

TURKEY – TAX CONSIDERATIONS ON SHORT-TERM ACCOMMODATION

The following information can help you get started in learning about some of the tax requirements applicable to you when providing short-term accommodation in Turkey.

Tax can be tricky, and it is important to ensure that you stay up to date with your tax obligations and remain tax compliant. The timely preparation, filing, and payment of taxes are your responsibility as a host.

If you are supplying short-term accommodation in Turkey, you should make sure that you understand each of the following types of taxes, and pay the ones that apply to you;

- Income taxes
- Value Added Tax

Please understand that this information is not comprehensive, and is not intended to be legal advice. If you are unsure about your local tax obligations, we encourage you to check with official local sources, or to seek advice from qualified professionals.

We draw your attention to the fact that Airbnb may have an obligation to report income earned by users of the platform. Therefore, if there is a mismatch between the information reported by Airbnb and the income you reported in your annual income tax return, the tax authorities may ask you questions.

INCOME TAX

If you earn income in Turkey, it is likely that you will be required to pay a percentage of the tax on this income to the Turkish Tax Authority. In principle, an individual's income is taxed in Turkey based on their revenue earned in one calendar year (from January 1 to December 31).

For income tax purposes, any person whose residence is in Turkey or who continuously resides in Turkey more than six months in one calendar year (temporary departures do not interrupt the residence term) would be considered a Turkish resident.

Turkish residents are taxed in Turkey on their worldwide income, whereas non-resident taxpayers are taxed only on their income derived in Turkey (subject to double tax treaty provisions, if applicable).

If you are a non-resident renting out an immovable property in Turkey, it is likely that your income derived from providing accommodation will be subject to income tax in Turkey. If you are a Turkish resident renting out an immovable property outside of Turkey, it is also likely that your foreign rental income will be subject to income tax in Turkey. However, in general, a relief for double taxation can be provided under the applicable double tax treaties.

In principle, the income derived from short-term accommodation would be considered "commercial income" in Turkey, whereas, under certain circumstances, it could be considered "rental income from immovable property".

As can be seen below, the determination of your income type may lead to different taxation rules in term of the deductibility of expenses, exemptions, VAT and book-keeping requirements, etc. We therefore recommend you to check your income type with a local tax advisor.

Note that, regardless of the income type, all payments for short-term accommodation should be made through banks and similar institutions, and these institutions must document the payments (there is no monetary threshold for this requirement).

1. COMMERCIAL INCOME

Any income derived from any commercial and industrial activity is considered commercial income. Although the Turkish tax legislation gives explicit examples of commercial activity types, it does not include a decisive definition of the commercial activity concept.

Therefore, each income generating activity should be evaluated separately as to whether it can be considered a commercial activity. The basic indicator of a commercial activity is establishing an organization based on capital and labor whose activities are carried out on a continuous basis.

The Turkish Revenue Administration specifically addressed the issue of determining the income type for short-term accommodation in its rulings published on the [Revenue Administration's official website](#). Accordingly, the supply of short-term accommodation constitutes a continuous commercial organization under the following conditions:

- The aim of providing short-term accommodation is to generate more income than generated from renting out the immovable property for long-term;
- The immovable property is made available on a continuous basis to be used by different guests on a daily or weekly basis; and
- Those responsible organize how to open the property for guests, reclaim the keys after

the end of the stay, and prepare the property for the next stay.

If you hire any personnel for your short-term accommodation business (e.g. regular cleaning duties), you may also be required to comply with withholding tax and social security obligations with respect to personnel salaries.

We also encourage you to consult a tax advisor regarding the applicable invoicing and book-keeping requirements in Turkey.

Income Tax Rates

Income derived by individuals from short-term accommodation are in principle subject to income tax in Turkey, as per the below taxable brackets and progressive income tax rates. Note that the below information is valid for income derived in 2023; the taxable brackets are updated every year.

Income	Rate
Between TRY 0 - TRY 70,000	15%
Between TRY 70,000 - TRY 150,000	20%
Between TRY 150,000 - TRY 370,000	27%
Between TRY 370,000 - TRY 1,900,000	35%
TRY 1,900,000 and above	40%

Deductible Expenses

You can deduct expenses that are directly connected with renting out your immovable property. This can include, but is not limited to:

- heating, water, electricity usage (only for guests' use);
- Airbnb service fee;
- cleaning (only for guests' stays);
- repair and maintenance expenses;
- depreciation expenses;
- interest expenses related to loans received for the immovable property acquisition; and
- insurance premiums.

Reporting Tax Returns

The income derived by individuals from short term accommodation should be filed through an annual income tax return. You can file the annual income tax return online through the internet tax office system,<https://dijital.gib.gov.tr/>.

You can receive assistance from authorized accountants in completing and filing income tax returns.

Tax Return Filing and Payment Deadlines

The annual income tax return filing deadline is March 1 - 31 of the upcoming year. Therefore, an annual income tax return for 2023 must be filed ultimately on March 31, 2024.

