

Reduced corporate tax implementation

Investment incentive system is implemented in our country for years with several critical purposes such as primarily to remove regional development and advancement differences, reduce external dependence, ensure current account balance, struggle with unemployment, enable productive usage of resources and realize technological transfer. Pursuant to the globalization trend that is frequently faced throughout the world and in our country recently, shaping this system in line with globalization has become mandatory.

The new investment incentive system attained a place in our legislation through the Council of Ministers Decision no.2009/15199 dated 16.07.2009. With the concerning Decision, socio-economic structures and development levels of Turkey, provinces have been analysed and the supports to be provided have been identified in terms of the classified regions pertaining to the investment type and incentives designed for the related region.

The implementation of “reduced corporate tax” was added to the Corporate Tax Law as Article 32/A through the 9th article within the Law no.5838. Accordingly, taxpayers performing investments with an investment incentive certificate are provided the opportunity of having a certain amount of the investment met by the state by paying reduced corporate tax.

However, there are serious hesitations in practice since neither the letter of the law nor the Communiqué published in this issue includes sufficient explanation. For instance, there is still confusion about how investors will determine the earnings that will be applied reduced corporate tax.

More detailed explanation and simplified practice is required for this implementation that provides significant contribution to Turkey’s investment environment as soon as possible and that will have a great impact on increasing the targeted benefits.

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