

General Communiqué on Income Tax about the Mandatory Documentation Rent Payments Published.

I. Introduction

General Communiqué on Income Tax (No. 328) (“**Communiqué**”) prepared by the Ministry of Treasury and Finance of the Republic of Türkiye (“**Ministry**”) has been published in the Official Gazette dated 17.10.2024 numbered 32695 and came into effect.

The primary aim of this Communiqué is to prevent cash payments in rental agreements for residential and commercial properties, regardless of the taxpayer status of the parties involved. The Ministry mandates that all rental collections must be made through banks defined in the Law on Banking numbered 5411 or PTT A.Ş. (the Turkish Postal Service Inc. hereinafter referred to as “**PTT**”) thus being documented in the process, with non-compliance resulting in specific administrative penalties.

Additionally, Article 4 of the communiqué repeals a previous Income Tax General Communiqué (No. 268) published on July 29, 2008.

You can find the full Turkish text of the Communiqué [here](#).

II. Mandatory Documentation Requirement for Rental Payments

A. Scope of the Requirement

According to Article 2/1 of the Communiqué, landlords and tenants of residential and commercial properties are required to document their rental transactions through receipts issued by banks or PTT. This requirement also applies to short-term rentals (e.g., weekly, daily).

Payments made through court or enforcement office collections, as well as in-kind payments, are exempt from this documentation requirement.

B. Acceptable Documentation

Article 2/5 specifies what constitutes acceptable documentation. *“Payments made via methods such as deposits, transfers, EFTs, checks, or bank and credit cards”* through banks or PTT will be considered acceptable documentation, as these transactions can be proven with account statement sheets or their respective bank receipts.

Additionally, if individuals make rental payments at bank branches using their ID numbers, tax ID numbers, name, and "rental payment" as the description of the transaction, it shall be deemed that they have met the documentation requirement.

C. Administrative Penalties for Non-Compliance

Failure to adhere to the documentation requirement results in penalties based on the type of taxpayer according to Art. 3 of the Communiqué. **Each transaction will incur a penalty equal to 10% of the transaction amount.** In cases where the calculated penalty amount for one transaction is less than the minimum amount defined in the Communiqué, the below stated amounts shall apply as the penalty:

- For first-class merchants and self-employed individuals: 20,000 TL
- For second-class merchants, registered farmers, and those with income assessed under the simple method: 10,000 TL
- For all others not classified above: 5,000 TL

However, if individuals report their transactions, in other words themselves, to the authorities within five days of making a non-compliant payment, they will not face penalties.

The Communiqué provides seven examples to clarify the calculation of these penalties, aiming to eliminate any potential confusion.

III. Conclusion

This new Communiqué imposes a requirement for rental payments and collections to be processed through banks or PTT, effectively limiting cash transactions. This regulation is seen as a significant step toward increasing transparency in rental transactions and the documentation of economic activity, ensuring that rental income is properly taxed. Given

the potential penalties for non-compliance, it is crucial for taxpayers to adhere to these new obligations.

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