

### State Incentives

**Project Based Incentive:** It is possible to evaluate “Project Based Incentive System” which include important support measures in addition to the present incentives to meet the critical need of our country and technological transformation. Minimum investment amount shall be 500 million TL in order to apply for this incentive. Support measures shall be determined upon the investor company’s demand with mutual negotiation. In this respect, emphasis is placed on predicting the supports needed by the investor company rather than the all support measure counted as following:

- VAT exemption,
- VAT return,
- Custom duty exemption,
- Tax deduction or exemption,
- Social security premium support (employer’s share),
- Income tax withholding support,
- Qualified personnel support,
- Interest or profit share support,
- Capital support,
- Energy support,
- Public purchase guarantee,
- Investment land allocation,
- Infrastructure support,
- Making amendments for the license, permission, registration and the administrative/legal process.
- Grant support.

**Strategic Investment Incentive:** Regarding to the eligibility criteria, investments to be made for production of intermediate and final goods with high import dependence of which more than 50% of these goods are supplied by imports and to have minimum investment amount of 50 million TL can be supported within the frame of Strategic Investment Incentive Scheme.

Strategic Investments Incentive Scheme Measures		
Support Measures	1, 2, 3, 4 ve 5. REGIONS	6. REGION
	(OIZ Include)	
VAT Exemption	YES	YES
Gümrük Vergisi Muafiyeti	YES	YES

<b>Tax Deduction</b>	Tax Deduction Rate	<b>%90</b>	<b>%90</b>
	Tax Rate To Be Applied	<b>%2</b>	<b>%2</b>
	Rate of Contribution to Investment	<b>%50</b>	<b>%50</b>
<b>Social Security Premium Support (Employer's Share)</b>	Implementation Period	<b>7 years</b>	<b>10 years</b>
	Maximum amount of support amount	<b>%15</b>	<b>Limitless</b>
<b>Land Allocation</b>		<b>YES</b>	<b>YES</b>
<b>Interest Support</b>	Internal Credit	<b>5 Points</b>	<b>5 Points</b>
	Foreign currency/ Foreign Exchange Loan	<b>2 Points</b>	<b>2 Points</b>
	Maximum Support Amount * (Thousand TL)	<b>50.000</b>	<b>50.000</b>
<b>Social Security Premium Support (Employee's share)</b>		<b>NO</b>	<b>10 years</b>
<b>Income tax withholding support</b>		<b>NO</b>	<b>10 years</b>
<b>VAT Return for building-construction expenditures of 500 million TL and over investments</b>		<b>YES</b>	<b>YES</b>

\* %5 of the fixed investment amount, not to exceed 50 million TL.

**Regional Investment Incentives Scheme:** The sectors to be supported in each province in accordance with potentials of the provinces and economies of scale and the intensity of the supports are differentiated in line with the development level of regions.

The terms and rates of supports within the Regional Investment Incentive Scheme are summarized in the Table below:

## Support Measures For Regional Investments

Support Measures	1.Region	2.Region	3.Region	4.Region	5.Region	6.Region
VAT Exemption	✓	✓	✓	✓	✓	✓
Customs Duty Exemption	✓	✓	✓	✓	✓	✓
-Tax Deduction (%) -Contribiton Rate To Investment (%)	50 15	55 20	60 25	70 30	80 40	90 50
Social Security Premium Support (Employer's Share)	2 years	3 years	5 years	6 years	7 years	10 years
Income Tax Withholding Support *	NA	NA	NA	NA	NA	10 years
Social Security Premium Support (Employee's Share) *	NA	NA	NA	NA	NA	10 years
Interest Support -For TL Credits -For foreign currency credits	NA	NA	3 points 1 points	4 points 1 points	5 points 2 points	7 points 2 points
Land Allocation	✓	✓	✓	✓	✓	✓
VAT Refund (for manufacturing industry investments)	✓	✓	✓	✓	✓	✓

**Priority Investment Incentive:** The following investment subjects have been designated as priority investments within the framework of our country's requirements and these investments are supported by measures of Region 5 even if they are made in Regions 1,2,3 and 4.

- Pharmaceuticals,
- Medical, precision and optical instruments; radio, TV and communication equipments,
- Investments to manufacture products as an outcome of the R&D,
- Defense industry investments,
- Specific automotiv and engine manufacturing investments,
- Energu efficiency investments,
- Mining investments,
- Liquefied natural gas (LNG) investments and underground gas storage investments,
- Investments of carbon fiber or composite materials etc.

**General Investment Incentives:** Regardless of in which Region an investment is made all projects which meet conditions of specific capacity and minimum fixed investment amount will be supported within the frame of General Investment Incentives Scheme.

*Best regards,  
Sarıbrahimoğlu Law Firm*

	Kızkulesi Sokak 14/1 06700 GOP ANKARA/TURKIYE Tel + 90 312 447 40 13 + 90 312 447 53 97 Fax + 90 312 447 45 64 E-mail sslawoff@ada.net.tr
---	--