The total amount of the donations and aids in cash against receipt to Turkish Association of Crescent and Turkish Green Crescent Society except their commercial enterprises can be deducted.

f) The total amount of the donations and aids in kind and in cash and the sponsorship expenses to the EXPO 2016 Antalya Agency can be deducted.

10.4. Sponsorship Expenses

According to The Income Tax Law Article (89/8) the sponsorship expenses done can be deducted from the income declared at annual tax return as follows:

- 100% of expenses for amateur sports,
- 50% of expenses for professional sports.

10.5. Donations and aids which are completely deductible in accordance with other laws.

The total amount of the donations and aids in kind or in cash according to:

- The Improvement of Social Aid and Solidarity Law,
- Law on the Establishment of Turkish Scientific and Technical Research Institution,
- Law on Social Services and Child Protection Agency,
- Atatürk High Institution of Culture, Language and History Law,
- Turkish Armed Forces Foundation Law,
- National Afforestation and Erosion Control Mobilization Law,
- Primary Education Law

and related other law can be deducted.

11. TIME AND PLACE OF RENTAL INCOME DECLARATION

For the period **January 1, 2018 – December 31, 2018** ; taxpayers should submit declarations concerning their income from immovable properties between the dates of **March 01-25, 2019**.

- It is possible to send the declaration via “Prefilled Income Tax Return System” on the internet.
- If non-resident taxpayers have tax representatives in Turkey, they will submit their declarations to the authorized Tax Office of their tax representatives’ location and if they do not have tax representatives in Turkey, they will submit their declarations to the authorized Tax Office of immovable property location.
- In accordance with the Law No. 3568, authorized tax professions can use e-Declaration system by signing a contract with taxpayers.

In the Prefilled Income Tax Return System, declaration will be deemed electronically approved. If the declaration is sent through normal postal service or private postal distribution companies, it will be deemed to have been submitted on the date it arrives on document registration date at tax office, and if it is sent as registered (First Class Mail etc.), it will be deemed to have been submitted on the date registered on envelope by PTT.

12. PRE-FILLED INCOME TAX RETURN SYSTEM

Pre-filled income tax return system is a service, in which Turkish Revenue Administration prepare pre-filled tax returns by using data held from its data ware and submit online to the approval of taxpayers whose income composed of only wage, rental income, movable property income, other income and gains or several of them.

Taxpayers who have rental income can access to the system with;

- Entering personal identity information and answering personal security questions,
- Using Internet Tax Office Code (if they do not have, they can get freely from any tax offices).
- Foreign ID Number (11-digit number starting with 99) using with identity information and Internet Tax Office Code
- The Tax Identification Number (10 digits) which taken before in Turkey for tax liability only Internet Tax Office Code

Persons who have not rental income tax liability also can use this system. In case there is not any liability record at tax offices, taxpayer is registered and the assessment of tax is done automatically when their rental income tax return is approved electronically. Then payments for this rental income tax return can be made through contracted banks or all tax offices. Also, it can be paid via online banking.

There is no obligation for using system. Returns can be also given by hand to tax offices or through electronically (via E-return preparation programme).

Detailed information about Pre-filled Income Tax Return System can be obtained from and access to the system can be reached at www.gib.gov.tr or interactive tax office

13. TAX SCHEDULE

According to the Income Tax Law, the income tax for the incomes gained at 2018 will be calculated using the tax rates below.

Up to the amount of 14.800 TL	15%
2.220 TL for 14.800 TL of 34.000 TL, over	20%
6.060 TL for 34.000 TL of 80.000 TL, over	27%
18.480 TL for 80.000 TL of amount exceeding 80.000 TL, over	35%

14. TAX PAYMENT

Income tax calculated on the declaration is paid in two equal installments in March and July of 2019.

- The first installment must be paid with the stamp tax until april 1, 2019.
- The second installment must be paid until july 31, 2019.

Tax can be paid ;

- on www.gib.gov.tr (Interactive Tax Office and GiB Mobile application)
 - with credit cards of contracted banks
 - with bank cards or bank account of contracted banks
 - with bank cards, credit cards and other payment methods of banks operating in foreign countries
- to contracted banks
 - branches
 - alternative payment channels (internet banking, telephone banking, mobile banking)
- to Postal And Telegraph Corporation (PTT)
- to all tax offices.

You can learn how to calculate your income tax you are supposed to pay by using “Calculations” section from webpage www.gib.gov.tr .
(www.gib.gov.tr ---Homepage---Internet Tax Office---Transactions without Code---General Inquiry and Calculations---Calculation of Rental Income)

15. RENTAL INCOME FROM IMMOVABLE PROPERTY IN TERMS OF DOUBLE TAXATION AGREEMENTS

Rental income from immovable property is mentioned in Article 6, titled “Income from Immovable Property” and Article 12, titled “Royalties” of Double Taxation Agreements that Turkey concluded.

Article 6 of the Agreements mainly deals with income from leasing of immovable properties and related rights, and provides that the State where the immovable property is situated has the right of taxation. Accordingly, taxation of the rental income from the immovable property situated in Turkey of individuals resident in the other State will be in accordance with the procedure and principles of domestic legislation of Turkey and in these Double Taxation Agreements there is not any provision limiting the domestic legislation.

