

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



PRESIDENCY OF
THE REPUBLIC OF TÜRKİYE
**INVESTMENT
OFFICE**

DISCLAIMER

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All information in this guide is up to date as of April 2022.

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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.

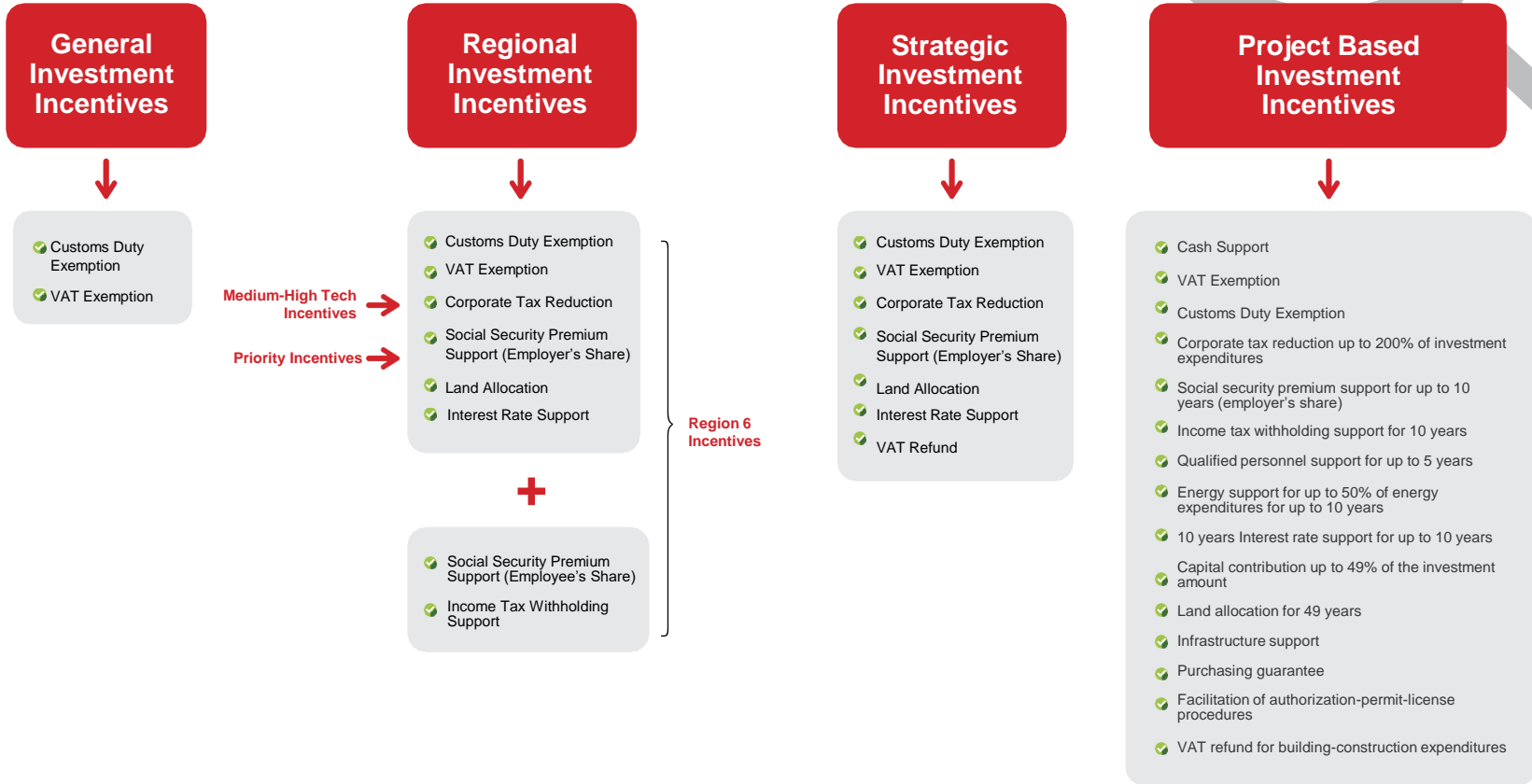
Credit Support: Credit opportunities with reduced rates are provided to investors to improve exportation.

