

**GUIDE TO STATE
INCENTIVES FOR
INVESTMENTS
IN TURKEY**



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DISCLAIMER

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All information in this guide is up to date as of 01.03.2021.



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INVESTMENT INCENTIVES SCHEMES

INCENTIVE GLOSSARY

VAT Exemption: Value-Added Tax is not payable for machinery and equipment to be purchased.

Customs Duty Exemption: Customs duty is not payable for machinery and equipment to be supplied from abroad.

Corporate Tax Reduction: Corporate tax is paid with reduction.

Social Security Premium Support (Employer's Share): The employer's share of the social security premium calculated for employment will be covered by the government.

Social Security Premium Support (Employee's Share): The employee's share of the social security premium calculated on the basis of the legal minimum wage for employment will be covered by the government.

Interest Rate Support: A certain portion of the interest to be paid for loans obtained will be covered by the government.

Land Allocation: Land is allocated for investment based on the availability, in accordance with the principles and procedures set by the Ministry of Environment and Urbanization.

Income Tax Withholding Support: The income tax determined for employment will be exempt.

VAT Refund: VAT refund is provided for building and construction expenditures.

Qualified Personnel Support: Gross wages of qualified personnel to be employed for up to 5 years will be covered (up to 20 times the gross minimum wage)

Energy Support: Energy expenditures will be partially rebated to the investor.

Capital Contribution: Government can make capital contribution of up to 49% of the investment amount.

Infrastructure Support: Investor's infrastructural needs such as electricity, natural gas, etc. can be covered.

Purchasing Guarantee: Public purchase guarantee can be provided for products to be produced within the scope of the investment.

Facilitation of Authorization/Permit/License Procedures:

An exception may be introduced by virtue of a presidential decree for authorizations, allocation, permits, licenses and registrations among other restrictive provisions. Alternatively, an arrangement may be made in terms of legal and administrative processes to accelerate and facilitate investments.

Cash Support: Eligible expenditures are partially rebated by the institution providing support after the expenditures are paid.

Training Support: Daily expenses and eligible training costs will be covered by İŞKUR.

R&D/Design Discount: R&D and design expenditures are wholly deductible from the corporate tax base.

Corporate Tax Exemption: No corporate tax is payable.

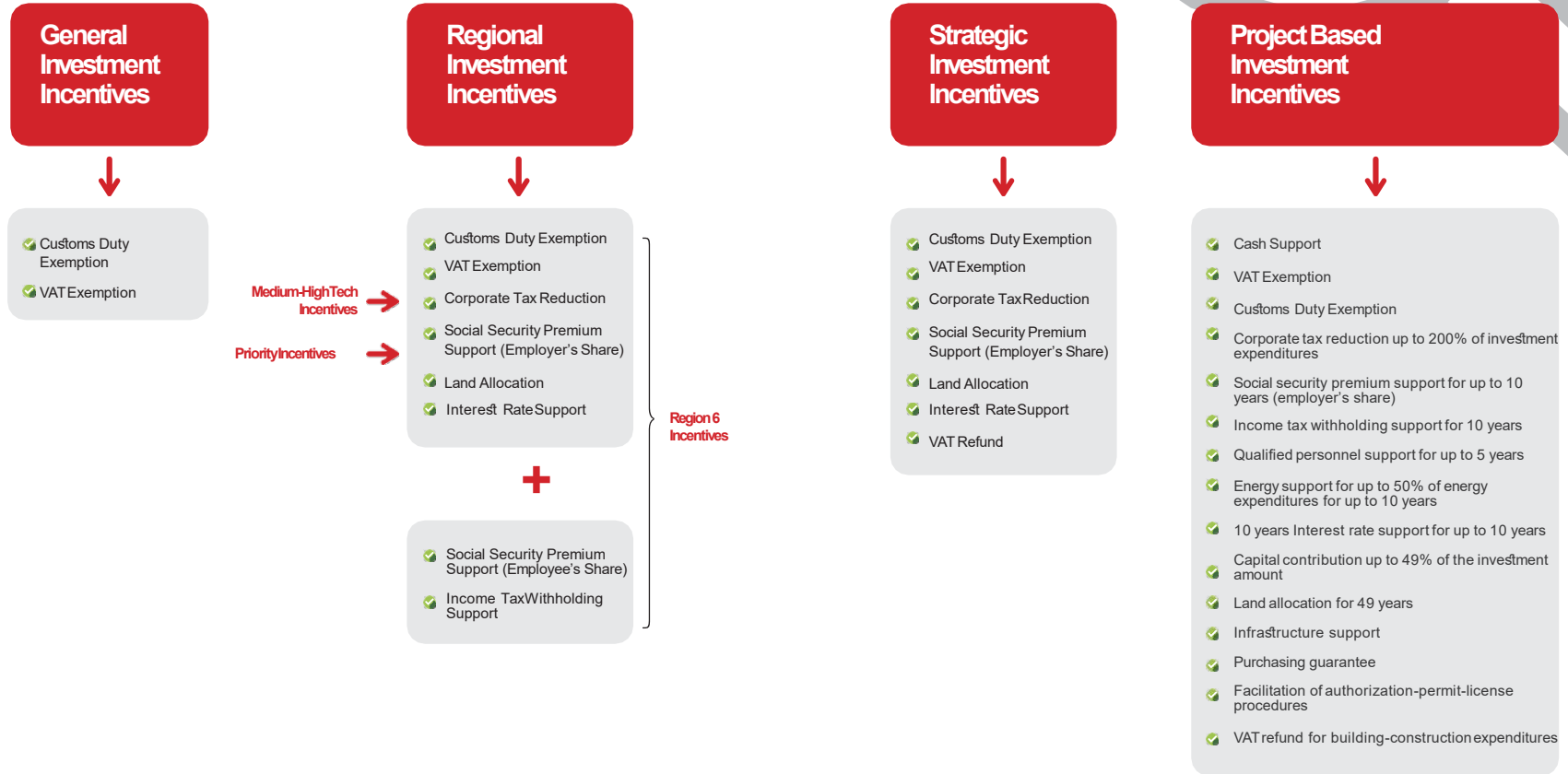
Credit Support: Credit opportunities with reduced rates are provided to investors to improve exportation.

Stamp Duty Exemption: No stamp duty is payable for documents.

