

## Turkey announces change in withholding tax rates on interest obtained from deposits issued abroad and foreign exchange deposits

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Turkey's Presidential Decision no. 842, published in the *Official Gazette* dated 21 March 2019, amends withholding tax (WHT) rates on interest obtained from deposits issued abroad and foreign exchange deposits.

Accordingly, under this Decision, WHT rates on interest income obtained from deposits issued abroad by Turkish resident institutions and income obtained from lease certificates issued abroad by Turkish resident asset leasing companies are changed as follows:

	Previous WHT rate (%)	Current WHT rate (%)
Interest/income from transactions with a maturity of up to one year	10	7
Interest/income from transactions with a maturity of between one to three years	7	3
Interest/income from transactions with a maturity of between three to five years	3	0
Interest/income from transactions with a maturity of more than five years	0	

Also under the Decision, WHT rates on interest income obtained from foreign exchange deposits and dividends paid by participation banks to foreign exchange participation accounts have been increased as follows:

	1 January 2013 and earlier	2 January 2013 through 30 August 2018	31 August 2018 through 30 November 2018	1 December 2018 through 20 March 2019	21 March 2019 and thereafter
Notice accounts, checking accounts and deposit accounts with a maturity of up to six months	15%	18%	20%	18%	20%
Deposit accounts with a maturity of up to one year (including one year)		15%	16%	15%	
Deposit accounts with a maturity of more than one year		13%	13%	13%	18%

In addition, a 1% WHT rate was applied on interest to be paid to nonresident institutions for loans obtained abroad by banks and other institutions through securitization based on flow or asset portfolio and secondary subordinated loans given by banks as per Banking Law no. 5411. With this new Presidential Decision, the WHT rate is determined as 0%.

The provisions of this Presidential Decision regarding the rate changes set forth above have entered into force on the date of publication (21 March 2019).

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