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

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

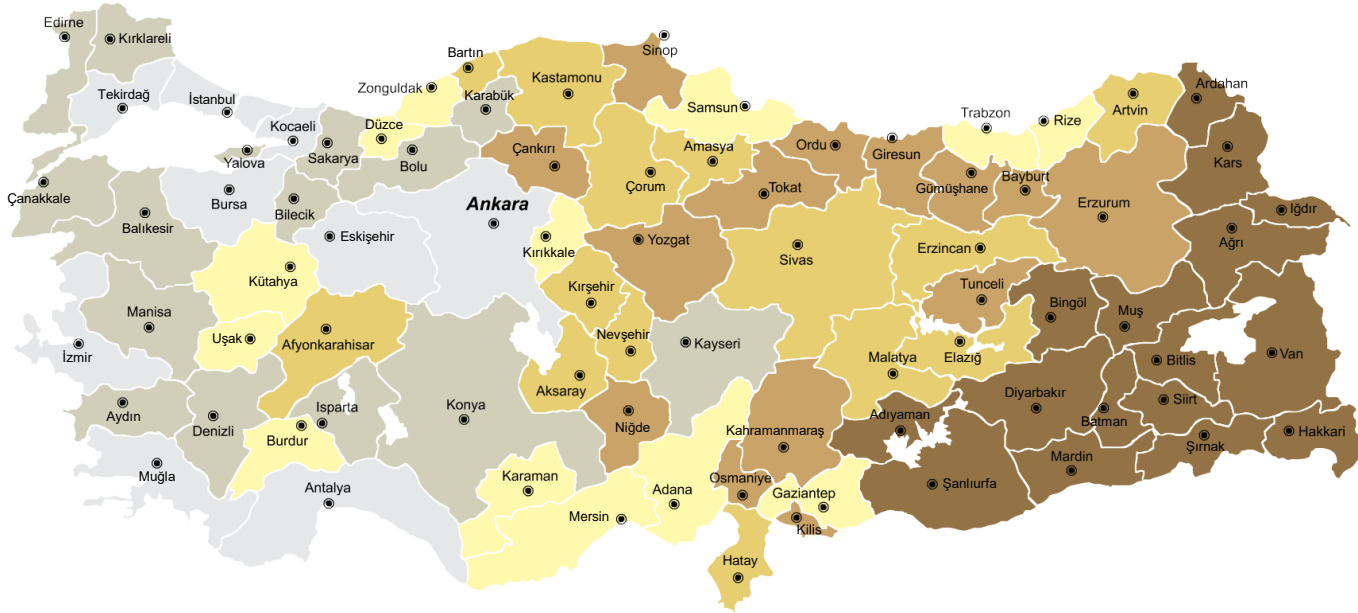
Special Consumption Tax Exemption: Enterprises in free zones are exempt from special consumption tax.

INCENTIVES PROVIDED BY THE MINISTRY OF INDUSTRY AND TECHNOLOGY



*Building and construction expenditures are eligible to receive 18% VAT refund for investments projects realized until the end of 2024. This incentive is available only for manufacturing investments.

INCENTIVE REGIONS



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

Less developed regions are provided with additional support options.

Region 1

Ankara, Antalya, Bursa, Eskişehir, İstanbul, İzmir, Kocaeli, Muğla, Tekirdağ

Region 2

Aydın, Balıkesir, Bilecik, Bolu, Çanakkale, Denizli, Edirne, Isparta, Karabük, Kayseri, Kırklareli, Konya, Manisa, Sakarya, Yalova

Region 3

Adana, Burdur, Düzce, Gaziantep, Karaman, Kırıkkale, Kütahya, Mersin, Rize, Samsun, Trabzon, Uşak, Zonguldak

Region 4

Afyonkarahisar, Aksaray, Amasya, Artvin, Bartın, Çorum, Elazığ, Erzincan, Hatay, Kastamonu, Kırşehir, Malatya, Nevşehir, Sivas

Region 5

Bayburt, Çankırı, Erzurum, Giresun, Gümüşhane, Kahramanmaraş, Kilis, Niğde, Ordu, Osmaniye, Sinop, Tokat, Tunceli, Yozgat

Region 6

Adıyaman, Ağrı, Ardahan, Batman, Bingöl, Bitlis, Diyarbakır, Hakkari, Iğdır, Kars, Mardin, Muş, Siirt, Şanlıurfa, Şırnak, Van

*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 1,500,000 – TRY 3 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 and Equipment) = TRY 80 Million
- Imported Machinery and Equipment = TRY 60 Million
- Domestic Machinery and Equipment = TRY 20 Million
- Investment Location = Not Relevant

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 imported machinery and equipment) 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
Imported Machinery and Equipment	60,000,000
Domestic Machinery and Equipment	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 in less developed regions



Incentive	Eligibility Criteria*	Supports
Regional Investment Incentives	Minimum fixed investment amount between TRY 1,500,000 – 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) for 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 in Region 1 and Region 2)

*Please review the document in Annex-1 for detailed information about the supports and eligibility criteria.

