



ATLAS
BY BNP PARIBAS

CASH MANAGEMENT

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BNP PARIBAS

The bank
for a changing
world

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Turkey ranks among the 20 largest economies (\$1.3bn nominal GDP in 2023) and countries (85 million inhabitants) in the world. It is a member of the OECD and the G20. The country has diversified trade relationships with Europe, the Middle East and Asia.

Turkey was the only economy among its peers that grew during the Covid outbreak thanks to strong monetary and fiscal policy support. Turkey's real GDP achieved 7.2% growth on average between 2021-2023. However, inflation jumped to 55% on average between 2021-2023 period. During same period, the central bank's foreign reserves decreased due to high FX demand because of high inflation. Following May 2023 elections, The Central Bank of Turkey (CBRT) hiked the policy rate to 50% and implemented additional policy actions to support Turkish Lira. Accordingly, The CBRT built up its FX reserves in 2023 and 2024. This made Turkish Lira more stronger against external shocks. On the fiscal front, Turkish Treasury took measures to decrease the budget deficit (5.2% of GDP as of 2023 mostly due to earthquake expenditures). The current account deficit declined to 4.0% of GDP in 2023 from 5.1% in 2022 thanks to robust tourism and services revenues. The improvement in current account balance continued in 2024.

Summary

BNP Paribas presence

Türk Ekonomi Bankası (TEB), a reputable institution in the Turkish banking sector, was established in 1927. Since its establishment, TEB, with its expanded network of branches and a diversified range of products and services, has pursued operating in various fields of the financial sector as investment, leasing, factoring and portfolio management. In 2005, BNP Paribas, one of the strongest banks in the world and currently operating in 65 countries, became a partner of TEB. In the wake of this partnership, TEB carried its expertise in corporate, commercial and private banking over into the fields of retail banking, small business banking and SME banking. To its financial statements dated 30 June 2024, TEB is one of the major players of the Turkish financial services market with asset size of TL 499 billion and approximately 9,000 employees. TEB continues to make an increasingly greater effort in order to provide multidimensional support that will nourish Turkey's economic and also social added-value growth.

Currency

Currency

- Turkish lira (TRY).

Exchange rates

	2019	2020	2021	2022	2023
Exchange rate: TRY per USD	5.685	7.033	8.081	16.536	33.220

Source: IMF, International Financial Statistics, July 2021.

Central Bank

- The Turkish central bank is the Central Bank of the Republic of Turkey (www.tcmb.gov.tr).

Bank supervision

- Turkish banks are supervised by the Banking Regulation and Supervisory Agency (BRSA – www.bddk.org.tr)

Bank accounts

Resident / non-resident status

- A company is considered resident in Turkey if its legal seat or place of effective management is located in Turkey.

Bank accounts for resident entities

	Within TURKEY	Outside TURKEY
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Local Currency	Permitted without restriction, fully convertible	Permitted without restriction, fully convertible
Foreign Currency	Permitted without restriction, fully convertible	Permitted without restriction, fully convertible

Bank accounts for non-resident entities

	Within TURKEY	Outside TURKEY
Local Currency	Permitted without restriction, fully convertible	Permitted without restriction, fully convertible
Foreign Currency	Permitted without restriction, fully convertible	Not applicable

Lifting fees

- Payments between resident and non-resident bank accounts are subject to regulations. Taxes may apply or additional documentation may be required depending on nature of payment.

BNP Paribas Cash Management Capabilities

Collections

Cash collections	✓
Cheque collections	✓
Direct debit collections	✓
Domestic incoming transfers	✓
Virtual IBAN	✓
Virtual accounts	●

International incoming transfers	✓
Card acquiring	✓

Payments

Cash withdrawals	✓
Cheque payments	✓
Direct debit payments	●
Domestic outgoing transfers	✓
Commercial cards	●
Virtual cards	✓
International outgoing transfers	✓
SWIFT gpi	✓
Real-time international payments through BNP Paribas' network	●
Card issuing	✓

Channels

Local e-Banking	✓
Global e-Banking - Connexis	✓
SWIFT/ host to host	✓

Market overview

Electronic credit transfers are the most common method of payment used by companies to pay suppliers, the government and, increasingly, payroll. Payment cards, predominantly credit cards, are used by consumers to make retail purchases. Other electronic payment methods are available, including the TROY prepaid card and the digital wallet platform, BKM Express.