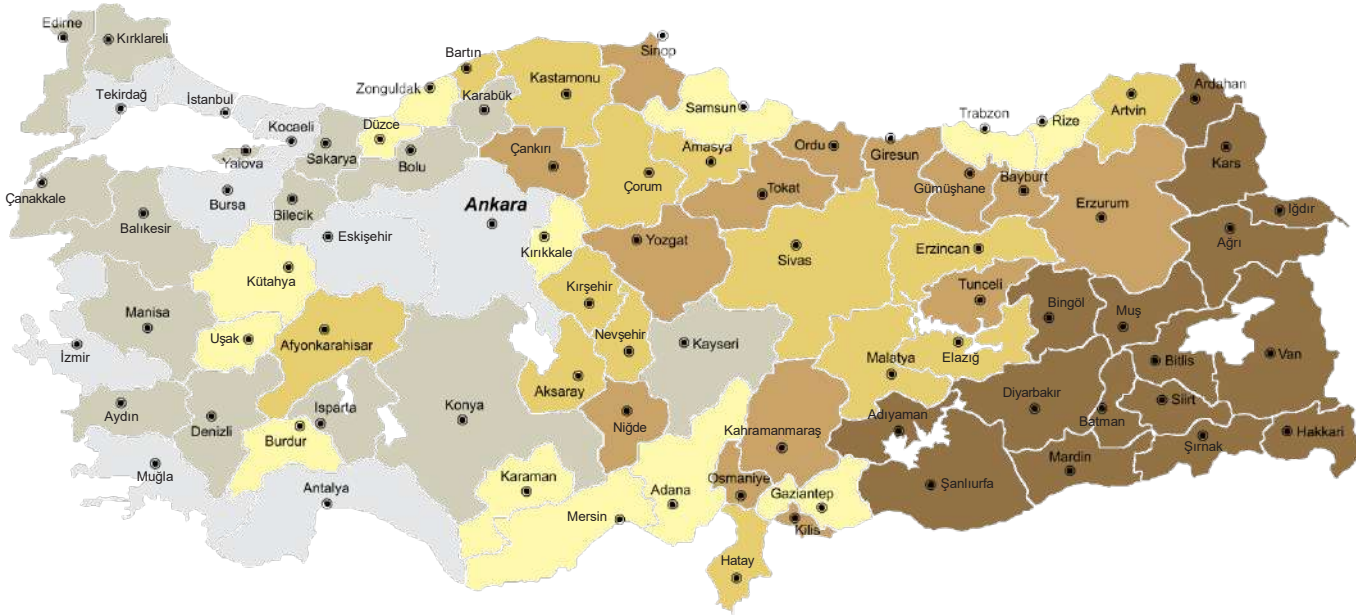
Property Tax Exemption: No property tax is payable for land and buildings.

Special Consumption Tax Exemption: Enterprises in free zones are exempt from special consumption tax.

INCENTIVES PROVIDED BY THE MINISTRY OF INDUSTRY AND TECHNOLOGY



INCENTIVE REGIONS



The breadth and depth of support provided vary based on the level of development of the regions.

Developed regions are provided with fewer support options than lesser developed regions.

<p>Region1</p> <p>Ankara, Antalya, Bursa, Eskişehir, İstanbul, İzmir, Kocaeli, Muğla, Tekirdağ</p>	<p>Region2</p> <p>Aydın, Balıkesir, Bilecik, Bolu, Çanakkale, Denizli, Edirne, Isparta, Karabük, Kayseri, Kırklareli, Konya, Manisa, Sakarya, Yalova</p>	<p>Region3</p> <p>Adana, Burdur, Düzce, Gaziantep, Karaman, Kırıkkale, Kütahya, Mersin, Rize, Samsun, Trabzon, Uşak, Zonguldak</p>	<p>Region4</p> <p>Afyonkarahisar, Aksaray, Amasya, Artvin, Bartın, Çorum, Elazığ, Erzincan, Hatay, Kastamonu, Kırşehir, Malatya, Nevşehir, Sivas</p>	<p>Region5</p> <p>Bayburt, Çankırı, Erzurum, Giresun, Gümüşhane, Kahramanmaraş, Kilis, Niğde, Ordu, Osmaniye, Sinop, Tokat, Tunceli, Yozgat</p>	<p>Region6</p> <p>Adıyaman, Ağrı, Ardahan, Batman, Bingöl, Bitlis, Diyarbakır, Hakkari, Iğdır, Kars, Mardin, Muş, Siirt, Şanlıurfa, Şırnak, Van</p>
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*Investments in certain districts of the provinces (Ref: Incentives Legislation Appendix-7) may be supported with incentives extended to a lower region.

GENERAL INVESTMENT INCENTIVES

Tax exemption for procurement of machinery and equipment, regardless of the investment region



Incentive	Eligibility Criteria	Supports
General Investment Incentives	Minimum fixed investment amount between TRY 500,000 – TRY 1 million depending on the investment location	<ul style="list-style-type: none"> VAT Exemption Customs Duty Exemption

GENERAL INVESTMENT INCENTIVES - SIMULATION

Simulation Inputs:

- Fixed investment amount (machinery + equipment) = TRY 80 million
- Machinery and equipment to be imported = TRY 60 million
- Machinery and equipment to be procured domestically = TRY 20 million

Investment Location: Does not matter

VAT Exemption: TRY 80,000,000 (total amount of the machinery and equipment) x 0.18 (VAT rate) = **TRY 14,400,000** of VAT will not be paid by the investor.

Customs Duty Exemption: TRY 60,000,000 (amount of the machinery and equipment to be imported) x 0.02 (Average customs duty rate) = **TRY 1,200,000** of customs duty will not be paid by the investor.



Investment Inputs

	Scenario (TRY)
Investment Amount	80,000,000
Machinery and Equipment to be Imported	60,000,000
Machinery and Equipment to be Procured Domestically	20,000,000



Incentives

	Scenario (TRY)
VAT Exemption	14,400,000
Customs Duty Exemption	1,200,000
Total Support	15,600,000
Total Support Rate (%)	19.5%

REGIONAL INVESTMENT INCENTIVES

REGIONAL INVESTMENT INCENTIVES - SIMULATION

Higher incentives for investments to be made in less developed regions

 Incentive	Eligibility Criteria*	Supports
Regional Investment Incentives	Minimum fixed investment amount between TRY 500,000 – TRY 4 million depending on the investment location and industry	<ul style="list-style-type: none"> VAT Exemption Customs Duty Exemption Corporate tax reduction of 15-55% of investment expenditures depending on the investment location** Social security premium support (employer's share) between 2-12 years depending on the investment location Land Allocation Interest rate support in the amount of TRY 1 to 1.8 million depending on the investment location (This support is not applicable to investments to be made in Region 1 and Region 2.)

