Guidelines

level INTERNATIONAL

Relocation to Türkiye:

A Guide to the 20-Year Income Tax Exemption and 1% Inheritance Tax Advantage

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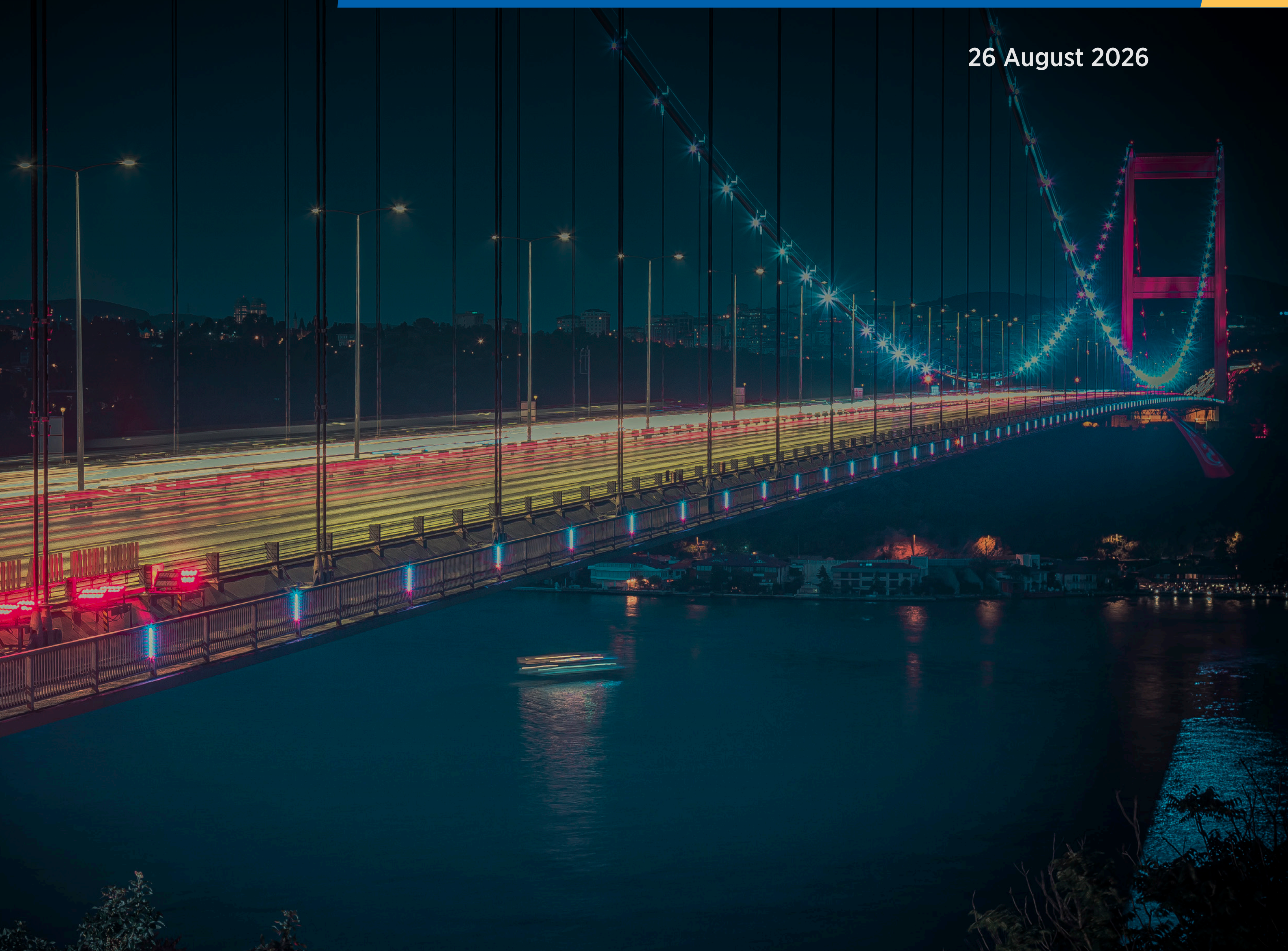

GUIDELINES

Relocation to Türkiye: A Guide to the 20-Year Income Tax Exemption and 1% Inheritance Tax Advantage

I. Executive Summary

Turkiye introduced one of the most comprehensive international tax incentives for individuals to date through Law No. 7582, the Law Amending Certain Laws, adopted on May 21, 2026 and published in the Official Gazette dated June 4, 2026, No. 33270. The regulation rests on two core pillars affecting individuals: a 20-year full income tax exemption on foreign-source income (Repeated (Mükerrer) Article 20/D, added to Income Tax Law No. 193) and a fixed 1% inheritance and gift tax rate applied to transfers of property by inheritance occurring within this period for beneficiaries of the exemption (amendment to Article 16 of Law No. 7338).

The implementation procedures and principles of the exemption were established by General Communiqué on Income Tax Serial No. 333, published in the Official Gazette dated July 4, 2026, No. 33300, which conditions the formal activation of the exemption upon an "Exemption Certificate" application.