For example, Taxpayer (D) who is living in Germany will be taxed in accordance with the domestic legislation of Turkey in case he rents his property in Bodrum.

Turkey has a limited right of taxation from the rental income of nonresident taxpayers obtained by leasing royalties defined in Article 12 of Double Taxation Agreements.

Rate of withholding to be made on the mentioned income may vary from state to state in the Agreements. If the rate specified in Article 12 of the Agreement and the rate defined in our domestic legislation differs, the calculation should be made according to the lower rate.

For example, Taxpayer (E) who is a musician and living in Netherlands had given the copyright of her music album to a music production company

in Turkey. The payments of copyright fees that would be done to Mrs. (D) by the music production company are subject to 10% withholding tax according to the Article 12 of Double Taxation Agreement between Turkey and Netherlands.

As the example above, the payments that would be done by the comic paper to Taxpayer (F) who is a caricaturist and living in Netherlands, are subject to 10% withholding tax according to the Article 12 of Double Taxation Agreement between Turkey and Netherlands, in case he gives the usage right of the cartoons he drew to the comic paper in Turkey.

However, in order to be taxed in line with Article 12 of Double Taxation Agreement, residents (full taxpayers) of other country who derive income or profit from Turkey, should submit certificate of residence received from competent authorities of their own resident country along with the translated copy of it into Turkish language which will be approved by a notary public or Turkish Consulates in that country, to the related tax office or the tax withholders in case withholding tax is required. The tax withholders are required to keep the certificates of residence to submit to the competent authorities on demand. In case of failure of submitting the certificate of residence, domestic laws shall be applied instead of the Articles of the Agreement.

The taxes that would be paid by Turkish citizens, who are living in foreign countries related with the incomes they earned in Turkey, would be deducted or exempted at the countries they are living in accordance with the Double Taxation Agreement with that country.

16. EXAMPLES RELATED TO RENTAL INCOME DECLARATION

Example 1: Taxpayer (A), living in Germany, leased out his flat in Ankara and obtained 15.000 € as rental income in 2018. He preferred the lump-sum expenses method and he has no other income to declare in Turkey. On the date of collection, buying rate for Euro announced by The Central Bank of Republic of Turkey is assumed as 6 TL.

Income tax for rental income of taxpayer is calculated as follows:

Total Gross Revenue (15.000 € x 6 TL)	90.000 TL
Amount of exception	4.400 TL
Balance (90.000-4.400)	85.600 TL
Lump-sum Expenses (85.600 x 15%)	12.840 TL
Taxable Income (85.600 – 12.480)	72.760 TL
Amount of income tax calculated	16.525,20 TL
Amount of income tax payable	16.525,20 TL
Stamp duty	72,70 TL

Example 2: Taxpayer (B), living in Poland, leased out his flat in Antalya and obtained 15.000 \$ as rental income in 2018. He preferred the actual expenses method and he has no other income to declare in Turkey. His total actual expense for this house is 3.000 Dollars.

On the date of collection and expenditure, buying rate for Dollar announced by The Central Bank of Republic of Turkey is assumed as 5,50 TL.

Total Revenue = 15.000 \$ x 5,50 TL = 82.500 TL

Total Expenses = 3.000 \$ x 5,50 TL = 16.500 TL

(Taxpayers who have chosen the actual expenses method will not deduct the expense corresponding to the amount subject to exception from their income, but only the expense corresponding to the amount subject to taxation. Thus, first the total expenses corresponding to the total taxable revenue should be determined. Deductible expenses corresponding to the taxable revenue is calculated as follows:)

$$\text{Deductible expenses} = \frac{\text{Total expenses} \times \text{Taxable Revenue}^*}{\text{Total Revenue}}$$

* Taxable Revenue = Total Revenue – Amount of exception for rental income from house

$$= 82.500 - 4.400$$

$$= 78.100 \text{ TL}$$

$$\begin{array}{l} \text{Amount of exception corresponding} \\ \text{to taxable revenue (Amount of} \\ \text{deductible actual expenses)} \end{array} = \frac{16.500 \times 78.100}{82.500} = 15.620 \text{ TL}$$

Income tax for rental income of taxpayer is calculated as follows:

Total Gross Revenue (15.000 \$ x 5,5)	82.500 TL
Amount of exception	4.400 TL
Balance (82.500 - 4.400)	78.100 TL
Amount of deductible actual expenses	15.620 TL
Taxable Income (78.100 – 15.620)	62.480 TL
Amount of income tax calculated	13.749,60 TL
Amount of income tax payable	13.749,60 TL
Stamp duty	72,70 TL

Example 3: Taxpayer (C) who does not reside in Turkey and lives in France leased out her office in Bodrum and obtained 10.000 € as rental income 2018. It is withheld 12.000 TL from rental income.

On the date of collection and expenditure, buying rate for Euro announced by The Central Bank of Republic of Turkey is assumed as 6 TL.