*Please review the document in Annex-1 for detailed information about the supports and conditions for benefiting from them.

**For the investments to be made in the manufacturing industry by the end of 2022, the corporate tax reduction support will be applied by adding 15 points to the rate currently applied.

Simulation Inputs:

- Fixed investment amount (machinery + equipment + construction) = TRY 100 million
- Machinery and equipment to be imported = TRY 60 million
- Machinery and equipment to be procured domestically = TRY 20 million
- Construction cost = TRY 20 million
- Employment = 100 people
- Investment location = Region 3 / in OIZ


VAT Exemption: TRY 80,000,000 (total amount of the machinery and equipment) x 0.18 (VAT rate) = TRY 14,400,000 of VAT will not be paid by the investor.


Customs Duty Exemption: TRY 60,000,000 (amount of the machinery and equipment to be imported) x 0.02 (Average customs duty rate) = TRY 1,200,000 of customs duty will not be paid by the investor.

Corporate Tax Reduction: TRY 100,000,000 (fixed investment amount) x 0.3 (support rate for Region 3 inside OIZ) = TRY 30,000,000 will be the upper limit for the total corporate tax reduction support.

Social Security Premium Support (Employer's Share): Social security premium support that can be used for the employment of 100 individuals = 100 x 72 [period of support (months)] x 555 (employer's share) = TRY 3,996,000 of employer's share will not be paid.

Interest Rate Support: The Ministry provides interest rate support with the upper limit of TRY 1,000,000 for Region 3. (3 points for TRY-denominated loans, 1 point for loans in foreign currency)

 Investment Inputs	Scenario (TRY)
Investment Amount	100,000,000
Starting Date	31/1/2021
Employment	100 people
Investment Components	
Machinery and Equipment to be Imported	60,000,000
Machinery and Equipment to be Procured Domestically	20,000,000
Construction Cost	20,000,000

 Incentives	Scenario (TRY)
VAT Exemption	14,400,000
Customs Duty Exemption	1,200,000
Corporate Tax Reduction	30,000,000
Social Security Premium Support (Employer's Share)	3,996,000
Interest Rate Support	1,000,000
Total Support	50,596,000
Total Support Rate (%)	50.6%

MEDIUM-HIGH TECH INVESTMENT INCENTIVES

MEDIUM-HIGH TECH INVESTMENT INCENTIVES-SIMULATION

Region 4 incentives at minimum, regardless of the investment region (Istanbul excluded)



Incentive	Eligibility Criteria*	Supports
Medium-High Tech Investment Incentives (OECD)	<ul style="list-style-type: none"> Minimum fixed investment amount between TRY 500,000 – TRY 1 million depending on the investment location The investment subject being among «medium high-tech investments» 	<ul style="list-style-type: none"> VAT Exemption Customs Duty Exemption Corporate tax reduction of 30-55% of investment expenditures depending on the investment location** Social security premium support (employer's share) between 6-12 years depending on the investment location Land Allocation Interest rate support between TRY 1.2 – 1.8 million depending on the investment location



US-97 code	Medium-High Tech (OECD) Investment Areas
24 (except 2423)	Production of Chemical Materials and Products (Except production of chemical and herbal products used in pharmaceuticals and medicine)
29	Manufacture of Machinery and Equipment
31	Manufacture of Electrical Machinery and Equipment
34	Manufacture of Motor Land Vehicles
352	Manufacture of Railway and Tramway Locomotives and Wagons
359	Manufacture of Transportation Vehicles

*Please review the document in Annex-1 for detailed information about the supports and conditions for benefiting from them.

**For the investments to be made in the manufacturing industry by the end of 2022, the corporate tax reduction support will be applied by adding 15 points to the rate currently applied.

Simulation Inputs:

- Fixed investment amount (machinery + equipment + construction) = TRY 100 million
- Machinery and equipment to be imported = TRY 60 million
- Machinery and equipment to be procured domestically = TRY 20 million
- Construction cost = TRY 20 million
- Employment = 100 people
- Investment location = Does not matter (except Istanbul)

VAT Exemption: TRY 80,000,000 (total amount of the machinery and equipment) x 0.18 (VAT rate) = **TRY 14,400,000** of VAT will not be paid by the investor.

Customs Duty Exemption: TRY 60,000,000 (amount of the machinery and equipment to be imported) x 0.02 (Average customs duty rate) = **TRY 1,200,000** of customs duty will not be paid by the investor.

Corporate Tax Reduction: TRY 100,000,000 (fixed investment amount) x 0.3 (support rate for Region 4) = **TRY 30,000,000** will be the upper limit for the total corporate tax reduction support.

Social Security Premium Support (Employer's Share): Social security premium support that can be used for the employment of 100 individuals = 100 x 72 [period of support (months)] x 555 (employer's share) = **TRY 3,996,000** of employer's share will not be paid.

Interest Rate Support: The Ministry provides interest rate support with the upper limit of **TRY 1,200,000** for Region 4. (4 points for TRY-denominated loans, 1 point for loans in foreign currency)



Investment Inputs	Scenario (TRY)
Investment Amount	100,000,000
Starting Date	31/1/2021
Employment	100 people
Investment Components	
Machinery and Equipment to be Imported	60,000,000
Machinery and Equipment to be Procured Domestically	20,000,000
Construction Cost	20,000,000



Incentives	Scenario (TRY)
VAT Exemption	14,400,000
Customs Duty Exemption	1,200,000
Corporate Tax Reduction	30,000,000
Social Security Premium Support (Employer's Share)	3,996,000
Interest Rate Support	1,200,000
Total Support	50,796,000
Total Support Rate (%)	50.8%

PRIORITY INVESTMENT INCENTIVES

PRIORITY INVESTMENT INCENTIVES-SIMULATION

Incentives provided for Region 5, regardless of the investment region



Incentive	Eligibility Criteria*	Supports
Priority Investment Incentives	<ul style="list-style-type: none"> Minimum fixed investment amount between TRY 500,000 – TRY 1 million depending on the investment location The investment subject being among «priority investments» 	<ul style="list-style-type: none"> VAT Exemption Customs Duty Exemption Corporate tax reduction of 40-55% of investment expenditures depending on the investment location** Social security premium support (employer's share) between 7-12 years depending on the investment location Land Allocation Interest rate support between TRY 1.4 – TRY 1.8 million depending on the investment location

Simulation Inputs:

- Fixed investment amount (machinery + equipment + construction) = TRY 100 million
- Machinery and equipment to be imported = TRY 60 million
- Machinery and equipment to be procured domestically = TRY 20 million
- Construction cost = TRY 20 million
- Employment = 100 people
- Investment location = Does not matter (except Istanbul)

VAT Exemption: TRY 80,000,000 (total amount of the machinery and equipment) x 0.18 (VAT rate) = TRY **14,400,000** of VAT will not be paid by the investor.

