



Supports for Investments with Incentive Certificate May 2017

INVESTMENT INCENTIVES AND SUPPORTS PROVIDED WITHIN THE SCOPE OF DECISION ON STATE AID TO INVESTMENTS NO. 2012/3305												
	General Incentive Implementation		Regional Investments						Primary Investments			
	1 - 5 Region	6 th Region	1 st Region	2 nd Region	3 rd Region	4 th Region	5 th Region	6 th Region	1 - 5 Region		6 th Region	
Customs duty exption	√	√	√	√	√	√	√	√	√		√	
VAT exemption	√	√	√	√	√	√	√	√	√		√	
Inv. participation rate			15%	20%	25%	%30	%40	%50	%40		%50	
Tax reduction rate			50%	55%	60%	70%	80%	90%	80%		90%	
Investment / Operation (*)			80%/20%	80%/20%	80%/20%	80%/20%	80%/20%	80%/20%	80%/20%		80%/20%	
SSI Employer Support	Dock shipbuilding inv (18m)		2 Years	3 Years	5 Years	6 Years	7 Years	10 Years	7 Years		10 Years	
SSI Empr. Supp. Limit (invstment amount x%)			10	15	20	25	35	no restriction	35		no restriction	
Interest support score (TL / foreign currency)					3 / 1	4 / 1	5 / 2	7 / 2	5 / 2		7 / 2	
Interest support upper limit (TL)					500.000	600.000	700.000	900.000	700.000		900.000	
Invstmnt. Loc. allowance			√	√	√	√	√	√	√		√	
VAT refund (2)	Construction exp. on inv. of 500 M TL and over		Construction exp. on investments of 500 M TL and over						Construction exp. on investments of 500 M TL and over			
Inc.Tax.Withold. Suppt		10 Years						10 Years			10 Years	
SSI employee share support								10 Years			10 Years	
	Strategical Inestments		Large Scaled Investments						R&D and Environmental Investments			
	1 - 5 Region	6 th Region	1 st Region	2 nd Region	3 rd Region	4 th Region	5 th Region	6 th Region	1 - 5 Region		6 th Region	
Customs duty exption	√	√	√	√	√	√	√	√	√		√	
VAT exemption	√	√	√	√	√	√	√	√	√		√	
Inv. participation rate	50%	50%	25%	30%	35%	40%	50%	60%				
Tax reducton rate	90%	90%	50%	55%	60%	70%	80%	90%				
Investment / Operation (*)	80%/20%	80%/20%	80%/20%	80%/20%	80%/20%	80%/20%	80%/20%	80%/20%				
SSI Employer Support	7 Years	10 Years	2 Years	3 Years	5 Years	6 Years	7 Years	10 Years				
SSI Empr. Supp. Limit (invstment amount x%)	15	no restriction	3	5	8	10	11	no restriction				
Interest support score (TL / foreign currency)	5 / 2								5 / 2			
Interest support upper limit (TL)	TL 50 M provided that not exceeding 5% of fixed invest. amount								500,000			
Invstmnt. Loc. allowance	√	√	√	√	√	√	√	√				
VAT refund (2)	construction exp. on inv. of 500 M TL and over		construction expenditures on investments of 500 M TL and over									
Inc.Tax.Withold. Suppt		10 Years						10 Years			10 Years	
SSI employee share support		10 Years						10 Years			10 Years	
	INVESTMENT TO BENEFIT SUPPORTS OF A SUB-REGION (Regional)						INVESTMENT TO BENEFIT SUPPORTS OF A SUB-REGION (large scaled)					
	1 st Region	2 nd Region	3 rd Region	4 th Region	5 th Region	6 th Region	1 st Region	2 nd Region	3 rd Region	4 th Region	5 th Region	6 th Region
Customs duty exption	√	√	√	√	√	√	√	√	√	√	√	√
VAT exemption	√	√	√	√	√	√	√	√	√	√	√	√
Inv. participation rate	20%	25%	30%	40%	50%	55%	30%	35%	40%	50%	60%	65%
Tax reducton rate	55%	60%	70%	80%	90%	90%	55%	60%	70%	80%	90%	90%
Investment / Operation (*)	80%/20%	80%/20%	80%/20%	80%/20%	80%/20%	80%/20%	80%/20%	80%/20%	80%/20%	80%/20%	80%/20%	80%/20%
SSI Employer Support	3 Years	5 Years	6 Years	7 Years	10 Years	12 Years	3 Years	5 Years	6 Years	7 Years	10 Years	12 Years
SSI Empr. Supp. Limit (invstment amount x%)	15	20	25	35	no restriction	no restriction	5	8	10	11	no restriction	no restriction
Interest support score (TL / foreign currency)			3 / 1	4 / 1	5 / 2	7 / 2						
Interest support upper limit (TL)			500.000	600.000	700.000	900.000						
Invstment location allowance	√	√	√	√	√	√	√	√	√	√	√	√
Inc.Tax.Withold. Suppt							10 Years					10 Years
SSI employee share support							10 Years					10 Years