- Qualifying for the regime requires the simultaneous fulfillment of three conditions (Repeated Article 20/D, paragraph 1). The individual must:
- be deemed resident in Turkiye, i.e. subject to full tax liability;
- have had no domicile in Turkiye during the last three calendar years prior to relocation; and

have held no tax liability in Turkiye during that same period.

The determining criterion is tax residency rather than citizenship; consequently, Turkish citizens living abroad and foreign nationals relocating to Turkiye benefit under identical terms. The exemption is granted exclusively to natural persons; corporate taxpayers are excluded from its scope (Communiqué No. 333, Article 3/10).

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Three points distinguish the regime from its international competitors. First, its duration is 20 years, compared with 15 years in Italy and Greece and 10 years in Portugal. Second, on cost, Turkiye requires no flat fee and no minimum investment—unlike Italy's annual flat charge of EUR 300,000 or Greece's EUR 100,000 annual charge coupled with a EUR 500,000 investment requirement. Third, on inheritance, the 1% rate delivers substantial savings over the standard progressive tariff, which reaches up to 10% for high-value estates. Conversely, because the regulation is recently enacted, administrative practice and case law have not yet fully matured; and the protection Turkiye affords applies only within the Turkish tax system, since source-country exit taxes and dual-residency risks operate independently.

Legal Basis	Law No. 7582; Repeated Article 20/D of the Income Tax Law (GVK); Article 16 of the Inheritance and Gift Tax Law (VİV); General Communiqué on Income Tax Serial No. 333
Income Tax Advantage	20-year full exemption on foreign-source income
Inheritance Tax Advantage	1% fixed rate during the 20-year exemption period.
Eligible Individuals	Natural persons: expatriates, returning entrepreneurs/HNWIs (High-Net-Worth Individuals), and foreign nationals relocating to Turkiye.
Core Condition	No domicile and no (qualifying) tax liability in Turkiye during the last three calendar years
Critical Step	Timely application for the Exemption Certificate (by the end of the year of relocation; by the end of February of the following year for those relocating in November–December)
Commencement of Period	On each individual's respective relocation date; the regulation has no expiration or final application deadline
Cost	No flat fee and no minimum investment

Those who should evaluate the regime as a priority: high-net-worth individuals and entrepreneurs whose primary income remains abroad; expatriates planning a permanent return (particularly from Germany, the Netherlands, the United Kingdom, and the Gulf); foreign nationals combining Turkish citizenship by investment with relocation; and families planning to transfer substantial wealth to the next generation. Because of source-country obligations and application timing, each case should be assessed individually prior to relocation.

2. Core of the Regulation and Legal Basis

The core of the regulation is Repeated Article 20/D, added to Income Tax Law No. 193 by Article 4 of Law No. 7582. The provision establishes the following principle: "Income and earnings derived outside of Turkiye by natural persons deemed resident in Turkiye are exempt from income tax for a period of twenty years, provided that they have had no domicile and no tax liability in Turkiye during the last three calendar years prior to being deemed resident in Turkiye" (Repeated Article 20/D, paragraph 1 of the Income Tax Law (ITL); Communiqué No. 333, Article 2).

The same article sets forth four complementary rules governing the operation of the exemption:

- Having a tax liability prior to relocation due to immovable property capital income, movable property capital income, or capital gains derived in Turkiye does not preclude eligibility for the exemption (paragraph 2).
- No annual tax return is filed for income and earnings within the scope of the exemption; even if a tax return is filed for other income, these earnings are not included in the return (paragraph 3).
- Expenses and costs related to exempt income are not taken into account in determining taxable income (paragraph 4); taxes paid in foreign countries in respect of such income cannot be credited against income tax assessed in Turkiye (paragraph 5).
- If it is subsequently determined that the conditions for the exemption were not met, unassessed taxes shall be deemed subject to tax loss (paragraph 6). The authority to determine the implementation procedures and principles of the article is vested in the Ministry of Treasury and Finance (paragraph 7).

The second pillar, the inheritance advantage, was introduced through an amendment to Article 16 of the Inheritance and Gift Tax Law No. 7338: For beneficiaries of the Repeated Article 20/D exemption, the tax rate on property transfers through inheritance occurring within the exemption period is applied at a flat rate of 1%.

2.1. Effective Date and Duration Logic

Repeated Article 20/D of the Income Tax Law (ITL) entered into force on the date of the Law's publication (June 4, 2026), to be applied to persons deemed resident in Turkiye as from January 1, 2026 (Communiqué No. 333, Article 3/3). The article does not provide for any expiry or application deadline; the phrase "persons deemed resident as from January 1, 2026" merely fixes the starting point of the retrospective application and carries no forward-looking closing date. Accordingly, for as long as the regulation remains in force, individuals who relocate in subsequent years likewise benefit from the 20-year exemption as from their own date of residence.