The Turkish government has declared it wants to become a cashless society by 2023. To encourage the use of electronic payment methods, a number of initiatives have been launched, including the launch of a national QR code, the Turkish QR Code, in August 2020. The use of contactless payments is increasing, with 89.6 million contactless payments made in 2020.

Electronic banking services are available from all banks. There is no national electronic banking system in Turkey, so companies use banks' proprietary services. Transaction and balance reporting and some transaction initiation services are available.

Online and mobile banking services are available. There are approximately 100 million registered online banking users and 170 million registered mobile banking users.

Payment Systems

EFT	Type	<ul style="list-style-type: none">• Real-time gross settlement.
	Participants	<ul style="list-style-type: none">• 55 direct.
	Transaction types processed	<ul style="list-style-type: none">• Domestic TRY-denominated electronic credit transfers.• Net obligations from other payment systems.
	Operating hours	<ul style="list-style-type: none">• EFT operates between 08:00 and 17:30 TST Monday to Friday. It closes at 13:00 TST on half working days.
	Clearing cycle details (e.g.cut-off times)	<ul style="list-style-type: none">• Payments are cleared and settled in real time.• Payment instructions are transmitted via TICNET, a telecoms network owned by the Banks Association of Turkey.• Cut-off time = 17:30 TST.

	System holidays	<ul style="list-style-type: none"> • EFT is closed on all Turkish bank holidays. • 2nd half 2021: 15, 20-23* July, 30 August, 29 October. • 2022: 1 January, 23 April, 1-4*, 19 May, 9-12*, 15* July, 30 August, 29 October.
RPS	Type	<ul style="list-style-type: none"> • Real-time gross settlement.
	Participants	<ul style="list-style-type: none"> • 55 direct.
	Transaction types processed	<ul style="list-style-type: none"> • Domestic (retail) TRY-denominated electronic credit transfers.
	Operating hours	<ul style="list-style-type: none"> • RPS operates between 08:30 and 17:30 TST Monday to Friday. It closes at 13:00 on half working days.
	Clearing cycle details (e.g. cut-off times)	<p>Payments are cleared and settled in real time on a By-Pass first-in-first-out basis.</p> <p>Cut-off time = 17:30 TST.</p>
	System holidays	<ul style="list-style-type: none"> • RPS is closed on all Turkish bank holidays. • 2nd half 2021: 15, 20-23* July, 30 August, 29 October. • 2022: 1 January, 23 April, 1-4*, 19 May, 9-12*, 15* July, 30 August, 29 October.
Takasbank Cheque Clearing System	Type	<ul style="list-style-type: none"> • Deferred net settlement system.
	Participants	<ul style="list-style-type: none"> • 40 direct.
	Transaction types processed	<ul style="list-style-type: none"> • Paper-based payments (cheques and promissory notes) which must be truncated into electronic items before processing.
	Operating hours	<ul style="list-style-type: none"> • 24 hours a day, Monday through Friday.

	Clearing cycle details (e.g. cut-off times)	<ul style="list-style-type: none"> • Payments are settled on a next-day basis. Funds are available within four to six days • Cheques are MICR-encoded prior to processing. • Same-day settlement cut-off time = 06:00 TST. • Cut-off time for transmission to the banks of all information received during the previous 24 hours = 09:00 TST. • Clearing process = 09:00–16:00 TST. • Final settlement takes place via EFT until 12:00 T+1.
	System holidays	<ul style="list-style-type: none"> • The Takasbank Cheque Clearing System is closed on all Turkish bank holidays. • Turkey's bank holidays are: • 2nd half 2021: 15, 20-23* July, 30 August, 29 October. • 2022: 1 January, 23 April, 1-4*, 19 May, 9-12*, 15* July, 30 August, 29 October.
BKM	Type	<ul style="list-style-type: none"> • Deferred net settlement system.
	Participants	<ul style="list-style-type: none"> • All card-issuing and ATM/POS operating banks.
	Transaction types processed	<ul style="list-style-type: none"> • Card payments.
	Operating hours	<ul style="list-style-type: none"> • 24/7
	Clearing cycle details (e.g. cut-off times)	<ul style="list-style-type: none"> • Clearing process = 10:00–13:30 TST. • Card payments are processed by the BKM before net balances from members are forwarded to the Central Bank. • Final settlement takes place via EFT until 12:00 T+1.
	System holidays	<ul style="list-style-type: none"> • The Takasbank Cheque Clearing System is closed on all Turkish bank holidays. • Turkey's bank holidays are: • 2nd half 2021: 15, 20-23* July, 30 August, 29 October. • 2022: 1 January, 23 April, 1-4*, 19 May, 9-12*, 15* July, 30 August, 29 October. <p>* The date shown may vary by plus or minus one day. These dates are derived by converting from a non-Gregorian calendar (e.g., Muslim or Hindu) to the Gregorian calendar. Some of these dates cannot be determined in advance with absolute accuracy, even by the governing authorities. In the case of Muslim dates in particular, the feast days are determined by the sighting of a new/full moon.</p>