The annual income tax can be paid in two equal installments by March 31 and July 31 of the upcoming year (e.g., the 2023 income tax should be paid by 31 March 2024 (installment 1) and 31 July 2024 (installment 2)). You can pay your income tax via the [official online portal](#), bank transfer through the Turkish Revenue Administration's contracted banks or by visiting any tax office in Turkey.

VAT Obligation

In principle, the delivery of goods and services in connection with commercial, industrial, agricultural and independent professional activities in Turkey is subject to VAT.

Regardless of your residency status, if you are registered with the tax office for your commercial income related to your short-term accommodation business in Turkey, you should apply 20% VAT on your accommodation fee and to pay this VAT amount to the Turkish Tax Authority. Please kindly note that for the services rendered before July 10, 2023, 18% VAT should be applied given the VAT previously applied at 18% has been increased to 20% as of July 10, 2023. As Airbnb is not supplying the accommodation, it is the responsibility of the host to consider Turkish VAT on the accommodation fee.

The monthly VAT return is required to be filed by the 26th of the following month (e.g. the 2023/January VAT return should be filed by February 26, 2023). The VAT payment is required to be made on the same day that the VAT return is required to be filed.

You can file your VAT returns online through the internet tax office system,https://dijital.gib.gov.tr. You can receive assistance from authorized accountants in completing and filing VAT returns.

If you are a Turkish resident providing short-term accommodation abroad, we recommend you check your VAT obligations with a local tax advisor.

2. SMALL BUSINESS INCOME TAXATION

If your gross commercial income is less than TRY 220,000 for 2023, you may be eligible for small business income taxation principles under certain conditions.

In this case, you may benefit from exemption from income tax, VAT, withholding tax and advance tax as well as exemption from certain recordkeeping requirements.

3. RENTAL INCOME FROM IMMOVABLE PROPERTY

If you do not provide short-term accommodation on a continuous basis that can be considered a commercial organization, the income derived from such short-term accommodations can be considered rental income from immovable property.

Income Tax Rates

Rental income from immovable property is in principle subject to income tax in Turkey, as per the below taxable brackets and progressive income tax rates. Note that the below information is valid for income derived in 2023; the taxable brackets are updated every year.

Income	Rate
Between TRY 0 - TRY 70,000	15%
Between TRY 70,000 - TRY 150,000	20%
Between TRY 150,000 - TRY 370,000	27%
Between TRY 370,000 - TRY 1,900,000	35%
TRY 1,900,000 and above	40%

Deductible Expenses

You can deduct expenses that are directly connected with renting out your immovable property. This can include, but is not limited to:

- heating, water, electricity usage (only for guests' use);
- cleaning (only for guests' stays);
- repair and maintenance expenses;

- interest expenses related to loans received for the immovable property acquisition; and
- insurance premiums.

As an alternative, you may also prefer the lump sum expense deduction available for rent income derived from immovable property.

Reporting Tax Returns

The income derived by individuals from short term accommodation should be filed through an annual income tax return. You can file the annual income tax return online through the internet tax office system, <https://dijital.gib.gov.tr/>.

Those who only derive salary, annuities from movable and immovable assets, capital gain and/or irregular income (i.e. those who do not derive income from any commercial/agricultural activity or independent professional activity) can also file their annual income tax return through Revenue Administration's [Ready-Made Declaration System](#). This system provides a ready-made income tax return subject to the relevant taxpayer's necessary modifications and approval.

Tax Return Filing and Payment Deadlines

The annual income tax return filing deadline is March 1 - 31 of the upcoming year. Therefore, an annual income tax return for 2023 must be filed ultimately on March 31, 2024.

The annual income tax can be paid in two equal installments by March 31 and July 31 of the upcoming year (e.g., the 2023 income tax should be paid by 31 March 2024 (installment 1) and 31 July 2024 (installment 2)). You can pay your income tax via the [official online portal](#), bank transfer through the Turkish Revenue Administration's contracted banks or by visiting any tax office in Turkey.

Exemptions

You do not have to file an income tax return or pay income tax if your annual rent income from immovable property is less than TRY 21,000 for 2023. Any exceeding rental income from immovable property should be declared through an annual income tax return and be subject to income tax.

In some cases, you may not be eligible for this exemption. For example, you may not be eligible if the total of your salary, annuities from movable and immovable assets, capital gain and/or irregular income exceeds TRY 550,000 for 2023 or if you are already required to file annual income tax returns for your commercial income or independent professional activities.

No VAT Obligation

No VAT is applicable on the accommodation fee for rent income from immovable property.

TURKISH TAX AUTHORITY CONTACT DETAILS

You can contact the Tax Communication Center (444 0 189-VİMER), which is a call center affiliated with the Turkish Revenue Administration, that provides consulting services regarding tax-related issues.

You can also directly contact your registered tax office for more specific tax-related issues.