The 20-year period does not run on a common timeline for everyone; it begins on each individual's own date of residence. A person who relocates in 2027 falls within the exemption for 2027–2047, and one who relocates in 2030 for 2030–2050.

3. Legal Status of the Reform and the Legislative Process

The legislative process behind the regulation is significant for understanding both its effective dates and the binding force of its text. The package was announced to the public by the Presidency on April 24, 2026 under the "Turkiye Century Strong Center for Investment Program," and was set out in technical detail by the Minister of Treasury and Finance the following day.

The legislative text was submitted to the Presidency of the Grand National Assembly of Turkiye (TBMM) on May 5, 2026, under the title "Bill Amending Certain Laws" and with reference number 2/3669 (28th Legislative Term, 4th Legislative Year). The Plan and Budget Committee adopted the bill on May 6, 2026 and referred it to the General Assembly. All articles were adopted by the General Assembly of the TBMM on May 21, 2026, and the Law entered into force as Law No. 7582 upon its publication in the Official Gazette dated June 4, 2026, No. 33270.

Entry into Force by Provision

- Foreign-source income exemption (Repeated Article 20/D of the Income Tax Law). Entered into force on the publication date, to be applied to persons deemed resident in Turkiye as from January 1, 2026; it provides for retrospective application in respect of those who have relocated since the beginning of the year.
- Asset Amnesty (Varlık Barışı). Entered into force on the publication date; the notification deadline is July 31, 2027.
- Corporate tax reductions for exporters. Applicable to earnings for taxation periods beginning on or after January 1, 2026, starting with returns due to be filed on or after July 1, 2026; a rate of 12.5% applies to manufacturing and agricultural production for 2027 and subsequent periods.

The General Communiqué on Income Tax Serial No. 333, which sets out the procedures and principles for applying the exemption, was published in the Official Gazette dated July 4, 2026, No. 33300. The same issue of the Official Gazette also contained General Communiqués on Income Tax Serial No. 334, concerning the wage exemption for qualified service personnel, and Serial No. 335, concerning the share-certificate exemption for technology start-ups, together with a general communiqué on the application of the Asset Amnesty. The text of the bill and information on the process are available from the official records of the TBMM.

4. Eligibility Criteria

The exemption is granted exclusively to natural persons; corporate taxpayers fall outside its scope (Communiqué No. 333, Article 3/10). The determining criterion is not citizenship, but being deemed resident in Turkiye (i.e. subject to full tax liability) for the purposes of the Income Tax Law. To benefit from the exemption, the following three conditions must be met simultaneously.

Condition 1 — Being Deemed Resident in Turkiye

Under Article 4 of the Income Tax Law (ITL), the individual must either have a domicile in Turkiye or reside in Turkiye for more than six months within a calendar year, excluding temporary absences. To benefit from the exemption, the individual must be deemed resident in Turkiye as at the application date (Communiqué No. 333, Article 3/2). Turkish citizens living abroad need not obtain a separate residence or work permit for this purpose; foreign nationals, however, must hold a legal status enabling their lawful presence in Turkiye (residence permit, work permit, etc.).

Condition 2 — Absence of Domicile in Turkiye During the Last Three Calendar Years

The Law uses the phrase "the last three calendar years" rather than "three years"; for example, for a person making a permanent return on May 15, 2027, the years 2024, 2025 and 2026 are taken into account. The existence of a family home, summer residence, or registered immovable property in Turkiye does not, on its own, constitute domicile; the assessment considers the actual center of life together with economic and social ties.

Condition 3 — Absence of Tax Liability During the Last Three Calendar Years

This condition has a critical carve-out: a tax liability arising before relocation solely from immovable property income (rent), income from movable capital (interest, dividends), or capital gains derived in Turkiye does not preclude the exemption (Repeated Article 20/D, paragraph 2; Communiqué No. 333, Article 3/5). By contrast, a tax liability arising in the last three years from wages, commercial income, or professional (self-employment) income does bar the exemption; even wage income subject to withholding from a single employer is disqualifying. This bar relates only to the period before relocation: if the individual commences a commercial activity after settling in Turkiye, they may still obtain the certificate, provided the preceding three years are clear.

The bar applies not only to wages but also to commercial income. For example, a person who relocates to Turkiye on September 15, 2028 but has held a tax liability in Turkiye from commercial income since January 1, 2026 cannot obtain the exemption certificate, since 2026 falls within the "last three calendar years

Figure 1. Eligibility At a Glance

The Eligibility Test Through the Communiqué's Examples

General Communiqué No. 333 illustrates the eligibility test with thirteen examples. The four situations most frequently encountered in practice are as follows:

» Failure to apply on time forfeits the right on its own. Even if the preceding three years are clear, the certificate is not issued unless the application is made within the prescribed period. A taxpayer who becomes resident on March 2, 2028 but does not apply by the end of 2028 will not be issued the certificate, despite meeting the substantive conditions.

» A commercial activity commenced after relocation is not a bar. A taxpayer who becomes resident in 2028 and starts a retail clothing business the same year may still obtain the certificate, because the preceding three years (2025–2027) are clear.