Credit transfers

- Credit transfers are used by companies to pay salaries and suppliers.
- Credit transfers can be settled in real time via EFT (high-value), or the RPS (low-value).
- Credit transfer facilities are also offered to postal check account holders by the PTT and processed by the PTT.
- In January 2021, the CBRT launched an instant retail payments platform, called the Instant and Continuous Transfer of Funds (FAST) System. FAST is able to process payments in real-time, 24 hours a day, seven days a week.
- Alongside FAST, a new Easy Addressing System allows bank account holders to initiate payments using mobile phone numbers, ID numbers or email addresses as personal identifiers. The system allows users to pay for goods and services through QR codes. FAST has a maximum limit of TRY 100,000.
- Cross-border transfers can be made via SWIFT and settled through correspondent banks abroad.

Direct debits

- Direct debits are not widely used in Turkey.
- Direct debits are available on an intrabank basis only.

Cheques

- The cheque is not a common payment instrument. It is primarily used by companies for high-value payments. In 2023, cheque volumes declined 186% to 3.2 trillion.
- Cheques are MICR-encoded and truncated into electronic items before being processed via the Takasbank Cheque Clearing System on a same-day basis. Funds are available within four to six days.
- Promissory notes are popular with small and medium-sized enterprises and can be discounted by commercial banks. They are cleared via the Takasbank Cheque Clearing System.

Card payments

- Card payments are increasingly popular, especially for retail transactions.
- There were 188 million debit cards and 75.7 million credit cards in circulation at the end of December 2020.
- Visa and MasterCard-branded payment cards are the most widely issued.
- All credit cards issued have EMV chips. Most debit cards issued are magnetic stripe cards.
- Contactless payment cards are available.

- TROY (Turkey's Payment Method) is the country's domestic payment card scheme. TROY-branded debit, credit and prepaid debit cards are available from 18 banks and three e-money institutions.
- Card payments are processed via the Interbank Card Centre (BKM) or via correspondent banking arrangements. There are 35 member banks of BKM and each must also be a member of either Visa or MasterCard.
- The Gosas system clears card transactions on behalf of its ten member banks. The system operates on a deferred net settlement basis on T+2.
- Payment card transactions made on cards issued by non-BKM members or with banks abroad are processed abroad through Visa or MasterCard systems or cleared using correspondent banking relationships.

ATM/POS

- There were 53.500 ATMs in Turkey at the end of June 2024.
- There were 8.7 million POS terminals in Turkey at the end of June 2024.
- Banks provide their own proprietary ATM networks, although a number of BKM member banks share ATM access.
- The BKM provides a national ATM and POS network for debit cards issued by BKM member banks.
- All ATMs and POS terminals are EMV-compliant.

Electronic wallet

- Pre-paid cards are available.
- BKM Express is a popular digital wallet platform. It enables users to make online purchases (including purchases using mobile devices). There are currently 20 participant banks.
- Other mobile wallet schemes, such as GPay and Mobilexpress, are available.

Short term investments

Market overview

Interest payable on credit balances

- Interest-bearing accounts are permitted.

Demand deposits

- Demand deposits are available for various terms. These can be denominated in TRY or major foreign currencies.

Time deposits

- Time deposits are available in TRY or major foreign currencies with terms of one, three, six or 12 months.

Certificates of deposit

- Banks issue certificates of deposit with terms up to one year.

Treasury (government) bills

- The Undersecretariat of Treasury issues Treasury bills with terms of three, six and nine months or one year.
- Investment banks and development banks also offer bank bills, in the form of promissory notes.

Commercial paper

- Domestic commercial paper is issued by large companies.

Money market funds

- Mutual investment funds are available.



Repurchase agreements

- Repurchase agreements with maturities of one, two and four weeks or three months are available on government securities. Longer terms are sometimes available.

Banker's acceptances

- Banker's acceptances are available in Turkey.