Customs Duty Exemption: TRY 60,000,000 (amount of the machinery and equipment to be imported) x 0.02 (Average customs duty rate) = TRY **1,200,000** of customs duty will not be paid by the investor.

Corporate Tax Reduction: TRY 100,000,000 (fixed investment amount) x 0.4 (support rate for Region 5) = TRY **40,000,000** will be the upper limit for the total corporate tax reduction support.

Social Security Premium Support (Employer's Share): Social security premium support that can be used for the employment of 100 individuals = 100 x 84 [period of support (months)] x 555 (employer's share) = TRY **4,662,000** of employer's share will not be paid.

Interest Rate Support: The Ministry provides interest rate support with the upper limit of TRY **1,400,000** for Region 5. (5 points for TRY-denominated loans, 2 point for loans in foreign currency)



Investment Inputs

	Scenario (TRY)
Investment Amount	100,000,000
Starting Date	1/1/2021
Employment	100 people
Investment Components	
Machinery and Equipment to be Imported	60,000,000
Machinery and Equipment to be Procured Domestically	20,000,000
Construction Cost	20,000,000



Incentives

	Scenario (TRY)
VAT Exemption	14,400,000
Customs Duty Exemption	1,200,000
Corporate Tax Reduction	40,000,000
Social Security Premium Support (Employer's Share)	4,662,000
Interest Rate Support	1,400,000
Total Support	61,662,000
Total Support Rate (%)	61.7%

*Please review the document in Annex-1 for detailed information about the supports and conditions for benefiting from them.

**For the investments to be made in the manufacturing industry by the end of 2022, the corporate tax reduction support will be applied by adding 15 points to the rate currently applied.

PRIORITY INVESTMENT INCENTIVES

Priority Investment Areas

Investments in freight and/or passenger transportation by sea, airway or railway	Investments for test centers for products in medium and high-tech industry segment stipulated in the OECD's definition for technology intensity	Investments in electricity production through recycling from waste heat
	Integrated investments for the production of aluminum flat products by direct cooling slab casting and hot rolling method	Investments in liquefied natural gas (LNG) and underground natural gas storage of minimum 50 million
Investments for the production of products in high-technology industrial classification according to OECD's definition of technological intensity (US-97 Code: 2423, 30, 32, 33 and 353)	Investments for carbon fiber production or production of composite materials made of carbon fiber, on the condition that it is accompanied by carbon fiber production	Investments in wellness facilities and care centers with a capacity of 100 or more individuals for the elderly and/or disabled, in the minimum amount of TRY 5 million
Touristic accommodation investments eligible for regional supports in terms of thermal tourism or in Cultural and Touristic Preservation and Development Regions	Mining exploration investments to be made in licensed fields by investors with valid Exploration Licenses or Certificates issued under the Mining Law.	Automation-based (containing computer-controlled air-conditioning, irrigation, fertilization and spraying system) greenhouse investments containing domestically produced greenhouse technologies of 25,000 m2 and above, in the minimum amount of TRY 5 million
Manufacture of renewable energy turbine and generators and wind vanes	Nuclear energy plant investments	Licensed warehousing investments
Investments in the area of defense which will be made based on the project approval to be obtained from the Presidency of Defense Industries	Motor parts, powertrains/parts and automotive electronics investments with a minimum amount of TRY 20 million, and motor investments with a minimum amount of TRY 75 million and investments with a minimum amount of TRY 300 million, which will be made in motor land vehicles main industry	Investments in the minimum amount of TRY 500 million which will be made in medium-high tech (OECD) products
Mine extraction investments and/or mine processing investments	Investments in research and reference laboratories, consumer safety and infectious diseases reference laboratory, pharmaceutical and medical equipment analysis and control laboratory and laboratory complexes containing test animals production test and research center units	Electricity production investments where the mines in group 4-b of the 2nd article of the Mining Law 3213 are used as input on the basis of a valid mining operation permit and license issued by the Ministry of Energy and Natural Resources
Day care center, pre-school education, primary, secondary, high school investments and educational investment for the use, repair and maintenance of aircrafts		
Investments for the production of products or components developed at the end of R&D projects supported by the Ministry of Industry and Technology, TUBITAK and KOSGEB.	Investments that are subject to environmental license within the scope of environmental permit and license regulation	Investments in energy efficiency projects which will be carried out in existing manufacturing industry facilities with annual minimum energy consumption of 500 tons of oil equivalent (TOE), which are designed to provide at least fifteen per cent energy saving depending on the current status.
		Software and IT production investments in specialized free zones regardless of a minimum investment amount

REGION 6 INCENTIVES

REGION 6 INCENTIVES-SIMULATION

The most attractive support elements among regional incentives



Incentive	Eligibility Criteria*	Supports
Region 6 Incentives	Minimum fixed investment amount of TRY 500,000	<ul style="list-style-type: none"> VAT Exemption Customs Duty Exemption Corporate Tax Reduction corresponding to 55% of investment expenditures** Social security premium support for 12 years (employer's share) Land Allocation Interest rate support of TRY 1,8 million Social security premium support for 10 years (employee's share) Income tax withholding support for 10 years

*Please review the document in Annex-1 for detailed information about the supports and conditions for benefiting from them.

**For the investments to be made in the manufacturing industry by the end of 2022, the corporate tax reduction support will be applied by adding 15 points to the rate currently applied.

