

Circular

İstanbul, 20 October 2017

Circular No: 113

Subject: Council of Ministers Decision concerning the amendments to temporary Article 2 of Techno-city Law no.4691 published.

Through the Council of Ministers Decision no. 2017/10821 published in the Official Gazette dated 19 October 2017, exemption implementation on the earnings acquired by income and corporate taxpayers operating in technological development sites through sale, transfer or leasing of intangible rights has been attributed to certain additional conditions.

Pertaining to that, for the applicability of corporation tax exemption on that income, pursuant to the qualifications of those rights, they should be attributed to registration or enrollment, patent through applying to the authorized body or documents functionally equivalent to patent within the context of the relevant legislation.

On the other hand, in calculating the aforementioned exempt income, the ratio of undertaken "qualified expenditures" during the activity within the total expenditures will be taken into account; exemption will be applicable over the amount corresponding to that ratio.

The mentioned implementation will be effective on the income acquired through the projects initiated after 19.10.2017 at technological development sites. For the projects initiated prior to that date, the implementation will be applicable to the income acquired after 30.06.2021.

Our explanations provided above include general information on the issue. No responsibility can be claimed against EY and Kuzey YMM ve Bağımsız Denetim A.Ş. due to the implications arising from the context of this document or emerging with respect to its context.

Best Regards,

KUZEY YMM VE BAĞIMSIZ DENETİM A.Ş.