

INVESTOR BRIEFING · OCTOBER 2026

Türkiye's 20-Year Tax Exemption on Foreign Income

What Law No. 7582 means for international investors,
entrepreneurs and families relocating to Türkiye

At a glance

20 years

Foreign-source income
exempt from Turkish
income tax

0 returns

No annual tax return
for the exempt foreign
income

1%

Inheritance tax rate
during the exemption
period

3 years

Required break from
Turkish residence and
tax liability

On 4 June 2026 Türkiye introduced one of the most generous relocation regimes in Europe and the Middle East. Under the new Article 20/D of the Income Tax Law, individuals who become Turkish tax residents can keep their income earned outside Türkiye free of Turkish income tax for twenty years – provided they had no Turkish residence and no Turkish tax liability in the previous three calendar years.

1. Who qualifies

- **Individuals only.** The exemption applies to natural persons; companies cannot use it.
- **Any nationality.** The test is residence, not citizenship. Foreign nationals and returning Turkish citizens can both qualify.
- **New residents from 1 January 2026.** It applies to people who are treated as settled in Türkiye on or after 1 January 2026.
- **Three-year break.** In the three calendar years before settling, the person must have had neither a Turkish domicile nor a Turkish tax liability.
- **Exception for passive Turkish income.** Having been taxed in Türkiye only on rental income, investment income or capital gains does not disqualify the person.

When are you a Turkish tax resident? Under Article 4 of the Income Tax Law, a person is treated as settled in Türkiye if their legal domicile is in Türkiye, or if they stay in Türkiye for more than six months in a calendar year (temporary departures do not interrupt the stay). Turkish citizenship on its own does not make anyone a tax resident.

2. What is exempt – and what is not

Income	Treatment
Rental income from property abroad	Exempt for 20 years
Dividends from foreign companies	Exempt for 20 years
Other income earned outside Türkiye	Exempt, under the general rules of the Income Tax Law
Income earned in Türkiye (salary, rent, business income)	Taxed under normal Turkish rules
Turkish real estate and venture capital fund units held > 2 years	0% withholding under current rules (Presidential Decree 11107)

The exempt income does not have to be reported on a Turkish return, and it is not added to the return if one is filed for other income.

3. How the exemption works in practice

1

Settle in Türkiye

Establish domicile or stay more than six months in a calendar year.

2

Apply to the tax office

Obtain the *Exemption Certificate for Income Earned Abroad* (Annex 1 of the implementing communiqué) by the end of the year of settlement – or by the end of February of the following year if you settled in November or December.

3

Enjoy 20 years

The 20-year period starts on the date you are treated as settled in Türkiye.

4

Keep records

Keep evidence of your foreign income and of your non-residence in the three prior years.

4. Conditions to keep in mind

- Expenses relating to exempt foreign income cannot be deducted from taxable Turkish income.
- Taxes paid abroad on exempt income cannot be credited against Turkish income tax.
- If it later turns out that the conditions were not met, the unassessed tax is collected with late-payment interest and a tax-loss penalty.
- The Ministry of Treasury and Finance sets the detailed procedures; implementing communiqués were published on 4 July 2026.

5. Inheritance tax: 1% during the exemption period

For people benefiting from the 20-year exemption, assets passing by inheritance during the exemption period are taxed at a flat **1%** rate (Article 16 of the Inheritance and Gift Tax Law, as amended). Under the general regime, inheritance tax rates are progressive and considerably higher – a strong argument for families planning succession.

Example

An entrepreneur based in Dubai, with rental income from London and dividends from a company in Singapore, moves to Istanbul in September 2026. After three years with no Turkish residence or tax liability, she qualifies. She obtains the exemption certificate by 31 December 2026. Her London rent and Singapore dividends remain outside Turkish income tax until September 2046, and her family's inheritance tax rate on assets passing during that period is 1%. Her investment in a Turkish real estate fund, held for more than two years, is subject to 0% withholding under current rules.

6. Where FT Portföy fits

A regulated home for your Turkish

investments. FT Portföy is an Istanbul-based portfolio management company licensed and supervised by the Capital Markets Board of Türkiye (CMB), managing real estate (GYF) and venture capital (GSYF) funds.

Bring your capital freely. Transferring your own savings and assets to Türkiye is not a taxable event, and the exemption requires no declaration or payment. We can help you structure your investment in our CMB-regulated funds.

Citizenship and residence together. Investors who obtain Turkish citizenship through a USD 500,000 fund investment and then move to Türkiye can combine the new passport with 20 years of exemption on their foreign income.

Trusted partners. We work with experienced tax advisers and lawyers to plan your move, the exemption certificate and your fund investment.

Talk to us

We would be glad to walk you through the exemption, your move to Türkiye and how our CMB-regulated funds can fit your plans.

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This briefing is a general summary of Law No. 7582 (Official Gazette No. 33270, 4 June 2026) and its implementing communiqués as of October 2026. It is not tax, legal or investment advice. The application of the exemption depends on individual circumstances and on the procedures set by the Ministry of Treasury and Finance; please consult a qualified tax adviser before acting. Fund investments carry risk; past performance does not indicate future results. FT Gayrimenkul ve Girişim Sermayesi Portföy Yönetimi A.Ş. – CMB Activity Authorisation Certificate GGSPYŞ/PY.10/420.

Sources: Law No. 7582 (Official Gazette 4 June 2026, No. 33270); Income Tax Law Art. 4, Art. 20/D; Inheritance and Gift Tax Law Art. 16; Income Tax General Communiqués of 4 July 2026.