Investment types with priority may benefit of the regional supports for the 5 th region, they would be subject to the supports for 6 th region if located in that region. (3)	
* Investments of cargo and/or passenger transport through shipping	*Nursery, day care centers, pre-school, primary school, secondary and high school educational investments to be performed by private sector.
*Railway investments for intercity cargo and/or passenger transport and intracity railway investments for cargo transport to be performed by private sector.	*Test centers, wind tunnel and similar investments (related to automotive, space and defence industry)
*Touristic accomodation investments qualified to benefit of the regional supports concerning cultural and touristic preserving and development sites or thermal tourism.	*Mining exploration investments to be handled by the investors holding licence or certificate of exploration issued in line with Mining Law in permitted fields.
*International trade fair investments with minimum covered space of 50.000 square meters (except accomodation and shopping mall units)	*Investments related to the manufacturing of products or parts developed through the R&D projects supported by the Ministry of Science, Industry and Technology, TUBITAK (Scientific and Technological Research Council of Turkey) and KOSGEB (Small and medium sized Enterprises Development Organization).
*Investments concerning the defence industry to be performed due to the project confirmation received from the Defence Industry Undersecretary.	*Minig extraction investments and/or mining processing investments (excluding the investments related to the Group I mines and stone chips defined within the Mining Law no. 3213 dated 4/6/1985 and extraction and/or processing investments performed in İstanbul.)
*Investments in motor land vehicles industry with a minimum amount of TL 300 million, investments on engine with minimum TL 75 million and motor parts, powertrain/parts and automobile electronics investments with minimum TL 20 million.	*Power generating investments in which mines existing in the group 4-b of article 2 within Mining Law no.3213 are used as input, in line with a valid mine operating licence and permit by the Energy and natural Resources Ministry.
*Liquified natural gas (LNG) investments with a minimum amount of TL 50 million and undergrounds natural gas storage investments.	*Excluding the "Investments that would not be supported" within Attch-4, pursuant to the project confirmation from Energy Ministry, investments dedicated to ensure power productivity to be performed in existing manufacturing plants with minimum annual energy consumption of 500 TEP, bringing out a power saving of 20% compared to the current conditions and providing yields from the investment in maximum 5 years.
*Investments for power generation through the rcycling of waste heat (excluding power generation plants based on natural gas)	*Investments for the manufacturing of products consideres within high-tech industry class according to the intense technology definition of Organistaion for Economic Cooperation and Development (OECD). (US 97 Kodu: 2423, 30, 32, 33 ve 353) (chemical and botanical oriented products used in chemistry ad medicine, office, accounting and IT equipment, radio, TV, communication equipments, medical devices, sensitive and optical tools and watches, air and space vehicles)
Investments on carbon fibre manufacturing or material composed of carbon fibre provided that they are produced together.	*Investments on manufacturing of turbines and generators concerning renewable energy and wings used in generating wind power.
*Integrated investments for aluminium flat products manufacturing through direct chill slab casting and hot rolling methods.	*Licensed warehousing investments
*Nuclear energy investments	
INVESTMENTS TO BENEFIT OF THE SUPPORTS FOR A LOWER REGION	
*Investments in manufacturing industry to be performed in Organized Industrial Sites (OSB) or industrial regions.	* Investments performed by at least five real or natural person dealing with activities within the same industry, which will ensure integration in the field of common activity.
They may benefit of the supports for a lower region in terms of tax reduction and employer's national insurance contribution. In the circumstance that the investment exists in the 6 th region, the support period for employer's national insurance contribution would be extended by two years while five points would be added into the contribution rate for investment applicable for the region in terms of tax reduction supports.	Supports identified concerning the related investment types for the 6 th region will be provided to the regional, large scaled and strategical investments to be performed in organized industrial sites of 4 th and 5 th region provinces within the scope of Attraction Centers Programme and organized industrial sites in Kilis. Within that frame, regional, large scaled and strategical investments to be performed within organized industrial sites in Adiyaman, Bayburt, Elazığ, Erzurum, Erzincan, Gümüşhane, Malatya and Tunceli and the organized industrial sites in Kilis would also be benefitting of the supports identified for the 6 th region under same rates, amounts, periods and terms, within the scope the implementation.