Simulation Inputs:

- Fixed investment amount (machinery + equipment + construction) = TRY 100 million
- Machinery and equipment to be imported = TRY 60 million
- Machinery and equipment to be procured domestically = TRY 20 million
- Construction cost = TRY 20 million
- Employment = 100 people
- Investment location = Region 6 / in OIZ

VAT Exemption: TRY 80,000,000 (total amount of the machinery and equipment) x 0.18 (VAT rate) = **TRY 14,400,000** of VAT will not be paid by the investor.

Customs Duty Exemption: TRY 60,000,000 (amount of the machinery and equipment to be imported) x 0.02 (Average customs duty rate) = **TRY 1,200,000** of customs duty will not be paid by the investor.

Corporate Tax Reduction: TRY 100,000,000 (fixed investment amount) x 0.55 (support rate for Region 6 inside OIZ) = **TRY 55,000,000** will be the upper limit for the total corporate tax reduction support.

Social Security Premium Support (Employer's Share): Social security premium support that can be used for the employment of 100 individuals = 100 x 144 [period of support (months)] x 555 (employer's share) = **TRY 7,992,000** of employer's share will not be paid.

Interest Rate Support: The Ministry provides interest rate support with the upper limit of **TRY 1,800,000** for Region 6. (7 points for TRY-denominated loans, 2 points for loans in foreign currency)

Social Security Premium Support (Employee's Share): Social security premium support that can be used for the employment of 100 individuals = 100 x 120 [period of support (months)] x 501 (employee's share) = **TRY 6,012,000** of employee's share will not be paid.

Income Tax Withholding Support: Income tax withholding reduction that can be used for the employment of 100 individuals = 100 x 120 [period of support (months)] x 188 (income tax) = **TRY 1,860,000** of income tax will not be paid.



Investment Inputs	Scenario (TRY)
Investment Amount	100,000,000
Starting Date	31/1/2021
Employment	100 people
Investment Components	
Machinery and Equipment to be Imported	60,000,000
Machinery and Equipment to be Procured Domestically	20,000,000
Construction Cost	20,000,000



Incentives	Scenario (TRY)
VAT Exemption	14,400,000
Customs Duty Exemption	1,200,000
Corporate Tax Reduction	55,000,000
Social Security Premium Support (Employer's Share)	7,992,000
Interest Rate Support	1,800,000
Social Security Premium Support (Employee's Share)	6,012,000
Income Tax Withholding Support	2,256,000
Total Support	88,660,000
Total Support Rate (%)	88.7%

STRATEGIC INVESTMENT INCENTIVES

STRATEGIC INVESTMENTS-SIMULATION

High incentives in areas with high importation



Incentive	Eligibility Criteria*	Supports
Strategic Investment Incentives	<ul style="list-style-type: none"> The product's domestic production capacity being less than its import volume Investment amount of TRY 50 million 40% of domestic value addition in production The product having import value of USD 50 million in the past year 	<ul style="list-style-type: none"> VAT Exemption Customs Duty Exemption Corporate tax reduction corresponding to 50% of investment expenditures** Social security premium support for 7 years (employer's share) Land Allocation Interest rate support of TRY 50 million or 5% of the investment

*Please review the document in Annex-1 for detailed information about the supports and conditions for benefiting from.

**For the investments to be made in the manufacturing industry by the end of 2022, the corporate tax reduction support will be applied by adding 15 points to the rate currently applied.

Simulation Inputs:

- Fixed investment amount (machinery + equipment + construction) = TRY 100 million
- Machinery and equipment to be imported = TRY 60 million
- Machinery and equipment to be procured domestically = TRY 20 million
- Construction cost = TRY 20 million
- Employment = 100 people
- Investment location = Does not matter (except Istanbul)

VAT Exemption: TRY 80,000,000 (total amount of the machinery and equipment) x 0.18 (VAT rate) = **TRY 14,400,000** of VAT will not be paid by the investor.

Customs Duty Exemption: TRY 60,000,000 (amount of the machinery and equipment to be imported) x 0.02 (Average customs duty rate) = **TRY 1,200,000** of customs duty will not be paid by the investor.

Corporate Tax Reduction: TRY 100,000,000 (fixed investment amount) x 0.5 (support rate for strategic investments) = **TRY 50,000,000** will be the upper limit for the total corporate tax reduction support.

Social Security Premium Support (Employer's Share): Social security premium support that can be used for the employment of 100 individuals = 100 x 84 [period of support (months)] x 555 (employer's share) = **TRY 4,662,000** of employer's share will not be paid.

Interest Rate Support: The Ministry provides interest rate support in the amount of TRY 50,000,000 or up to 5% of the investment amount for strategic investments. (5 points for TRY- denominated loans, 2 points for loans in foreign currency) TRY 100,000,000 (investment amount) x 0.05 (upper limit) = **TRY 5,000,000** of interest support which can be used.



Investment Inputs

	Scenario (TRY)
Investment Amount	100,000,000
Starting Date	31/1/2021
Employment	100 people
Investment Components	
Machinery and Equipment to be Imported	60,000,000
Machinery and Equipment to be Procured Domestically	20,000,000
Construction Cost	20,000,000



Incentives

	Scenario (TRY)
VAT Exemption	14,400,000
Customs Duty Exemption	1,200,000
Corporate Tax Reduction	50,000,000
Social Security Premium Support (Employer's Share)	4,662,000
Interest Rate Support	5,000,000
Total Support	75,262,000
Total Support Rate (%)	75.3%

PROJECT-BASED INCENTIVES

«Tailor made» incentives for areas with critical importance for Turkey



Incentive	Eligibility Criteria*	Supports
Project-Based Incentives	<ul style="list-style-type: none"> Minimum fixed investment amount of TRY 500 million Production of strategic products that are technology-intensive, have high-added value, import-dependent, not locally produced/locally produced at low quantities 	<ul style="list-style-type: none"> Cash Support VAT Exemption Customs Duty Exemption Corporate tax reduction up to 200% of investment expenditures** Social security premium support for up to 10 years (employer's share) Income tax withholding support for 10 years Qualified personnel support for up to 5 years Energy support for up to 50% of energy expenditures for up to 10 years Interest rate support for up to 10 years Capital contribution up to 49% of the investment amount Land allocation for 49 years Infrastructure support Purchasing guarantee Facilitation of authorization-permit-license procedures VAT refund for building-construction expenditures

*Please review the document in Annex-1 for detailed information about the supports and conditions for benefiting from them.

**For the investments to be made in the manufacturing industry by the end of 2022, the corporate tax reduction support will be applied by adding 15 points to the rate currently applied.





