



# PRIMETAX GUIDE: TAXATION OF EXPATRIATES IN TÜRKİYE

## THE FORMALITIES NEED TO BE CARRIED OUT TO LIVE AND WORK IN TÜRKİYE

To work in Türkiye, foreigners must obtain a work visa and a work permit. Generally, individuals without Turkish citizenship, whether working independently or for an employer, must secure a valid work permit before starting employment.

Regarding salaries, foreign workers need sponsorship from a Turkish entity to obtain a work permit. As a result, they must be included in the payroll of the sponsoring Turkish company, which is responsible for paying their salary. The salary should align with the employee's seniority level—for instance, a high-level manager should not earn the minimum wage from a Turkish company.



## APPLICABLE TAX TREATMENT

The Turkish Income Tax Law establishes two types of tax liability. Individuals with full tax liability (“resident individuals”) are taxed on their global income, while those with limited tax liability (“non-resident individuals”) are only taxed on income earned in Türkiye. Non-resident individuals do not meet Türkiye’s residency criteria.

Article 4 of the Income Tax Law defines residency. Individuals are considered residents if they live in Türkiye or stay there for more than six months within a calendar year. However, individuals who do not have permanent residence in Türkiye or stay there for less than six months within a calendar year are classified as non-residents and are taxed only on their Türkiye-sourced income.

The following individuals are deemed residents and taxed on their income from both Türkiye and abroad:

- Individuals settled in Türkiye, meaning their residence is in Türkiye as defined by Article 19 and subsequent articles of the Turkish Civil Code. Temporary departures do not interrupt the residency period.
- Turkish citizens working for government offices, institutions, or enterprises headquartered in Türkiye but residing abroad due to their official duties. However, if they are subject to income tax in the country where they are located, they are not taxed again in Türkiye on that income.

Article 5 of the Income Tax Law outlines exceptions to residency. Individuals, including expatriates, who stay in Türkiye for more than six months but do so for a temporary and well-defined purpose—such as a specific job assignment, education, medical treatment, or vacation—without intending to reside permanently are considered non-residents. As a result, they are taxed only on their income earned in Türkiye.

Based on these provisions, expatriates seconded to Türkiye are generally treated as non-residents, as their stay is for a temporary and well-defined role. To ensure non-resident tax treatment, it is advisable to have a secondment agreement clearly outlining their role in the Turkish entity and specifying the duration of their assignment.

## TAXATION OF THE REMUNERATION

Article 61 of the Income Tax Law defines salary and wages as monetary or in-kind compensation provided to employees in connection with a specific workplace, including benefits that can be valued in financial terms. Türkiye has no distinction between salary and wage, and the terms are interchangeable. The nature of wage payments remains the same regardless of whether they are provided in cash, as indemnities, allowances, overtime, advances, subscriptions, premiums, bonuses, expense reimbursements, or as a share of profits unrelated to a partnership. Additionally, payments made by an employer on behalf of an employee, such as rent and utility expenses, are grossed up and taxed as wage income.

For individuals with limited tax liability, wage income is considered earned in Türkiye if:

- a) The employment service is performed in Türkiye or
- b) The services are assessed in Türkiye.

Employment service is deemed to be assessed in Türkiye if the salary expenses are recorded in the accounts of a Turkish entity. Furthermore, once an expatriate obtains a Turkish work permit, they must also be included in the Turkish entity's payroll.

Employees who earn only salary income are generally not required to file a tax return, as employers withhold income tax at the source, which serves as the final tax obligation for the individual. Non-resident employees also typically do not need to file a tax return if their income is solely subject to withholding tax. However, if salary income from a single employer exceeds the fourth income bracket of the tax tariff (TL 4.300.000 for 2025), it must be declared through an annual tax return. Likewise, suppose an employee receives payments from two employers in a calendar year, and the compensation from the second employer exceeds a specified threshold (TL 330.000 for 2025). In that case, the employment income must be declared, regardless of prior withholding. Any taxes withheld will be credited against the total tax liability on the tax return.

Moreover, if an individual receives additional employment income from a foreign entity for services performed in Türkiye—income that has not been charged to the Turkish entity and has not been subject to withholding tax—they are, in principle, required to file an annual income tax return.

