

The method of calculation for the Title III of the Income Tax Law at a rate of 7% issued under the new Law number 45 dated 21 August 2017 (official gazette no. 37)

"Amended and revised tax laws for the purpose of financing the increase in salary scale"

Since the Law mentioned above has been issued in the official Gazette on 21 August 2017 and the new rate has been set at 7% instead of 5%, in our opinion, the new tax rate on interest should be calculated as follows:

Up to 21 August 2017 (inclusive): a tax rate of 5% should be applied on earned and unearned interest till 21 August 2017. In other terms, the maturity cutoff date should be set on 21 August 2017 to calculate the tax at a rate of 5%.

Starting 22 August 2017: a tax rate of 7% should be applied on the earned interest starting 22 August 2017 and till its actual maturity date.

Remark: Whenever a new note to set the method of calculation is issued by the Ministry of Finance we will send an update accordingly.