» Recent residence in Turkiye closes the door. A taxpayer who had a domicile in 2022, left on November 10, 2024, and returned in 2027 cannot obtain the certificate, because the year 2024 falls within the "last three calendar years.

» Wage income disqualifies; passive income does not. Even wage income subject to withholding from a single employer in the preceding three years bars the certificate, whereas a tax liability arising solely from rental income in Turkiye is not a bar.

5. Scope of the Exemption: Which Income?

Repeated Article 20/D uses the phrase "income and revenues earned outside Turkiye" and imposes no restriction as to the type of income. Its scope is therefore broad and typically includes:

- » Wage income earned for work performed abroad
- » Dividends from foreign companies and interest from foreign banks/accounts
- » Capital gains from foreign securities, foreign immovable property, and shares in foreign companies
- » Rental income from immovable property located abroad
- » Pension and retirement distributions from foreign pension schemes
- » Royalty and intellectual property income earned abroad; commercial and professional (self-employment) income carried out in foreign countries

Turkiye-source income remains subject to ordinary income tax. This covers, for example, wages from a Turkish employer, dividends from a company registered in Turkiye, and rent from immovable property in Turkiye (Communiqué No. 333, Article 3/7). What is decisive is not where the client is located, but where the activity is carried out. To illustrate, the Communiqué treats the professional income of a person who performs engineering work in Turkiye and provides advisory services to a foreign client regarding investments in Turkiye as falling outside the exemption.

The Communiqué reinforces the distinction with complementary examples. Where a beneficiary of the exemption earns rent from immovable property both in Turkiye and abroad, only the foreign rent falls within the exemption and is not included in the return filed for the Turkish income. Income arising from the leasing of immovable property located in Turkiye is under no circumstances treated as exempt.

The most instructive case is the following: a person who earns TRY 600,000 in rent from immovable property in Istanbul and TRY 500,000 in dividends from a fully liable Turkish company, and who at the same time receives dividends from a company resident in Spain and rental income from immovable property in Monaco. For this person, the two Turkiye-source items remain taxable and are included in the return, whereas the Spanish dividends and the Monaco rent fall within the exemption and are not included in the return.

Return Filing, Expense, and Credit Rules

No annual income tax return is filed for foreign income within the scope of the exemption; even if the person files a return for other income, such earnings are not included in that return (paragraph 3). Expenses and costs relating to this income may not be deducted in determining income subject to tax in Turkiye (paragraph 4). In addition, taxes paid abroad on such income may not be credited against income tax assessed in Turkiye (paragraph 5). These three rules are the consistent consequence of keeping income within the scope of the exemption entirely outside the Turkish income tax system.

5.1. The Exemption Certificate and Application to the Tax Office

The exemption does not apply automatically; a mandatory, time-limited certificate application is required (Communiqué No. 333, Article 3/4). Persons wishing to benefit from the exemption must apply to the competent tax office to obtain the "Exemption Certificate for Income and Revenues Earned Abroad". Upon application, the tax office verifies whether the applicant had a domicile in Turkiye during the last three calendar years, whether they held any tax liability during that same period, whether they are deemed resident as at the application date, and whether the application was made within the prescribed period; where the conditions are met, it issues the certificate (Communiqué No. 333, Article 4).

Application Period (Strict)

- As a rule, the application must be made by the end of the calendar year in which the person is deemed resident.
- For those deemed resident in the last two months of the calendar year (November–December), the period is extended to the end of the second month (February) of the following calendar year.

If this period is missed, the exemption certificate is not issued, and the person cannot benefit from the exemption even if they meet the conditions. Application timing is therefore as decisive as eligibility itself.

The Communiqué also illustrates a typical case in which the process runs smoothly: a taxpayer deemed resident in Turkiye on July 12, 2026 applies to their tax office on December 1, 2026; the office's review establishes that the taxpayer had neither tax liability nor domicile in Turkiye during the 2023, 2024, and 2025 calendar years, and the certificate is issued. This is the standard course of a file that meets the three conditions and applies within the prescribed period.

6. The 1% Inheritance and Gift Tax Regime

How the Standard Regime Works

Upon a person's death, the transfer to the heirs of the movable and immovable property, together with all rights and receivables, owned by that person is subject to inheritance and gift tax. The transfer of property from one person to another without consideration is likewise within the scope of the same tax. In transfers by inheritance, a return must be filed even if the value of the transferred property falls below the exemption threshold; by contrast, in other (gratuitous) transfers, no return is filed if the value falls below the exemption threshold.

The fundamental rule as to the subject of the tax is as follows: the transfer of property belonging to persons of Turkish Republic nationality, as well as of property located in Turkiye, is subject to tax. Property held abroad by persons of Turkish nationality is also within scope; however, the transfer of such property to foreigners who have no domicile in Turkiye does not fall within the scope of the tax.