PROJECT-BASED INCENTIVES

Some of the investments that have been granted with project-based incentives so far:



Scope of Investment

Support Measures

Polypropylene production with an investment amount of TRY 5.3 billion	VAT Exemption	Customs Duty Exemption	VAT Refund	Corporate Tax Reduction (Support Rate 85%)	Social Security Premium Support (Employer's Share) (10 years)	Income Tax Withholding Support (10 years)	Qualified Personnel Support (TRY 1.2 million)	Interest Rate Support (TRY 350 million)	Energy Support (TRY 40 million)	
Solar panel production with an investment amount of TRY 3.8 billion	VAT Exemption	Customs Duty Exemption	VAT Refund	Corporate Tax Reduction (Support Rate 70%)	Social Security Premium Support (Employer's Share) (10 years)	Income Tax Withholding Support (10 years)	Qualified Personnel Support (TRY 72 million)	Interest Rate Support (TRY 350 million)	Energy Support (TRY 500 million)	
Production of aluminum flat products with an investment amount of TRY 3.7 billion	VAT Exemption	Customs Duty Exemption	VAT Refund	Corporate Tax Reduction (Support Rate 83%)	Social Security Premium Support (Employer's Share) (10 years)	Income Tax Withholding Support (10 years)	Qualified Personnel Support (TRY 150 million)	Interest Rate Support (TRY 780 million)	Energy Support (TRY 580 million)	Infrastructure Support
Carbon fiber production with an investment amount of TRY 2.2 billion	VAT Exemption	Customs Duty Exemption	VAT Refund	Corporate Tax Reduction (Support Rate 25%)	Social Security Premium Support (Employer's Share) (10 years)	Income Tax Withholding Support (10 years)	Qualified Personnel Support (TRY 25 million)	Interest Rate Support (TRY 330 million)	Energy Support (TRY 657 million)	Land Allocation

EMPLOYMENT SUPPORTS

Tax exemptions and cash supports for employment and personnel training

Incentive	Eligibility Criteria	Supports
Additional Employment Incentive	<ul style="list-style-type: none"> The individuals to be hired should not have social security registration for more than 10 days in the last 3 months Trainees must be unemployed individuals registered to the Turkish Employment Agency (İŞKUR) 	<ul style="list-style-type: none"> All premiums payable per personnel employed are supported for 12 months (18 months for women and men under age 25) for up to TRY 3,577.50 per month, while this varies depending on the sector. Income tax on employee's wages and stamp tax will also be covered (TRY 214.97)
On-the-job Training Program	<ul style="list-style-type: none"> 50% of the trainees must be employed at the end of the program The total number of trainees can be at maximum 30% of total employment Trainees must be unemployed individuals registered to the Turkish Employment Agency 	<ul style="list-style-type: none"> Companies can train employees on the job, without incurring any costs. İŞKUR makes a daily payment of up to TRY 108.68 for 6 months to the employees. Work accident, occupational disease and general health insurance premiums of the trainees are paid by İŞKUR
Technical and Vocational Training Program	<ul style="list-style-type: none"> 50% of the trainees must be employed at the end of the program The training venue and the materials to be used in training should be supplied by the company Trainees must be unemployed individuals registered to the Turkish Employment Agency 	<ul style="list-style-type: none"> Expenses of the trainer (salary + SGK Premium + Tax Withholding) are covered by İŞKUR. İŞKUR makes a daily payment of up to TRY 60 to the employees during the course period. Work accident, occupational disease and general health insurance premiums of the trainees are paid by İŞKUR.
Incentives for the Employment of Women, Youths and Individuals with Professional Competence Certificate	<ul style="list-style-type: none"> The individuals who have been unemployed for the last 6 months can be hired within the scope of the program. 	<ul style="list-style-type: none"> All social security premium employer's shares payable per personnel employed are supported for up to 54 months for up to TRY 4,524.86 per month, while this varies depending on the gender and age.

For more information:

iskur.gov.tr



EMPLOYMENT INCENTIVES

OTHER SUPPORTS

Development Agency Supports

26 Development Agencies operating in different regions of Turkey may provide grant supports for certain investment areas, in order to boost their regional development and competitiveness.

KOSGEB Supports

Grant and loan opportunities for SMEs kosgeb.gov.tr



Visit development agency websites for detailed information





R&D AND DESIGN INCENTIVES

R&D/DESIGN CENTERS AND TECHNOPARKS

TUBITAK SUPPORTS

At least 15 R&D personnel must be employed in order to be eligible for R&D center incentives*. At least 10 design personnel must be employed in design centers. R&D centers and design centers may benefit from the same incentives.

Companies may also prefer technoparks for their R&D activities. There are 84 technoparks providing a wide range incentive opportunities for investors in Turkey.

R&D Incentives

R&D Design Center Incentives	Incentives for Technology Development Zones (Technoparks)
R&D and Design Discount (100%)	Corporate Tax Exemption
Income Tax Withholding Support (up to 95%)	Income Tax Withholding Support (100%)
-	VAT Exemption
Social Security Premium Support (Employer's Share)	
(50%) Customs Duty Exemption	
Stamp Duty Exemption	

TUBITAK's R&D and Innovation Support Programs

1. Initiative/Beginning	2. Introduction to R&D	3. R&D Beginning R&D	4. International R&D
1503 - Project Markets Support Program →	1505 - University Industry Collaboration Support Program →	1501 - Industry R&D Projects Support Program →	Horizon 2020
1512 - Techno-Initiative Capital Support Program	Industrial Thesis Program (SANTEZ)	1507 - SME R&D Beginning Support Program	Eureka
1513 - Technology Transfer Offices Support Program		1511 - Priority Areas Technology Development and Innovation Projects Support Program	1509 - International Industry R&D Projects Support Program
1514 - Venture Capital Support Program		1515 - Frontier R&D Laboratory Program	
1502 - Patent Support Program ↑	1501 - S.P. for Capacity Increase in Innovation Entrepreneurship ↑		

1515 - Support program has been commissioned to make Turkey a global attraction center in certain scientific and technological areas.

Incentive	Eligibility Criteria	Supports
TUBITAK 1515 – Frontier R&D Laboratory Support Program.	<ul style="list-style-type: none"> The ratio of the company's average R&D expenditures in the last three years to net sales must be at least 1%. The company's average net sales in the last three years must be at least TRY 2 billion. 	<ul style="list-style-type: none"> The support amount corresponds to 75% of the R&D budget and may not exceed TRY 10 million.