**For manufacturing investments realized by the end of 2022, the corporate tax reduction support will receive an additional 15 points to the rate currently applied.

Simulation Inputs:

- Fixed Investment Amount (Machinery + Equipment + Construction) = TRY 100 Million
- Imported Machinery and Equipment = TRY 60 Million
- Domestic Machinery and Equipment = 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 (Total amount of the imported machinery and equipment) 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 775 (Employer's share)] = **TRY 5,580,000** 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
Employment	100 people
Investment Components	
Imported Machinery and Equipment	60,000,000
Domestic Machinery and Equipment	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)	5,580,000
Interest Rate Support	1,000,000
Total Support	52,180,000
Total Support Rate (%)	52.1%

MEDIUM-HIGH TECH INVESTMENT INCENTIVES

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 1,500,000 – TRY 4 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 eligibility criteria.

**For manufacturing investments realized by the end of 2022, the corporate tax reduction support will receive an additional 15 points to the rate currently applied.

MEDIUM-HIGH TECH INVESTMENT INCENTIVES-SIMULATION

Simulation Inputs:

- Fixed Investment Amount (Machinery + Equipment + Construction) = TRY 100 Million
- Imported Machinery and Equipment = TRY 60 Million
- Domestic Machinery and Equipment = TRY 20 Million
- Construction Cost = TRY 20 Million
- Employment = 100 People
- Investment Location = All cities (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 imported machinery and equipment) 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 775 (Employer's share)] = **TRY 5,580,000** 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	
Imported Machinery and Equipment	60,000,000
Domestic Machinery and Equipment	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)	5,580,000
Interest Rate Support	1,200,000
Total Support	52,380,000
Total Support Rate (%)	52.3%

PRIORITY INVESTMENT INCENTIVES

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 1,500,000 – TRY 4 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

*Please review the document in Annex-1 for detailed information about the supports and eligibility criteria.

**For manufacturing investments realized by the end of 2022, the corporate tax reduction support will receive an additional 15 points to the rate currently applied.

PRIORITY INVESTMENT INCENTIVES-SIMULATION

Simulation Inputs:

- Fixed Investment Amount (Machinery + Equipment + Construction) = TRY 100 Million
- Imported Machinery and Equipment = TRY 60 Million
- Domestic Machinery and Equipment = TRY 20 Million
- Construction Cost = TRY 20 Million
- Employment = 100 People
- Investment Location = All cities (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 imported machinery and equipment) 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 775 (Employer's share)] = **TRY 6,510,000** 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
Employment	100 people
Investment Components	
Imported Machinery and Equipment	60,000,000
Domestic Machinery and Equipment	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 (%)	61.6%

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
		Investments in liquefied natural gas (LNG) and underground natural gas storage of minimum TRY 50 million
Industrial plant investments containing the production of electrical or hydrogen based transportation vehicles worth a minimum of TRY 50 million	Data Center investments that meet the international technical standards announced by the Ministry and fulfill the minimum 5,000 m2 white space requirements.	Software and IT production investments in specialized free zones regardless of a minimum investment amount
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 the production of carbon fiber or composite material produced from carbon fiber	Wellness facility and care center investments 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 in Cultural and Touristic Preservation and Development Regions, as well as thermal tourism investments	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 in fields larger than 25,000 m2, worth at least TRY 5 million
Manufacture of renewable energy turbine and generators and wind panel	Nuclear energy plant investments	Licensed warehousing investments
Investments in the defense sector approved by the Presidency of Defense Industries	Motor parts, powertrains/parts and automotive electronics investments of minimum TRY 20 million; motor investments of minimum TRY 75 million and investments in motor land vehicles key industry of at least TRY 300 million	Investments for the production of medium-high tech (OECD) products, worth TRY 500 million
Mine extraction investments and mine processing investments	Investments in research and reference laboratories; consumer safety and infectious diseases reference laboratories; pharmaceutical and medical equipment analysis and control laboratories and laboratory complexes containing test animals breeding 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 manufacturing of products or components developed through R&D projects supported by the Ministry of Industry and Technology, TUBITAK and KOSGEB.	R&D and ecological investments	Investments in energy efficiency projects carried out in existing manufacturing industry facilities with annual minimum energy consumption of 500 tons of oil equivalent, designed to provide at least 15% energy saving depending on the current status
	Integrated investments for the production of aluminum flat products by direct cooling slab casting and hot rolling method	

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 1,500,000	<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 eligibility criteria.