The return is filed, in transfers by inheritance, with the tax office of the place where the deceased had their last domicile; if the deceased's domicile was abroad, the competent office is that of the deceased's last domicile in Turkiye. Citizens abroad may also file their returns with the consulates. The filing period varies according to the place of death and the place where the taxpayers are located: if the death occurred in Turkiye and the taxpayers are in Turkiye, four months, and if abroad, six months; if the death occurred abroad and the taxpayers are in Turkiye, six months, if in the country where the deceased was located, four months, and if in another foreign country, eight months.

In determining the tax base, items such as the decedent's debts supported by valid documents, tax debts, and funeral expenses may be deducted. The tax is paid over three years from assessment, in six equal installments falling in May and November of each year. The "clearance certificate" obtained after payment is required for title-deed and similar transfer transactions. For 2026, an exemption of TRY 2,907,136 applies to the share passing to each child and to the spouse in transfers by inheritance, and TRY 5,817,845 where the spouse is the sole heir. The tax base exceeding these amounts is subject to the progressive tariff below (General Communiqué on Inheritance and Gift Tax Serial No. 57):

Figure 2. Interitance & Gift Tax

6.1. The Position of the 1% Regime Within This Framework

The paragraph added to Article 16 of Law No. 7338 provides that, for beneficiaries of the Repeated Article 20/D exemption, transfers of property by inheritance occurring within the twenty-year period shall be subject to a fixed rate of 1% in lieu of the progressive tariff set out above. The exemption thresholds and the filing obligation remain fully applicable; the only element that changes is the rate applied to the tax base. Should a beneficiary of the exemption die within this period, the heirs pay inheritance tax at only 1%, however high the value of the estate transferred. The advantage becomes pronounced in large estates, where the tax base reaches the upper brackets: the marginal rates that climb to 5%, 7%, and 10% under the standard tariff are reduced to a flat 1% under this regime. This structural change warrants a reassessment of wills drafted on the assumption of standard Turkish inheritance taxation, of foreign trust structures, and of multi-jurisdictional estate plans.

7. Integration with the Asset Amnesty (Past + Future + Inheritance)

The strategic value of the package emerges when the three measures are planned together. On its own, the 20-year exemption provides an income tax advantage; the Asset Amnesty brings existing offshore assets into Turkiye at a low tax cost; and the 1% inheritance rate lowers the cost of succession. When the three are structured jointly, past assets, future income, and inheritance are addressed within a single plan.

The Asset Amnesty introduced under the same Law No. 7582 (Provisional Article 19 added to Law No. 5520) allows cash, foreign currency, gold, and securities held abroad to be declared and brought into Turkiye by July 31, 2027. Assets held abroad must be brought into Turkiye within two months of the declaration. The standard rate is 5%; with a five-year commitment to hold the assets in government domestic borrowing instruments or lease certificates, the rate falls gradually to as low as 0%. Where the conditions are met, no tax audit or assessment is carried out in respect of the declared assets.

The practical sequence involves three steps:

» **Clearing the past:** Offshore assets are brought into Turkiye at a low rate under the Asset Amnesty and entered into the records; the risk of a retrospective audit is eliminated.

» **Securing the future:** If the investor meets the non-residence condition for the last three years, they relocate to Turkiye, transfer their tax residency, and file the Exemption Certificate application within the prescribed period; the 20-year exemption regime then takes effect.

» **Optimizing generational transfer:** For transfers by inheritance occurring during the exemption period, the 1% rate applies in place of the standard tariff, reducing the cost of passing wealth to the next generation.

An investor who uses only the Asset Amnesty without transferring their tax residency to Turkiye obtains a one-off tax advantage; an investor who plans all three measures together combines past assets, future income, and the inheritance plan under a single legal framework. The order and timing of the steps matter: incorrectly sequencing the establishment of residency, the transfer of assets, and the application windows may jeopardize both the Asset Amnesty period and the Exemption Certificate application.

8. Dual Residency, Double Taxation Treaties, and Source-Country Exit Taxes

The protection afforded by Turkiye applies only within the Turkish tax system; obligations in the source country operate independently.

Dual Residency and Double Taxation Treaties

The fact that a person becomes subject to full tax liability under Turkish domestic law does not mean that their tax residency in their country of origin has ended. In such a case, the residency provisions of the relevant Double Taxation Treaty come into play (Turkiye has treaties in force with more than 80 countries), and the "tie-breaker" criteria of the OECD Model Tax Convention are applied in a set order: permanent home, then center of vital interests, then habitual abode, then nationality, and finally mutual agreement between the competent authorities. For those who return without fully terminating their home, economic activities, and family arrangements abroad, merely crossing the 183-day threshold may not, on its own, be sufficient.

Source-Country Exit Taxes

A change of tax residency may also trigger obligations in the source country that are independent of the Turkish regime. Several countries operate exit-tax or similar mechanisms that can tax unrealized gains on certain assets when a resident leaves. Germany's Wegzugsbesteuerung is a well-known example, and comparable regimes or wealth-tax rules exist in countries such as the Netherlands, the United Kingdom, and Belgium, each with its own scope and conditions. Because such a charge may, in some cases, exceed the savings the Turkish regime provides, the potential source-country consequences should be assessed with a local adviser before the relocation is finalized, so that the two sides can be planned together.