*The minimum number of personnel requirement is applied as 30 in the following sectors: Manufacture of motor vehicles, manufacture of aircraft and spacecraft, manufacture of military warfare vehicles, and manufacture of motorcycles

For detailed information about support programs:

tubitak.gov.tr

REGIONAL MANAGEMENT CENTER INCENTIVES

Tax advantages for international companies that move their regional management centers to Turkey



Incentive	Eligibility Criteria	Supports
Regional Management Center Incentives	<ul style="list-style-type: none"> They must be established upon the permission obtained from the Ministry of Industry and Technology. Regional Management Centers should not be engaged in commercial activities or other income generating activities in Turkey 	<ul style="list-style-type: none"> Income tax exemption on the salaries of employees Stamp duty exemption



REGIONAL MANAGEMENT CENTER INCENTIVES

EXPORT INCENTIVES



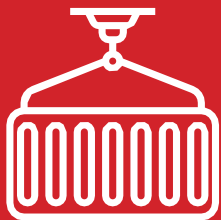
Incentive

Supports

Inward Processing Regime	<p>For the domestically purchased or imported inputs/ components to be used for exported production:</p> <ul style="list-style-type: none"> • Customs Duty Exemption • VAT Refund • Special Consumption Tax/Refund • Resource Utilization Support Fund Refund • Stamp Duty Refund • Exemption from quotas and surveillance measures
Support for Participation in Domestic and International Fairs	<ul style="list-style-type: none"> • Up to 75% of the participation cost is supported for domestic and international fairs.
Support of Foreign Units, Brands and Promotion Activities	<ul style="list-style-type: none"> • Up to 60% support is provided for the rents of stores to be established abroad and promotion expenditures and brand registration activities to be carried out abroad.
TURQUALITY®	<ul style="list-style-type: none"> • 50% support is provided for many expenditures such as promotion/advertisement, store rents, advisory expenditures, etc. which will be incurred by Turkish companies to build their brands abroad. • Executive development programs are organized for companies' medium and high-level executives. • Vision seminars are given to the employees of the company benefiting from the support, by marketing and brand theorists, in order to prepare companies for global competition.
Market Research and Market Entry Support	<ul style="list-style-type: none"> • Support at the rate of 70% is provided for expenses relating to international market research trips • 60% for report and foreign company acquisitions • 75% for acquisitions of foreign companies with advanced technology • 80% for costs of subscription to e-commerce sites.
Support for the development of international competitiveness (UR-GE)	<p>The companies can benefit from these supports through cooperation institutions such as Trade/Exporters Unions, Organized Industrial Zones etc.</p> <p>Support will be provided in the following amounts, for the following expenditures to be incurred by cooperation institutions:</p> <ul style="list-style-type: none"> • Up to USD 400,000 for expenditures relating to requirement analysis, training, advisory and promotion activities • Up to USD 150,000 for expenditures relating to foreign marketing activities • Up to USD 100,000 for expenditures to be incurred for procurement committees' organization • The employment expenses of maximum 2 specialized personnel to be assigned to the UR-GE project are supported at the maximum rate of 75%.

For more information about export supports:

kolaydestek.gov.tr



EXPORT INCENTIVES

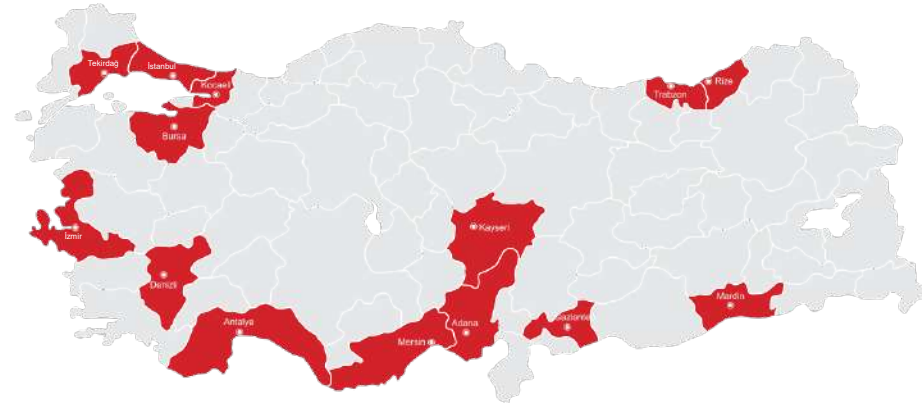
EXPORT INCENTIVES

FREE ZONE INCENTIVES



Incentive	Supports
Design Supports	<ul style="list-style-type: none"> The promotion, advertisement, marketing, employment, and advisory expenditures to be incurred by design companies and cooperation institutions, expenses pertaining to the departments they will set up abroad, and expenditures to be incurred by companies to develop products with high added-value for foreign markets are supported at the rate of 50%.
Incentives for Service Exports	<p>For health tourism, informatics, education, film/series, management consultancy, logistics, publishing and real estate sectors, support is provided at the rate of:</p> <ul style="list-style-type: none"> 50% for brand registration expenditures 60% for expenditures relating to report and foreign company acquisitions 50% for document/certification expenditures 50% for consultancy expenses 50% for commission payments made to agencies 50% for fair participation expenditures Up to 80% for advertisement, promotion and marketing expenditures Up to 80% for foreign department rents Up to 50% for translation expenditures. <p>Supports to be provided vary depending on the sectors. However, different supports are offered in addition to the supports above for certain sectors.</p>
Support of Market Entry Certificates	Expenditures pertaining to country-specific or sector-specific market entry certificates such as ISO, CE and GOST-R are supported at the rate of 50%.
Global Supply Chain Support	<ul style="list-style-type: none"> Machinery/equipment purchases, foreign office expenditures, software purchases, training and advisory costs, certification and test expenditures which will be incurred by companies that would like to become a supplier for a global company for this purpose are supported at the rate of 50% for 2 years and for up to USD 1 million.

There are 19 free zones outside of the customs border of Turkey for the activities of export-oriented companies.