**For manufacturing investments realized by the end of 2022, the corporate tax reduction support will receive an additional 15 points to the rate currently applied.

***Due to changes in legislation, income tax will no longer be applied to minimum wage. As such, income tax withholding support is halted until further notice.

Simulation Inputs:

- Fixed Investment Amount (Machinery + Equipment + Construction) = TRY 100 Million
- Imported Machinery and Equipment = TRY 60 Million
- Domestic Machinery and Equipment = 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 imported machinery and equipment) 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 775 (Employer's share)] = **TRY 11,160,000** 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 700 (Employee's share)] = **TRY 8,400,000** 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
Employment	100 people
Investment Components	
Imported Machinery and Equipment	60,000,000
Domestic Machinery and Equipment	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)	11,160,000
Interest Rate Support	1,800,000
Social Security Premium Support (Employee's Share)	8,400,000
Income Tax Withholding Support	2,256,000
Total Support	94,216,000
Total Support Rate (%)	94.2%

STRATEGIC INVESTMENT INCENTIVES

STRATEGIC INVESTMENTS-SIMULATION

Higher incentives for highly imported and strategic products



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 an import value of at least 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 eligibility criteria.

**For manufacturing investments realized by the end of 2022, the corporate tax reduction support will receive an additional 15 points to the rate currently applied.

Simulation Inputs:

- Fixed Investment Amount (Machinery + Equipment + Construction) = TRY 100 Million
- Imported Machinery and Equipment = TRY 60 Million
- Domestic Machinery and Equipment = TRY 20 Million
- Construction Cost = TRY 20 Million
- Employment = 100 People
- Investment Location = All cities (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 775 (Employer's share)] = **TRY 6,510,000** 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

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



Incentives

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)	5,580,000
Interest Rate Support	1,000,000
Total Support	52,180,000
Total Support Rate (%)	52.1%

PROJECT-BASED INCENTIVES

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



Incentive	Eligibility Criteria*	Supports
Project-Based Incentives	<ul style="list-style-type: none">Minimum fixed investment amount of TRY 1 billionProduction 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 SupportVAT ExemptionCustoms Duty ExemptionCorporate 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 yearsEnergy support for up to 50% of energy expenditures for up to 10 yearsInterest rate support for up to 10 yearsCapital contribution up to 49% of the investment amountLand allocation for 49 yearsInfrastructure supportPurchasing guaranteeFacilitation of authorization-permit-license proceduresVAT refund for building-construction expenditures

*Please review the document in Annex-1 for detailed information about the supports and eligibility criteria.

**For manufacturing investments realized by the end of 2022, the corporate tax reduction support will receive an additional 15 points to the rate currently applied.

***Due to changes in legislation, income tax will no longer be applied to minimum wage. As such, income tax withholding support is halted until further notice.



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 5,004 per month, while this varies depending on the sector. Income tax on employee's wages and stamp tax will also be covered.
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 114,51 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 7.693,65 per month, while this varies depending on the gender and age.



EMPLOYMENT INCENTIVES



For more information:
iskur.gov.tr

OTHER SUPPORTS



KOSGEB Supports

Grant and loan opportunities for SMEs kosgeb.gov.tr

Development Agency Supports

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

Visit development agency websites for detailed information





R&D AND DESIGN INCENTIVES

R&D/DESIGN CENTERS AND TECHNOPARKS

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 92 technoparks providing a wide range incentive opportunities for investors in Türkiye.