Non-Resident Status

To illustrate the limits of the regime, the Communiqué also gives the example of a person who has never become resident in Turkiye: for a natural person whose domicile is in the United Arab Emirates and who is not deemed resident in Turkiye, transferring USD 100,000 from abroad to a bank account in Turkiye and sending to that account EUR 50,000 in rental income derived from immovable property in France does not, on its own, give rise to taxation in Turkiye. Since non-residents are taxed only on income earned in Turkiye (Article 3 of the Income Taw Law), sending foreign income to an account in Turkiye does not create taxability.

9. Risks and Points to Consider

Breach of conditions and tax loss

Where it is subsequently determined that the exemption was used despite the conditions not being met, the exemption certificate is cancelled; the under-accrued tax is collected together with a tax-loss penalty and late-payment interest (Repeated Article 20/D, paragraph 6; Communiqué No. 333, Article 5). The Communiqué gives the example of a person whose certificate was cancelled after a review conducted following its issuance revealed unregistered commercial activity in prior years, leading to an ex officio assessment of liability. This risk is highest in files where the tax-liability position for the preceding three years is not fully documented; compiling a complete record of travel history, residence records, and income declarations before applying reduces it.

Continuity of residency is required

Because the exemption rests on actual tax residency, if the person terminates their Turkish residency, foreign-source income falls outside the exemption for the remaining period (Communiqué No. 333, Article 6). Citizenship alone does not sustain the exemption. Benefiting from the full 20-year period therefore depends not only on the initial relocation but on maintaining residency throughout that period; this continuity should be kept in mind when extended stays abroad are planned.

Dual-Residency Risk

If ties with the source country (home, family, economic activity) are not fully severed, the tie-breaker rules of the applicable treaty may treat the person as resident in the other country. In that case, even where the person is a full taxpayer in Turkiye, the treaty may grant the taxing right to the other country, and the advantage provided by the exemption is effectively weakened. The risk is pronounced in files that rely solely on the 183-day threshold without genuinely moving the center of life to Turkiye.

Source-Country Exit Tax

On relocation from countries such as Germany, the Netherlands, and the United Kingdom, the change of residency may give rise to a tax liability in the source country on unrealized capital gains. This burden may exceed the savings Turkiye provides and cannot be corrected once the relocation is complete. A joint calculation with a source-country adviser should therefore be carried out before the decision is made.

Administrative practice has not yet matured

The regulation is new; an established confirmation mechanism such as Italy's advance ruling (interpello) is not available at this stage. For borderline structures, source determination (the domestic/foreign distinction) may carry uncertainty; in particular, where an activity carried out in Turkiye serves a foreign client, the character of the income may be contentious. In such structures, how the interpretation will be received by the administration may not be foreseeable in advance.

Application Timing

Even where eligibility is met, failure to apply within the prescribed period forfeits the right; the application window is the most critical calendar element of the file. Because the correct determination of the date of relocation (the six-month / domicile threshold) directly governs the application period, the date of relocation and the application window should be planned together.

9.1. International Comparison

Turkiye's Repeated Article 20/D regime did not arise in a vacuum. Over the past fifteen years, many countries have established special regimes to attract high-income individuals and international capital. The table below compares Turkiye with its principal competitors.

Criteria	Turkiye	Italy	Greece	Portugal	Dubai/BAE
Basic structure	Full exemption on foreign-sourced income	Flat tax on foreign income	Flat tax on foreign income	20% flat tax on eligible professional income	No personal income tax
Annual Cost	None	300,000€ (200,000 € until the end of 2025)	100,000€	No fixed fee	None
Duration	20 Years	15 Years	15 Years	10 Years	Indefinite
Prior non-residency requirement	Previous 3 calendar years	9 out of the last 10 years	7 out of the last 8 years	Last 5 years	No requirement
Minimum investment	None	None	€500,000 within 3 years	None	None
Inheritance advantage	1% (within 20 years)	Inheritance and gift tax applies only to assets in Italy	No separate provision	No separate provision	No federal estate tax
Status (2026)	Active	Active	Active	NHR closed, IFICI in force	Active

Italy

Italy's new-residents regime allows a person who transfers their tax residency to Italy to replace their entire foreign income with a fixed annual tax, regardless of the amount. This charge began at EUR 100,000 in 2017, rose to EUR 200,000 in 2024, and was increased to EUR 300,000 by the 2026 Budget Law; an additional EUR 50,000 per year applies for each family member included in the regime. The regime lasts for a maximum of 15 years, is non-renewable, and requires that the applicant was not resident in Italy for at least 9 of the 10 tax years preceding the application. Because the mechanism is built on a fixed amount, the effective rate falls as foreign income grows: at roughly EUR 3 million of income the effective rate is around 10%, whereas at EUR 600,000 the same fixed tax corresponds to 50%. The regime therefore makes economic sense only for genuinely large fortunes. Two structural features stand out for wealth and succession planning: Italian inheritance and gift tax applies, for the duration of the regime, only to assets located in Italy, leaving foreign assets outside its scope; and the taxpayer may exclude income from certain countries from the fixed tax, opting for ordinary taxation of that income. Italy-source income, by contrast, remains subject to ordinary income tax reaching up to 43%.