INVESTMENTS FOR THE MANUFACTURING OF PRODUCTS WITHIN INDUSTRY CLASSIFICATION OF MEDIUM/HIGH-TECH DEFINITION OF OECD	
Investments dedicated to the manufacturing of products existing in the classification of medium/high tech segment pursuant to the OECD definition, set out in App-6, would be benefitting of supports indicated for the 4 th region if they are performed in 1 st , 2 nd and supports for the region of activity if performed within the 4 th , 5 th and 6 th regions.	
CRITERIA FOR STRATEGICAL INVESTMENTS	
Minimum fixed investment amount TL 50.000.000.	The minimum value added to be provided through the investment mentioned in documents to be at 40%.
Total amount of imports of the product invested in last one year should be over 50 million dollars.	Total domestic manufacturing capacity for the product should be less than the imports of it.
Primary investments with minimum fixed investment amounts over 3 billion TL are considered as strategical, however interest support to be provided may not exceed TL 700.000.	
MINIMUM FIXED INVESTMENT AMOUNTS AND LIMITS ON INVESTMENT ITEMS	
* Minimum fixed investment amounts in General Incentives Implementation for regions I and II is TL 1 million while it's TL 500.000 for regions III,IV,V,VI. It's applied at TL 200.000 for each company in investments to be handled through financial leasing method.	
*Within the Regional Incentives Implementation, minimum fixed investment amounts are identified in App-2 attached to the Decision as investment items. The investment items to benefit of the regional incentives are also arranged within the same attachment.	
*The minimum fixed investment amounts for Large Scaled Investments are identified in the App-3 attached to the Decision in terms of investment items. The investment items to benefit of supports within that context are also arranged within the same attachment.	
*Investment items that are not supported existing in App-4 attached to the Decision and the investment items that do not meet required conditions set in the same attachment would not be able to benefit of any support within the scope of the Decision.	
Regions	PROVINCES AND CITIES IDENTIFIED UNDER THE REGIONAL CLASSIFICATION
1st Region	Ankara, Antalya, Bursa, Eskişehir, İstanbul, İzmir, Kocaeli, Muğla
2nd Region	Adana, Aydın, Bolu, Çanakkale(Gökçeada, Bozcaada hariç), Denizli, Edirne, Isparta, Kayseri, Kırklareli, Konya,Sakarya,Tekirdağ, Yalova
3rd Region	Balıkesir, Bilecik, Burdur, Gaziantep, Karabük, Karaman, Manisa, Mersin, Samsun, Trabzon, Uşak, Zonguldak
4th Region	Afyonkarahisar, Amasya, Artvin, Bartın, Çorum, Düzce, Elazığ, Erzincan, Hatay, Kastamonu, Kırıkkale, Kırşehir, Kütahya, Malatya, Nevşehir, Rize, Sivas
5th Region	Adiyaman, Aksaray, Bayburt, Çankırı, Erzurum, Giresun, Gümüşhane, Kahramanmaraş, Kilis, Niğde, Ordu, Osmaniye, Sinop, Tokat, Tunceli, Yozgat
6th Region	Ağrı, Ardahan, Batman, Bingöl, Bitlis, Diyarbakır, Hakkari, Iğdır, Kars, Mardin, Muş, Siirt, Şanlıurfa, Şırnak, Van, Gökçeada, Bozcaada
INVESTMENT TYPE	DEFINITIONS OF INVESTMENT TYPES
Overall new investment	Investments without any other existing plants dealing with same production activities in the targeted location or infrastructure integrity with the current plant.
Expanding investment	Investments intended to increase the capacity of an existing investment through adding a production line or machine/equipment and presenting an integrity with the existing plants in terms of infrastructure.
product diversification	Investments dedicated to obtain a different final product through adding new investment to the current machinery and equipment at the same facility.
Integration	Investments integrated to the existing plant so as to provide contributive intermedate material to the final products obtained within the existing production lines and/or use the existing final product as an intermediate material.
Modernization	Investments requiring the addition of parts appropriate for the machinery and equipment at the existing plants technically or economically completing lifetime, exchanging with new ones and investments intended to enhance the quality, model of the final product.
(1) For investment incomes to be made between 1/1/2017 and 31/12/2017 within the scope of investment incentive documents for the manufacturing industry (US-97 Code: 15-37), this rate is applied as 100%.	
(2) Through the temporary article 37 attached to the VAT Law, on the condition that it should be related to the investments with incentive certificate; taxpayers with certificate would have the right to demand refund for the; <ul style="list-style-type: none"> a) VAT incurred in 2017 for construction business related to the investments requiring a minimum fixed investment amount of TL 50 million and could not be compensated through deductions half yearly during 2017, b) VAT incurred in 2017 for construction business related to the investments requiring a fixed investment amount of up to TL 50 million and could not be compensated through deductions until the end of 2017 (if demanded during the following years). 	
(3) For those with a fixed investment amount of TL 1 billion and over from primary investments, tax reduction support would be applied by adding 10 points to the investment contribution rate effective in Region 5 th	