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 SUPPORTS

TUBITAK's R&D and Innovation Support Programs

Private Sector R&D and Innovation Projects		Developing Entrepreneurship and Innovative Capacity	
1501 – Industrial R&D Program	1511 – R&D and Innovation Projects Program	1503 – R&D Project Brokerage Support Program	1601 – Capacity Building
1505 – University Industry Collaboration Support Program	1515 – Frontier R&D Laboratory Program	1513 – Technology Transfer Offices Support Program	1602 – Patent Support
1507 – SME Research Development and Innovation Program	1707 – Order-Based R&D Program	1514 – Venture Capital Support Program	1702 – Patent License
1509 – International-Industrial R&D Projects Program	SAYEM – Industrial Innovation Network Program		
1512 – Techno-Entrepreneurship Support Program			

1515 - Support program has been commissioned to make Türkiye 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 Türkiye



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 Türkiye 	<ul style="list-style-type: none"> Income tax exemption on the salaries of employees Stamp duty exemption



REGIONAL MANAGEMENT CENTER INCENTIVES

ADVANCE LOANS WITH INVESTMENT COMMITMENT

Advance loans requiring investment commitment will be given through the Development Investment Bank of Türkiye as well as other banks



Incentive	Eligibility Criteria	Supports
Advance Loans with Investment Commitment	<ul style="list-style-type: none"> The investment must have already applied and received an Investment Incentive Certificate* The subject of the investment must be one of the 63 selected priority sectors** specified in the regulation The base limit is 20 million TRY and the credit will be in Turkish Liras 	<ul style="list-style-type: none"> Cash support up to 400 million TRY (10-year term loan with fixed interest rate)

- The loan granted cannot surpass the investment amount in the Investment Incentive Certificate.
- These sectors are prioritized according to NACE codes and are specified in the relevant legislation.



For more information about supports:
kalkinma.com.tr

AGRICULTURAL & RURAL GRANTS

Part of the instrument for pre-accession assistance (IPA), designed to support reforms in Türkiye in the process of joining the EU



Incentive

Agricultural and Rural Development Support Institution (TKDK)

Eligibility Criteria

- Specific eligibility criteria (per sector)
- Cash Support Limit: 5,000 - 3,000,000 EUR*
- Provides grants to agricultural investments in 42 provinces of Türkiye

Supported Areas

- Meat and meat products
- Milk and dairy products
- Diversifying of plant production
- Aquaculture production
- Rural development projects
- Machinery parks
- Renewable energy investments

* Cash support can be used for construction, machinery and equipment, excluding seedling, animal, etc.

** The cash support covers up to 75% of the investment budget.



AGRICULTURAL & RURAL GRANTS



For more information about supports:

tkdk.gov.tr

EXPORT INCENTIVES



EXPORT INCENTIVES

Incentive	Supports
Inward Processing Regime	For the domestically purchased or imported inputs / components to be used for exported production: <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

FREE ZONE INCENTIVES

Incentive	Supports
Design Supports	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	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 Türkiye 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

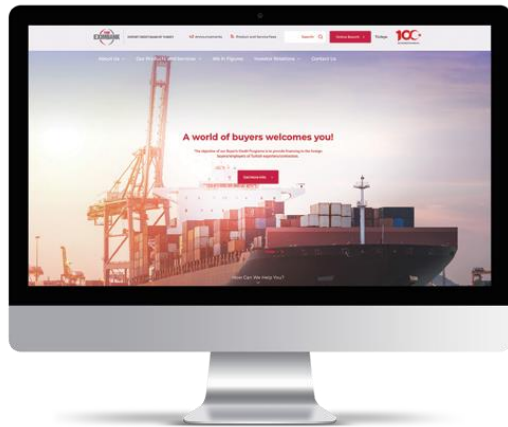
Credit Opportunities To Increase Türkiye's Exports

Incentive

Supports

- Eximbank Incentives**
- 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					
Interest Rate Support	TRY Denominated Loans (points)			NA	NA	3 points	4 points	5 points	7 points	
	FX Loans (points)					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	

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)					

*OIZ: Organized Industrial Zone

**For manufacturing investments realized by the end of 2022, the corporate tax reduction support will receive an additional 15 points to the rate currently applied. The tax reduction rate is also applied as 100% for these investments.

***Due to changes in legislation, income tax will no longer be applied to minimum wage. As such, income tax withholding support is halted until further notice.

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 = **6.6%**

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)

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

Assuming that the investor will generate profits in the 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	4.253,40
▪ Gross Minimum Wage	5.004,00
▪ Social Security Premium Payment (14%) (Employee's Share)	700,56
▪ Payment For Unemployment Insurance Fund (1%)	50,04
Total Deduction	750,60

Employer Cost

▪ Gross Minimum Wage	5.004,00
▪ Employer's Share Of Social Security Premium (15.5%)	775,62
▪ Employer's Payment For Unemployment Insurance Fund (2%)	100,08
Total Employer Cost	5.879,70

* 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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