Decision in Income Tax Withholding Rates for Investment Funds related to Corparate Clients Numbered 11734, Dated 05 September 2026

The withholding tax rate applied to earnings derived by corporate clients from "money market" funds and "**hedge**" funds containing the phrase "**Money Market**" in their title has been increased from 0% to 10%.

What is the Scope of the Change?

- **Funds Subject to 10% withholding tax**: All earnings derived by companies from "Money Market" funds and "Hedge" funds with "Money Market" in their title are now subject to 10% withholding tax.

- **Other Funds:** Withholding tax practices remain unchanged for fund types other than these two.

- **Offsetting Opportunity:** This 10% withheld tax is not a final tax. Companies may deduct (offset) this amount from the Provisional Tax or Corporate Tax payable at the end of the period.

- **Calculation Rule (Before and After the Decision):** The impact of the decision on your clients will be calculated in two ways based on the date the fund was purchased:

Fund Purchase Date	Withholding Tax Calculation Rule
Fund purchased AFTER the decision date	Funds Purchased **AFTER** the Decision Date: A 1**0%** withholding tax is deducted directly from the total gain realized at the time of the fund's sale.
Fund purchased BEFORE the decision date	Funds Purchased **BEFORE** the Decision Date: The gain is split into two parts: 1. A **0%** withholding tax rate applies to the gain accumulated up to the date the decision was issued. 2. A **10%** withholding tax is deducted from the gain accrued during the period from the decision date until the day the fund is sold.

- To prevent client complaints, it is crucial that you clearly inform corporate clients who purchased funds prior to the decision date that, upon redeeming their funds, tax will be withheld only on earnings generated during the period following the decision.

Note: The withholding tax rate applicable to earnings from "Hedge" funds that are not traded on the Turkish Electronic Fund Trading Platform (TEFAS) and were acquired on or after March 27, 2026, has been set at 17.5%. A 0% tax rate will continue to apply to gains derived from equity-heavy funds traded on the Turkish Electronic Fund Trading Platform (TEFAS), as well as from venture capital and real estate investment funds held for more than two years.

11734 numaralı, Cumhurbaşkanlığı Kararı