Greece

Greece's investor regime provides for a fixed annual tax of EUR 100,000 on all foreign income, with an additional EUR 20,000 for each family member. The regime lasts 15 years and requires that the applicant was not resident in Greece for 7 of the 8 years preceding the application. Its key difference from Italy is the requirement to invest at least EUR 500,000 in Greece within three years. Alongside this regime, Greece operates two further schemes: a fixed rate of 7% for up to 15 years for foreign pensioners who bring their foreign income to Greece, and a 50% income tax exemption for up to 7 years on Greece-source income for relocating employees and professionals. This threefold structure targets the wealthy investor, the pensioner, and the employee separately.

Portugal (IFICI / "NHR 2.0")

The NHR regime, for many years a general point of attraction, was closed to new applications in 2025; the transition period ended on March 31, 2025. The successor IFICI regime is considerably narrower. It applies a 20% flat rate for 10 years only to Portugal-source professional income derived from qualifying activities such as scientific research, technology, R&D, healthcare, engineering, information technology, and senior management in exporting companies. Eligibility depends on the profession and the employer; the applicant generally must hold at least a bachelor's-level qualification with relevant professional experience and be employed by a company operating in an eligible sector. Unlike the former NHR, foreign pensions are now taxable. Portugal has thus shifted from being a general high-net-worth relocation vehicle to a targeted talent incentive.

Dubai / UAE

A 0% personal income tax applies to wages, self-employment, and most personal earnings. This is not a "regime" conditioned on duration, a fee, or a prior-residence requirement, but the tax system itself; there is no application and no time limit. There is likewise no personal capital gains or wealth tax, and no inheritance tax at the federal level. In return, a 9% corporate tax applies to business profits above the specified threshold, and a 5% VAT applies to goods and services. Dubai's appeal lies in its simplicity and permanence; its limitation is that the only advantage the system offers is the absence of tax—meaning that layers such as succession planning, a broad double-taxation-treaty network, or a time-bound exemption are not part of this model.

Turkiye's Competitive Positioning

Evaluated alongside the regimes in Italy, Greece and Portugal, the Turkish regime offers several notable advantages. The first is the duration of the exemption. At 20 years, the exemption period is longer than the 15-year periods available in Italy and Greece and the 10-year period in Portugal, providing the longest protection period among the regimes reviewed.

The absence of a fixed tax or minimum investment requirement is another important advantage. In contrast to Italy's annual €300,000 flat tax and Greece's €100,000 tax combined with a €500,000 investment requirement, the Turkish regime does not impose either of these conditions. As a result, the regime may also be attractive to individuals with moderate levels of foreign income, for whom the fixed-tax models available in other jurisdictions may not be economically efficient.

The regime also provides a favorable treatment for inheritance. Transfers made by way of inheritance during the exemption period are subject to a 1% flat rate, which means that the regime may offer benefits not only in terms of income taxation but also in relation to intergenerational wealth planning.

Nevertheless, certain limitations should be considered. As the regulation has only recently entered into force, administrative practice and case law have yet to develop. In addition, unlike Italy, there is currently no established advance ruling or clearance mechanism comparable to the interpello procedure. The regime also does not remove tax obligations that may arise in the source country. Accordingly, issues such as dual residency and source-country exit taxes should be assessed separately.

For these reasons, it would not be appropriate to identify a single "best" regime for all individuals. The most suitable jurisdiction will depend on the individual's level and type of foreign income, expected duration of stay, family structure and nationality. This is particularly relevant for US citizens, who remain subject to US taxation based on citizenship.

10. Frequently Asked Questions

Can I benefit from the exemption if I relocate to Turkiye in 2027 or a later calendar year?

Yes. Repeated Article 20/D does not provide for any expiry date; the phrase "persons deemed resident as from January 1, 2026" merely fixes the starting point of the retrospective application. For as long as the regulation remains in force, individuals who relocate to Turkiye in subsequent years will also benefit from the 20-year exemption as from their own date of residence, provided they meet the conditions.

I am a Turkish citizen but have been resident in Germany for years. Do I fall within the scope of the exemption?

The determining criterion under the regulation is not citizenship but tax residency. To benefit from the exemption, you must not have held a tax liability as a full taxpayer in Turkiye during the last three calendar years preceding your being deemed resident, and you must relocate to Turkiye and establish residency. A return filed solely on account of rental income or income from movable capital does not extinguish this right; however, having been present in Turkiye for more than six months in a calendar year during those three years may place the right at risk in terms of residency.

Am I required to file a return for my foreign income within the scope of the exemption?

No. No annual income tax return is filed for foreign income and revenues within the scope of the exemption. Even if you are required to file a return for other income in Turkiye, such exempt earnings are not included in that return (Repeated Article 20/D, paragraph 3).