The income tax brackets and corresponding tax rates applicable to salary income for the year 2025 are as follows:

Up to TL 158.000: 15%  
TL 158.000 – TL 330.000: 20%  
TL 330.000 – TL 1.200.000: 27%  
TL 1.200.000 – TL 4.300.000: 35%  
Over TL 4.300.000: 40%

Additionally, a stamp duty of 0.759% is levied on the gross salaries of both resident and non-resident taxpayers. For expatriates with a split payroll arrangement, the salary paid by the Turkish entity must align with market standards for similar positions within the company. Suppose a foreign entity reimburses the Turkish entity for remuneration paid to an expatriate. In that case, these amounts are also considered wages at the Turkish entity level and should be subject to withholding tax via payroll.

For example, if a foreign entity pays an expatriate's salary, but the Turkish entity is invoiced for this amount—indicating that the expatriate is working for the Turkish entity—Turkish withholding tax may apply. If the foreign entity invoices the Turkish company for €10,000, the Turkish company may be required to pay €10,000 to the foreign entity and an additional €2,000 to the Turkish tax authorities. Moreover, as outlined above, the entire €12,000 (not just the €10,000) would be subject to income tax at up to 40%, leading to double taxation on the original salary.

## LIAISON OFFICE PERSONNEL

According to Article 23/14 of the Income Tax Law, salaries paid in foreign currency to employees of liaison offices—funded from revenues earned outside of Türkiye by a non-resident parent company—are exempt from income tax.

To qualify for this exemption, the following conditions must be met:

- A non-resident company must employ the employee.
- The payment must qualify as a salary.
- The salaries paid must be allocated from revenues generated outside Türkiye.
- The salary must be paid in foreign currency. The funds should not be transferred directly to the expatriate's bank account from abroad. Instead, they must be deposited into the foreign currency account of the liaison office at a local bank.

Employees must prove that the foreign currency has been brought into Türkiye from these sources by retaining foreign exchange receipts issued by banks or authorised financial institutions. Alternatively, the liaison office may handle these formalities. Under the Ministry's Internal Guideline, salaries may also be paid in Turkish Lira, provided the funds are first converted from foreign currency through local banks or authorised institutions.

Other cash and in-kind benefits—fuel allowances, meals, health insurance, rent for the employee's residence, and educational expenses for spouses and children—are considered part of remuneration under Article 61 of the Income Tax Law. If the required conditions are met, these benefits may also qualify for the exemption.

Moreover, salaries paid to liaison office employees are exempt from stamp duty.

## SOCIAL SECURITY COVERAGE FOR PRIVATE SECTOR EMPLOYEES

Private sector employees in Türkiye are subject to the Social Security Law, which mandates that employees and employers contribute to social security premiums. The general contribution rates are 14% for employees and 20.75% for employers. These contributions, calculated as a percentage of the employee's gross salary, are subject to upper and lower limits, adjusted annually for inflation.

For 2025, the social security premium limits were:

Lower Limit: TL 26.005,50

Upper Limit: TL 195.041,40

Social security premiums cover short-term insurance, disability, old-age and death insurance, and general health insurance. The contribution rates for each category are as follows:

	Employee	Employer
SSI Premium	14%	20,75%
SSI Unemployment Premium	1%	2%
Total	15%	22,75%
Discount*		4%
Total Discount Included	15%	18,75%

\*The employer discount (Incentive No. 5510) applies only if the employer makes timely social security premium payments. The manufacturing sector has a discount rate of 5%.

Employers must submit social security declarations to the Social Security Institution by the end of the following month. Employee contributions withheld from salaries must also be paid within the same period.

## SOCIAL SECURITY REGULATIONS FOR EXPATRIATES

The social security obligations of expatriates working in Türkiye are governed by Social Security Law, bilateral social security agreements between Türkiye and other countries, and the European Social Security Agreement, to which Türkiye is a party.

A key factor in determining an expatriate's social security status is whether they work in Türkiye on behalf of a foreign company and whether their home country has a social security agreement with Türkiye. Existing regulations and agreements help prevent double social security coverage for expatriates transferred to Türkiye on behalf of a foreign employer, provided they notify the Turkish authorities that they remain covered under their home country's social security system.

Expatriates from countries with a bilateral treaty may be exempt from Turkish social security contributions for a specified period, which can be extended if they remain covered by their home country's system.

Additionally, the Unemployment Insurance Law includes specific provisions for foreign employees. Expatriates assigned to Türkiye for a particular job on behalf of their home company and covered by their home country's social security system are not required to participate in Türkiye's unemployment insurance scheme.

\*\*\*