Trade payments

Documentary credits	
Documentary collections	

Guarantees

Bank guarantees	
Standby letters of credit	

Supply chain management

Receivables	
Payables	
Inventory	

Trade channels

Connexis Trade	
Connexis Supply Chain	
SWIFTNet Trade for Corporates	
Connexis Connect	
Connexis Guarantee	
SWIFTnet Supply Chain	

- TEB's Global Trade Solutions (GTS) team is made up of 4 senior trade managers and 1 senior trade advisors based in 3 trade centres across the most industrialised provinces of Turkey (Adana, Bursa, İstanbul, İzmir). TEB is one of the active trade finance banks in Turkey thanks to the bank's expertise in international trade, customised trade finance and risk management solutions for corporations headquartered in, or operating in Turkey, and commitment to operational excellence.

International trade

General trade rules

- Turkey has established a customs union with the EU and implements the EU customs code.
- As a member of the Economic Cooperation Organisation (ECO), Turkey is expected to remove trade barriers with members to promote intra-regional trade.
- Turkey has 18 free trade zones.

Trade agreements

- Turkey-EU Customs Union constitutes major legal basis of Turkey's free trade agreements. Under the Customs Union, Turkey aligns its policies with the EU's Common Commercial Policy.
- Together with the EU Common Customs Tariff, the preferential trade regimes constitute the most important part of the trade policy applied towards third countries.
- Turkey has concluded FTAs with 38 countries, 11 of which were repealed due to the accession of these countries to the EU. Currently, Turkey has 23 FTAs in force; namely, [EFTA, Israel, Macedonia, Bosnia-Herzegovina, Palestine, Tunisia, Morocco, Egypt, Albania, Georgia, Montenegro, Serbia, Chile, Mauritius, South Korea, Malaysia, Moldova, Faroe Islands, Singapore, Kosovo, Venezuela United Kingdom and the UAE.](#)

Imports / exports

[Foreign Trade Statistics, December 2023](#)

Exports increased by 0.6%, imports decreased 0.5% respectively in January-December 2023

The foreign trade deficit decreased by 37.8% in December 2023

The ratio of manufacturing industries products in total exports was 92.9%

The main partner for exports was Germany in December 2023

The main partner for imports was Russia followed by China

Ratio of exports of high-tech products in manufacturing industries was 4.6%

Trade finance - Imports

Documentation

- The following documentation is required in order to import goods to Turkey:
 - customs declaration
 - commercial invoice
 - transport & insurance documents
 - certificate of origin.

Import licences

- Import licences are required for machinery, motor vehicles and certain chemicals.
- Import licences with quotas are required for textile and clothing products from some non-WTO member countries.
- Permission from the Ministry of Economy is required for imports of old, used, faulty or obsolete goods.

Import taxes and tariffs

- An average 4.2% tariff is levied on industrial imports.
- An average 58% tariff is levied on agricultural imports.
- There are 18 free zones operating in Turkey.

Financing requirements

- None

Risk mitigation

- None

Prohibited imports

- Turkey prohibits the import of certain items in order to protect fauna and flora, for health and safety or moral reasons, and/or for national security.

Trade finance - Exports

Documentation

- The following documentation is required in order to export goods from Turkey:
 - customs declaration
 - commercial invoice
 - transport document
 - packing list
 - certificate of origin

Export licences

- Licencing restrictions are placed on exports of certain works of art, articles of cultural or historical value and goods for which the demand outweighs the supply, as well as for various commodities which may endanger fauna, national security or which are deemed morally unacceptable.

Financing requirements

- None

Risk mitigation

- Türk Eximbank (Export Credit Bank of Turkey), Turkey's national export credit agency, provides state-supported export credit insurance and financing.
- Export credit insurance is also available from private insurance companies.
- Export financing (post or preshipment) are available privately from commercial banks. Confirmation of letters of credit or re-issuance of guarantees are widely used.

Prohibited exports

- Prohibited exports are published on a negative list of products.
- Turkey prohibits the export of various works of art and articles of cultural or historical value.

Regulatory requirements

Reporting regulations

- All transactions between resident accounts and accounts held by non-residents must be reported to the Central Bank for balance of payments (BoP) purposes on an aggregated basis.
- Any direct investments, loans, or foreign currency transactions (not reported as imports, exports, trade in services, and capital flows) that exceed USD 50,000 must be reported on an individual basis.

Exchange controls

- Exchange controls are administered by the Central Bank and the Undersecretariat of the Treasury.
- Foreign currency consumer and mortgage credits must not be allocated to resident individuals.
- Non-resident investment in mining, petroleum exploration and refining, transport, electricity, broadcasting and accountancy is subject to restrictions/ permissions.
- All proceeds from foreign investment that are transferred abroad are required to be reported to the Central Bank.