Is obtaining the exemption certificate mandatory, and what is the application deadline?

Yes, obtaining the exemption certificate is mandatory. As a rule, the application must be made by the end of the calendar year in which you are deemed resident in Turkiye; for those who become resident in the last two months of the calendar year (November–December), this period extends to the end of the second month (February) of the following year. If the application deadline is missed, you cannot benefit from the exemption even if you meet the conditions.

During the last three calendar years I had a tax liability in Turkiye from wages or commercial income. Can I still benefit from the exemption?

No. A tax liability arising from wages, commercial income, or professional (self-employment) income during the last three calendar years preceding relocation constitutes a bar to the exemption; this includes wage income subject to withholding from a single employer. By contrast, a tax liability arising solely from immovable property income (rent), income from movable capital, or capital gains does not preclude the exemption.

What happens to my exemption if I leave Turkiye before the exemption period expires?

The exemption is contingent on actual tax residency. If your tax residency in Turkiye ends, your foreign-source income falls outside the scope of the exemption as from that date, and the exemption cannot be used for the remaining period. Benefiting from the full 20-year period therefore depends on maintaining residency throughout that period.

Can I combine the exemption with the Turkish citizenship-by-investment program?

The two frameworks are structurally complementary but legally independent. A foreign investor who was not a taxpayer in Turkiye during the preceding three calendar years and who subsequently establishes residency in Turkiye may, in principle, benefit from both regimes. Here, the coordination of factors such as when residency is established and how income flows are documented is decisive.

II. Conclusion

The 20-year income tax exemption and the 1% inheritance regime introduced by Law No. 7582 rank among the most comprehensive measures adopted to date for individuals, placing Turkiye among the leading jurisdictions in international tax competition. With its duration, its absence of any cost, and its comprehensive structure that also encompasses the intergenerational transfer of wealth, the regime offers a meaningful opportunity not only to very high-income groups but also to individuals with moderate foreign income.

Nevertheless, the advantage the regime provides is not fully realized unless it is properly planned. The facts that the exemption does not apply automatically, that it is contingent on a mandatory and time-limited certificate application, that it requires the continuity of residency, and that source-country exit taxes and dual-residency risks continue to operate independently, all make it essential to approach the relocation decision within a comprehensive framework. Documenting eligibility, filing the application within the prescribed period, correctly classifying the income structure, and coordinating source-country obligations simultaneously are the decisive steps in securing the advantage.

The Law has entered into force, and its implementation procedures have been clarified by General Communiqué No. 333. At this stage, therefore, what matters is to assess the file on the basis of individual circumstances and to initiate the necessary application and documentation process in good time. The full realization of the advantage the regime offers depends on early and coordinated planning.

Figure 3. 5 Critical Steps

How Level International Can Assist

Our Services

Level International is a Turkish tax, accounting and advisory firm. Our services relating to the 20-year exemption and the relocation of individuals to Turkiye include:

- **Eligibility Assessment and Documentation:** review and evidencing of the non-residence position for the last three calendar years, based on travel history, residence records and prior filings, against the thresholds of Article 4 of the Income Tax Law (ITL).
- **Exemption Certificate Application:** preparation of the application file, management of the statutory application window, and liaison with the tax office through to issuance.
- **Income Scope Analysis:** classification of each income item as foreign- or Turkiye-source, identification of borderline cases, and assembly of the supporting documentation required to sustain the exemption.
- **International Tax Coordination:** dual-residency and treaty (tie-breaker) analysis, coordination of source-country exit taxes (Germany, the Netherlands, the United Kingdom) with a local adviser, and assessment of how offshore structures interact with the regime.
- **Wealth and Succession Planning:** review of wills, trust and holding structures in light of the 1% inheritance rate, and modeling of intergenerational transfer.
- **Asset Amnesty Integration:** structuring the repatriation of offshore assets under the Asset Amnesty jointly with the exemption and the inheritance regime, sequenced to protect both application windows.
- **Ongoing Compliance:** management of Turkish tax obligations on Turkiye-source income during the exemption period and monitoring of the continuity-of-residency requirement.

Beyond this regime, our practice advises across the full range of Turkish and international tax matters:

- **Transfer Pricing:** policy design, benchmarking studies, documentation (Local File / Master File) and defense of related-party transactions.
- **International Corporate Tax:** corporate structuring, inbound and outbound investment planning, double-taxation-treaty application, and controlled-foreign-company analysis.
- **Global Minimum Tax (Pillar Two / GloBE):** scoping, QDMTT and compliance support.
- **Tax Compliance and Reporting:** bookkeeping, corporate tax and VAT return preparation, and payroll and social security administration.
- **General Tax and Accounting Advisory:** ongoing consultancy on Turkish tax legislation and its application to specific transactions.

We welcome the opportunity to discuss your specific circumstances and to prepare a tailored roadmap covering eligibility, the Exemption Certificate application, and the coordination of source-country and succession matters.

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