INVESTMENT INCENTIVES AND SUPPORTS PROVIDED TO THE PROJECT BASED INVESTMENTS WITHIN THE SCOPE OF DECISION ON STATE AID TO INVESTMENTS NO. 2012/3305

Incentive Implementation

Customs duty exemption	Customs duty exemption and VAT exemption in the imports of machinery and equipment will be applied by the Ministry of Customs and Trade.
VAT exemption	The VAT exemption support and tax reduction (if included in the Decision on Supports), tax exemption, income withholding tax support and VAT refund supports would be applied by the Ministry of Finance.
VAT refund	
Tax reduction or exemption	
IT withholding support	
SSI Employer Support	If the Decision on Supports requires insurance premium support for employer's share, the support will be provided by the Social Security Institution.
Qualified staff support	Within the scope of qualified staff support, wage support will be provided in line with the number and gross wage determined in the Decision on Supports. The implementation of this support would be beginning within the month following the date of completion visa. Social Security Institution's records on the aforementioned staff will serve as a basis in calculation of this support.
Interest support	In the implementation of the interest support, the bank will be liable for the accuracy of the interest amounts to be reported to the Ministry on maturity dates and the disbursement of loan for the investment. The interest support will be implemented within the framework of the protocol effective between the General Directorate and intermediaries and the additional protocol to be signed.
Grant support	For projects eligible for grants, if investors submit their fixed investment expenditures under incentive certificates to the Ministry with a sworn-in CPA report in May and November following the beginning date of the investment, provided that they comply with the term and limits in the Decision on Supports, such expenditures will be evaluated within the scope of the Decision on Supports, and the determined amount of grant would be transferred to the account of investors.
Energy support	In the calculation of enterprises' energy expenses with respect to the energy supports; previous debts, late fee, penalties and VAT will not be included in the calculation, and the value of invoices issued by the administrations and enterprises supplying the energy and paid in cash in due time will be taken into account.
Capital contribution	In the circumstance that capital contribution, public procurement guarantee and/or infrastructure supports are required; such support/supports would be applied by the institutions and enterprises indicated in the mentioned Decision and will be implemented with priority by the authority or administration responsible for the infrastructure as indicated by the Decision on Supports.
Public purchase guarantee	
Infrastructure support	
Allocation of investment location	Investment location will be allocated within the framework of the procedures and principles set by the Ministry of Finance.
Facilitating arrangement support	In the circumstance that any exemption or facility is required for permits, licences, allocations, registration and similar issues, the relevant public institutions and administrations would be responsible for handling the required transactions.
Conditions to receive incentives	
USD 100 million as minimum investment amount	The investment's existing among the investing items to be set by the Economy Ministry.

The Council of Ministers' decision for support concerning the investment project.

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