

Circular

Istanbul, 5 January 2018

Circular No: 11

Subject: Reduction implemented for individual participation investors (angel investor) extended by 5 years.

The temporary Article 82 had been added to the Income Tax Law through the Law no.6327 published in the Official Gazette dated 29 June 2012. Pertaining to the concerning article, in sum, until **31.12.2017**, fully amenable real persons who are individual participation investors (angel investor) as well, are able to deduct 75 % of the share value within the period of acquisition from their income and revenue on their annual returns on the condition that they retain the fully amenable joint stock company participation shares at least for 2 full years

This ratio is applied at 100 % for individual participation investors partaking in companies that have received project support within last five years regarding the research, development and innovation programmes.

The Law contains a provision indicating that the annual deduction amount cannot be exceeding TL 1 million and the portion that was not deducted from the concerning year's income may be considered in the following years by being increased at the revaluation rate.

Within the 8th clause of the concerning article, the Council of Ministers is authorized for extending the aforementioned date of 31.12.2017 by up to 5 years.

Through the Decision no.2017/11176 published in the Official Gazette dated 1 January 2018, the Council of Ministers used that authority and extended the implementation period for the temporary article until 31 December 2022 (including this date).

The regulation has been enacted as of 1 January 2018.

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.