

Date: 20/08/2019

The Ministry of Finance has issued the obligations of the companies that have to deduct, declare and pay to the Treasury the tax of Article 51 of Law 497/2003 amended by Law no. 144 of 31/07/2019.

“Whereas Law no. 144 of 31/07/2019 has increased the tax rate on interests, dividends and revenues that are taxable according to the provisions of Article 51 of Law no. 497/2003 and its amendments from 7% to 10% for 3 years, before setting it back to 7% again,

Whereas each enterprise prior to paying the above-mentioned interests, dividends and revenues should deduct from them the due tax and pay it to the Treasury in monthly installments within 15 days from the end of the month during which the deduction took place,

Therefore, the Ministry of Finance would like to inform the companies that have to deduct the tax of Article 51 of Law 497/2003 and its amendments of the obligation to calculate the due tax on interests, dividends and revenues that are taxable according to the provisions of this Article as follows:

The period during which the due tax is calculated on interests, dividends and revenues shall be divided into two:

- On the basis of a 7% rate for the period extending until 31/07/2019 included
- On the basis of a 10% rate as of 01/08/2019

The Ministry also issued the obligations of the enterprise that have to deduct the Tax on Salaries and Wages. They stipulated the below:

“Whereas item 4 of Article 50 of Legislative Decree 144 dated 12/06/1959 and its amendments (Income Tax Law) has exempted the education and birth allowances and the aids that are granted to the employee upon his marriage or the death of one of the members of his family according to the following conditions and limitations:

- 1- When they are granted by virtue of permanent and comprehensive rules of procedure ratified by the Ministry of Labor
- 2- When they fall within the conditions and limitations of the amounts set by the Cooperative of Civil Servants

Whereas it turned out that many public institutions, mutual funds, military and security bodies, private institutions and other bodies and mutual funds are granting their employees or beneficiaries allowances that exceed the amounts set by the Cooperative of Civil Servants,

Whereas Article 21 of 2019 Budget Law included the exemption of public institutions, municipalities, unions of municipalities and all public law entities from their due penalties if they pay the due taxes within a deadline ending on 31/12/2019,

Whereas Article 32 of 2019 Budget Law included the reduction of penalties imposed on taxpayers by 85% provided they pay their due taxes and penalties within a deadline ending on 31/12/2019,

Therefore,

The Ministry of Finance would like to inform all the public and private companies that are totally, or partially, not abiding by the provisions of the above-mentioned item 4, of the need to abide by the provisions of item 4 of Article 50 of the Income Tax Law and file or amend their tax returns, pay their taxes and benefit from the provisions of Articles 21 and 32 mentioned above accordingly.”