Taxation

Resident / non-resident

- A company is considered resident if its seat and/or place of effective management is located in Turkey.

Tax authority

Ministry of Finance (Maliye Bakanli??).

Presidency of Revenue Administration.

Tax year/filing

A company's tax year need not necessarily coincide with the calendar year, although to do so is the norm.

Corporate tax returns must be filed between the first and 30th days of the fourth month following the end of the tax year.

Corporate income tax is payable by the end of the month in which the tax return is due (i.e. by the end of April for companies using the calendar year).

Corporations are required to pay advance corporate tax at 20% based on their quarterly profits. Advance payments made during the year are offset against the ultimate corporate tax liability, which is determined in the annual corporate income tax return. Advance corporate tax returns must be submitted by the 14th day of the second month following the quarterly period, and the tax is payable by the 17th of the same month (the Ministry of Finance may extend the deadline for submission of quarterly advance tax returns).

- Turkey does not allow for tax consolidation and each company in a group must file its own corporation tax return.

Financial instruments

- There are no specific tax rules relating to financial instruments.

Interest and financing costs

- There are no specific tax rules relating to interest and financing costs, apart from the Banking and Insurance Transaction Tax (BİFTT) and the Resource Utilisation Support Fund (RUSF).

Foreign exchange

- The rate announced by the Central Bank is used for foreign exchange conversions. Accounting books must be kept in TRY. Companies may be entitled to keep their books in a foreign currency, provided that their paid-in capital is at least USD 100 million or its equivalent in another currency and at least 40% of the capital belongs to a non-resident person by President's permit.

Advance tax ruling availability

- A tax payer may request an advance ruling on the tax treatment of specific transactions.

Capital gains tax

- Capital gains derived by a resident corporation are taxed at the corporation tax rate of 30%. for banks, financial leasing, factoring and financing companies, e-money and payment services institutions, authorised foreign exchange currency-related entities, asset management companies (*varlık yönetim şirketleri*), securities intermediaries and other capital markets institutions, insurance and reinsurance companies and pension companies and 25% for other corporate entities.
- Seventy-five per cent of capital gains derived from the sale of participation shares are exempt from corporation tax if the following conditions are satisfied:
 - The property has been held for at least two years;
 - The gains are kept in a special fund account under shareholder equity for five years following the year of the sale;
 - The exempt profits are not transferred within the specified period to another account (except for transfers to the capital account by way of a capital injection); and

- The consideration for the sale is collected by the end of the second calendar year following the year of the sale.
- The company does not hold the participations for the purpose of an ordinary business involving the trading of participations.
- Capital gains derived from the sale of foreign participations that have been held for at least two years by an international holding company resident in Turkey are exempt from corporate income.
- To qualify as an international holding company:
 - A Turkish company must be a corporation (Anonim Sirket – AS);
 - At least 75% of its total assets (excluding cash items) must be comprised of foreign participations that have been held for a continuous period of at least one year;
 - The Turkish company must hold at least 10% of the capital of each foreign participation; and The foreign participation must be in the form of a corporation or a limited liability company.

Withholding tax (subject to tax treaties)

Payments to:	Interest	Dividends	Royalties	Other income
Resident entities	0–25%	None	None	Professional services
Non-resident entities	0-25%	10%	20%	20%

- Interest income arising from deposit accounts is subject to at varying withholding tax rates between 0-25% based on opening period, maturity and currency. The rate can be reduced under a tax treaty. The provider is liable to deduct the tax before payment.
- Interest on loans payable to a foreign state, international institution or foreign bank or foreign corporation that qualifies as a 'financial entity' is subject to a 0% withholding tax. A 10% rate applies to interest paid on loans from other non-resident entities, unless the rate is reduced under a tax treaty.
- Withholding tax of 10% is levied on all dividends (except for dividends distributed by a resident company to another resident company, and Turkish branches of non-resident companies). The rate levied on dividends paid to non-residents may be reduced through tax treaties.
- Withholding tax of 20% is levied on royalties paid to non-resident companies.
- A 20% withholding tax is imposed on royalties paid to a non-resident, unless the rate is reduced under a tax treaty. A 20% withholding tax is levied on fees paid for professional services, such as consulting, supervision, technical assistance and design fees, unless the rate is reduced under a tax treaty.