Incentive	Supports
Free Zone Incentives	<ul style="list-style-type: none"> VAT Exemption Customs Duty Exemption Special Consumption Tax Exemption Corporate tax exemption for companies operating in the manufacturing industry Exemption from the income tax on employees' salaries (on the condition that 85% of the production is exported) Stamp Duty Exemption Property Tax Exemption Permission to bring second hand/used machinery

For more information about export supports:

kolaydestek.gov.tr

EXIMBANK INCENTIVES

Credit opportunities to increase Turkey's exports

Incentive

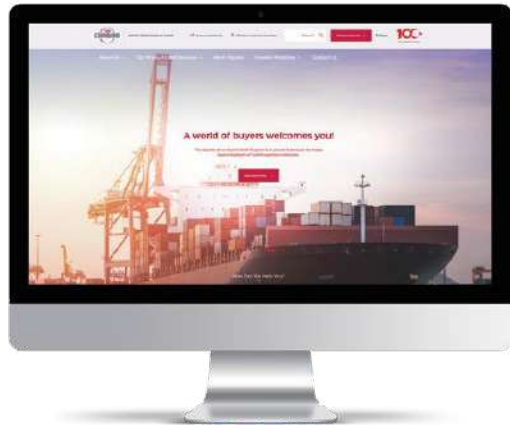
Eximbank Incentives

Supports

- Eximbank supports manufacturers who are engaged in manufacturing activities for purposes of improving exportation, diversifying the goods and services exported, and creating new markets for exported goods with short, medium, and long-term cash and non-cash credits, insurance, and guarantee programs.
- Credit up to the support upper limit of USD 400 million and support term of up to 7 years may be provided, though this changes depending on the support program.

**For information about different
support programs:**

eximbank.gov.tr



ANNEXES

ANNEX - 1

Regional Investment Incentives Support Measures

Incentive Measures		Region						
		I	II	III	IV	V	VI	
VAT Exemption		AVAILABLE						
Customs Duty Exemption		AVAILABLE						
Corporate Tax Reduction	Tax Reduction Rate (%)	50	55	60	70	80	90	
	Reduced Tax Rate (%)	11	9.9	8.8	6.6	4.4	2.2	
Investment Contribution Rate (%)	Outside OIZ*	15	20	25	30	40	50	
	In OIZ*	20	25	30	40	50	55	
Social Security Premium Support (Employer's Share)	Support Period	Outside OIZ*	2 years	3 years	5 years	6 years	7 years	10 years
		In OIZ*	3 years	5 years	6 years	7 years	10 years	12 years
	Support/Upper Limit (%)	Outside OIZ*	10	15	20	25	35	No limit
		In OIZ*	15	20	25	35	No limit	No limit
Land Allocation		AVAILABLE						
Interest Rate Support	TRY Denominated Loans (points)			3 points	4 points	5 points	7 points	
	FXLoans (points)	NA	NA	1 point	1 point	2 points	2 points	
Social Security Premium Support (Employee's Share)		NA	NA	NA	NA	NA	10 years	
Income Tax Withholding Support		NA	NA	NA	NA	NA	10 years	

*OIZ: Organized Industrial Zone

**For the investments to be made in the manufacturing industry by the end of 2022, the corporate tax reduction support will be applied by adding 15 points to the rate currently applied. The tax reduction rate is also applied as 100% for these investments.

Strategic Investment Incentives Support Measures

Incentive Measures		Region					
		I	II	III	IV	V	VI
VAT Exemption		AVAILABLE					
Customs Duty Exemption		AVAILABLE					
Corporate Tax Reduction	Tax Reduction Rate (%)	90					
	Reduced Tax Rate (%)	2.2					
Investment Contribution Rate (%)		50					
Social Security Premium Support (Employer's Share)	Support Period	7 years (10 years for Region 6)					
	Support Upper Limit (%)	15 (No limit for Region 6)					
Land Allocation		AVAILABLE					
Interest Rate Support	Loans Indexed to Turkish Lira (points)	5					
	Loans Indexed to Foreign Currency (points)	2					
	Maximum Support Rate (%)	TRY 50 million or 5% of the investment amount					
Social Security Premium Support (Employee's Share)		10 years (For investments to be made in Region 6)					
Income Tax Withholding Support		10 years (For investments to be made in Region 6)					
VAT Refund		AVAILABLE (For construction costs of investments with an investment amount of TRY 500 million and above)					

**In the investments to be made in the manufacturing industry by the end of 2022, the tax reduction support will be applied by adding 15 points to the rate currently applied. The tax reduction rate is also applied as 100% for these investments.

ANNEX - 2

How Does the Corporate Tax Reduction Support Work?

Investment Expenditures that can be Subject to Corporate Tax Reduction = **TRY 50,000,000**
 Investment Location = **Region 4**
 Tax Reduction Rate for Region 4 = **70%**
 Reduced Tax Rate = **66%**
 Investment Contribution Rate for Region 4 = **30%**

50,000,000 x 0.3 = TRY 15,000,000* (upper limit of the corporate tax reduction support)

Assuming that the investor will generate profits in the

*The value will be increased based on reevaluation every year.

amount of TRY **10,000,000** per year
 Corporate Tax = **10,000,000 x 0.22 = TRY 2,200,000**

2,200,000 x 0.7 (tax reduction rate) = **TRY 1,540,000** of corporate tax can be subject to tax reduction; the remaining **TRY 660,000** will be paid.

Unpaid taxes: **1,540,000 + 1,540,000 + 1,540,000 + ... + ... = TRY 15,000,000**

The tax reduction support will end once the total amount of taxes not paid reaches the upper limit.

ANNEX - 3

Breakdown of Minimum Wage

Minimum Monthly Wage (gross and net)	TRY
Net Minimum Wage	2,825.90
Gross Minimum Wage	3,577.70
• Social security premium payment (14%) (Employee's share)	500.85
• Payment for unemployment insurance fund (1%)	35.78
• Income tax (15%)*	187.85
• Minimum living allowance**	268.31
• Stamp tax (0.759%)	27.15
Total Deduction	751.63
Employer Cost	
• Gross minimum wage	3,577.50
• Employer's share of social security premium (15.5%)**	554.51
• Employer's payment for unemployment insurance fund (2%)	71.55
Total Employer Cost	4,203.56

* Calculation of income tax is [(3,577.70 - 500.85 - 35.78) x 0.15] - 268.31 = 187.85

** For single individuals without children and may vary according to marital status and number of children.

*** For premiums that are paid in due time, as an incentive, a five-point reduction is applied (down from 20.5% to 15.5%). Source: Ministry of Family, Labor and Social Services Valid for January 1, 2021 – December 31, 2021

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