

Circular

Istanbul, 8 August 2019

Circular No: 72

Subject: Amendments to the Decision for State Aids to Investments announced.

Amendments to the Decision for State Aids to Investments indicated below have been announced through the Presidential Decision no.1402 published in the Official Gazette dated 7 August 2019:

-The phrase of “large scale investments” has been removed from the legislation and the incentives to these investments has been terminated.

-The Technology-Oriented Industry Initiative Program has been added to the incentive legislation and some arrangements have been made on the incentive elements related to the program.

-Changes in the regulation on imports of automobiles have been made by applying customs exemption for investments in automobile production.

-The practice of considering priority investments with a fixed investment amount exceeding 3 billion Turkish Liras as strategic investment is terminated.

- The investment contribution rate of +10 points for priority investments with fixed investment amount exceeding 1 billion Turkish Liras is finalized.

- Explanation on financial leasing transactions for investment incentive certificates of solar power plants has been added.

-Investments made by transporting machinery and equipment belonging to enterprises operating in ready-made clothing, leather and leather products sectors in the 1st and 2nd scale regions to the indicated provinces until 31.12.2020, provided that minimum one hundred people employment is ensured, insurance premium employer share support, insurance premium and income tax withholding support shall apply for a specified period.

-In the minimum investment amounts of apparel manufacturing, the restriction of expansion investment for the 1st and 2nd regions and the restriction for the modernization investment for the 3rd and 4th regions are repealed.

The decision has been enacted on the date of publication (7 August 2019) and the rights acquired for the investment incentive certificates issued before that date remain in force.

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.