Total Revenue from workplace (gross) = 10.000 € x 6 TL = 60.000 TL

Since the total rental income is subject to withholding in Turkey, the annual tax return will not be declared regardless the amount.

Example 4: Taxpayer (D), living in Brussels, leased out his flat in Ankara and obtained 7.000 € as rental income in 2018. Also he leased out his office in Ankara and obtained 9.000 € as rental income in 2018. It is withheld 10.800 TL from rental income of workplace.

On the date of collection and expenditure, buying rate for Euro announced by The Central Bank of Republic of Turkey is assumed as 6 TL.

Total Revenue from workplace (gross) = 9.000 € x 6 TL = 54.000 TL

He has no other income to declare in Turkey and preferred the lump-sum expenses method.

Since the total rental income is subject to withholding in Turkey, the annual tax return will not be declared regardless the amount.

Income tax for rental income from her flat exceeding the exempted amount is calculated as follows:

Total Gross Revenue (7.000 € x 6 TL)	42.000 TL
Amount of exception	4.400 TL
Balance (42.000 – 4.400)	37.600 TL
Lump-sum Expenses (37.600 x 15%)	5.640 TL
Taxable Income (37.600 – 5.640)	31.960 TL
Amount of income tax calculated	5.652 TL
Amount of income tax payable	5.652 TL
Stamp duty	72,70 TL

Example 5: Taxpayer (E), living in Italy, leased out her office in Malatya in 2018 to a taxpayer whose income subject to simple method and obtained 6.500 TL as rental income annually.

She preferred the lump-sum expenses method and income tax for rental income is calculated as follows:

Rental Income from Workplace	6.500 TL
Lump-sum Expenses (6.500 x 15%)	975 TL
Taxable Income (6.500 – 975)	5.525 TL
Amount of income tax calculated	828,75 TL
Amount of income tax payable	828,75 TL
Stamp duty	72,70 TL

CONTRACTED BANKS RECEIVING TAX PAYMENTS

	BANKS	BANK BRANCH CASH/ ACCOUNT	www.gib.gov.tr via virtual POS		
			BANK CARD (DEBİT) (*)	CREDIT CARD(*)	ACCOUNT (*)
1	AKBANK T.A.Ş.	√	√	√	√
2	AKTİF YATIRIM BANKASI A.Ş.	√		√	
3	ALBARAKA TÜRK KATILIM BANKASI A.Ş.	√	√	√	
4	ALTERNATİFBANK A.Ş.	√		√	
5	ANADOLUBANK A.Ş.	√	√	√	
6	ARAP TÜRK BANKASI A.Ş.	√			
7	CITIBANK A.Ş.	√			
8	DENİZBANK A.Ş.	√	√	√	
9	BURGAN BANK A.Ş.	√			
10	FİBABANKA A.Ş.	√			
11	FİNANSBANK A.Ş.	√	√	√	
12	HSBC BANK A.Ş.	√		√	
13	ICBC TURKEY BANK A.Ş.	√		√	
14	ING BANK A.Ş.	√	√	√	
15	KUVEYT TÜRK KATILIM BANKASI A.Ş.	√	√	√	
16	ODEA BANK A.Ş.	√		√	
17	ŞEKERBANK T.A.Ş.	√		√	
18	T.C. ZİRAAT BANKASI A.Ş.	√	√	√	
19	TÜRKİSHBANK A.Ş.	√			
20	TURKLAND BANK A.Ş.	√			
21	TÜRK EKONOMİ BANKASI A.Ş.	√		√	
22	TÜRKİYE FİNANS KATILIM BANKASI A.Ş.	√		√	
23	TÜRKİYE GARANTİ BANKASI A.Ş.	√	√	√	√
24	TÜRKİYE HALK BANKASI A.Ş.	√	√	√	
25	TÜRKİYE İŞ BANKASI A.Ş.	√	√	√	
26	TÜRKİYE VAKIFLAR BANKASI T.A.O.	√	√	√	
27	VAKIF KATILIM BANKASI A.Ş.	√			
28	YAPI VE KREDİ BANKASI A.Ş.	√	√	√	√
29	ZİRAAT KATILIM BANKASI A.Ş.	√			
30	POSTAL AND TELEGRAPH CORPORATION (PTT)	√			

Tax can be paid ;

Bank Branch (Cash/Account); all receivables are collected.

(*) Via www.gib.gov.tr

Credit cards of contracted banks; Income Tax from Immovable Property, Movable Property, Wage, Other Income and Gains, Motor Vehicle Tax, Traffic Fines, Toll fees and administrative fines regarding tolls, Highway Transport Law Administrative Fines, Title Deed Fees, Registration Fee for the use of mobile phones Brought with Passengers from abroad, Debt of Education and Contribution Loans for General Directorate of Credit and Debt Recovery

Bank cards (debit cards) and account of contracted banks; all receivables are collected.

Credit and Bank Cards of banks operating in foreign countries; all receivables are collected.



/gib.sosyalmedya



/gibsosyalmedya



/gibsosyalmedya



/gib.sosyalmedya



For detailed information;
www.gib.gov.tr