

Dividend Withholding Tax Rate Increased! Withholding Tax Rate Set for E-Commerce!

With Presidential Decisions No. 9284 and 9286 published in the Official Gazette on December 22, 2024, the withholding tax rate applicable to dividend distribution has been revised, and withholding tax rate to be applicable by e-commerce intermediary service providers has been determined.

You may find the details of these changes below:

➤ Increase in Dividend Withholding Tax Rate

Under Presidential Decision No. 9286, the withholding tax rate applied to the following dividends and amounts transferred to the headquarter has been **increased from 10% to 15%**:

- Dividends distributed by resident companies to resident individuals, those not subject to income or corporate tax, and those exempt from income tax.
- Dividends distributed by resident companies to non-resident individuals and non-residents exempt from income tax.
- Dividends distributed by resident companies to non-resident companies (excluding those earning dividends through a permanent establishment or representative office in Turkey) or non-residents exempt from corporate tax.
- Amounts transferred to the headquarter from the profits of non-resident companies, after deducting corporate tax and before applying reductions and exemptions, declared through annual or special tax returns.

The withholding tax rate for dividends distributed by resident companies had been applied at 10% since December 22, 2021. With this change, the rate will increase to 15%, effective from December 22, 2024.

➤ Withholding Tax Rate for E-Commerce

With Law No. 7524, published on August 2, 2024, amendments were made to Article 94 of the Income Tax Code and Articles 15 and 30 of the Corporate Tax Code. These amendments stipulate that intermediary service providers and e-commerce intermediary service providers within the scope of the Law No. 6563 on the Regulation of Electronic Commerce are required to withhold tax on payments made to service providers and e-commerce service providers for goods sold or services provided in electronic commerce. The President was granted authority to determine the withholding rate.

Under Presidential Decision No. 9284, the **withholding tax rate applicable to these transactions has been set at 1%**.

This regulation will take effect on January 1, 2025.

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