Tax treaties / tax information exchange agreements (TIEAs)

- Turkey has exchange of information relationships with 95 jurisdictions through 90 double tax treaties, and five TIEAs.
- Turkey is a signatory of the Multilateral Competent Authority Agreement (MCAA) on the automatic exchange of country-by-country financial account information. Under this multilateral agreement, information is being exchanged between tax administrations, giving them a single, global picture on some key indicators of economic activity within multinational enterprises.

Thin capitalisation

- The thin capitalisation rules apply when loans from shareholders or related parties exceed a 3:1 debt to-equity ratio at any time in an accounting period (six times shareholder equity for loans from related-party banks or financial institutions). Related parties for these purposes are defined as shareholders and persons related to shareholders that own, directly or indirectly, 10% or more of the shares, voting rights or the right to receive dividends of the company. The amount of equity is that determined under the Tax Procedures Code at the beginning of the accounting period.
- Where the debt-to-equity ratio is exceeded, interest payments in excess of the safe harbour ratio will be deemed to constitute a hidden profit distribution or a remittance of profits as of the last day of the accounting period in which the conditions for application of the thin capitalisation rules are satisfied and, therefore, subject to the 10% dividend withholding tax. Related expenses, foreign exchange losses and interest payments are non-deductible.

Transfer pricing

- When a transaction between related parties (whether or not residents) is not carried out on arm's length terms, profits arising from the transaction will be deemed to be constructive dividends subject to both corporate income tax and dividend withholding tax. The transfer pricing rules provide for the comparable uncontrolled price, cost-plus and resale price methods, as well as profit-based methods (e.g. profit-split and transactional net margin methods). However, a taxpayer may adopt another method based on its particular circumstances.
- Taxpayers are required to maintain documentation to support their transfer pricing. Corporate taxpayers that are registered with the tax office of the largest taxpayers (large taxpayer office) must prepare an annual transfer pricing report with respect to domestic and foreign-related party transactions. Those registered with other tax offices only have to prepare the annual report with respect to their foreign-related party transactions.
- Taxpayers registered with the large taxpayer office also must include their transactions with related parties in Turkish free trade zones (FTZs), including branches, and their branches abroad, in their annual transfer pricing report. Corporate taxpayers operating in FTZs must prepare an annual transfer pricing report with respect to domestic related-party transactions.
- Turkish corporate income taxpayers that are members of a multinational entity (MNE) group with prior year assets and net revenue of at least TRY 500 million must submit a master file by the end of the fiscal year following the first year to which the master file relates.

- Ultimate parent entities or agency surrogate parent entities resident in Turkey that are part of an MNE group whose consolidated group revenue is at least EUR 750 million in the accounting period preceding the reporting fiscal year, are required to file and submit electronically a country-by-country (CbC) report to the Turkish tax authorities by the end of the year following the reporting period.
- The CbC notification form must be submitted annually by June 30 of the year following the reporting period. The notification must be submitted electronically via the online tax office (Internet Vergi Dairesi). Taxpayers required to submit a notification must request their user code and password from the relevant tax office.

Unilateral, bilateral and multilateral advance pricing agreements (APAs) may be concluded with the Ministry of Finance. Turkey has introduced pre-filing meetings to negotiate the terms and details of the APA process, the application form to be filled out, the timeline for finalising the application, etc.

Stamp duty

- Stamp duty applies at rates ranging from 0.189% to 0.948%, depending on the type of document.

Cash pooling

- There are no specific rules covering [cash pooling](#) arrangements.

Financial transactions / Banking services tax

- A banking and insurance transaction tax applies at a general rate of 5% on bank and insurance charges.
- Banks are required to withhold a contribution to the resource utilisation support fund on the principal amounts of foreign-denominated loans with an average maturity period of three years or less. The rate is 3% for loans of less than one year, 1% for loans with an average maturity period of at least one year or two years and 0.5% where the average maturity period is at least two to three years. 0%, with an average maturity period of more than 3 years. A 1% contribution applies to the interest accrued on TRY denominated loans with an average maturity of less than one year, and 0% applies to TRY loans with an average maturity of more than one year. In addition, imports realised on credit are subject to a 6% withholding tax (subject to certain exemptions).
- The banking and insurance transaction tax also applies to foreign exchange purchases from banks, and foreign exchange offices, at a rate of 0.25 2 per thousand. The president is authorized to reduce this new tax rate to 0% or to increase it to 2%.

All tax information supplied by Deloitte Touche Tohmatsu and Deloitte Highlight 2021. (www.deloitte.com).



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