

Problems regarding remote working application in technology development zones due to Covid-19 outbreak

Remote working application has become widespread due to Covid-19 outbreak risk and especially firms, which are ready to carry out their work remotely, have not encountered any problems in terms of business continuity.

On the other hand, in line with the recent developments experienced due to Outbreak process, several questions have arisen with respect to exemption provisions of remote working application introduced for the personnel employed at Technology Development Zones.

In this scope, separate arrangements have been made on the basis of each company have been made regarding such process. Firstly, it has become possible for the activities, performed out of the R&D and design centres and Technology Development Zones, to benefit from related incentives according to **subparagraph (ğ) of paragraph 1 of article 2** of the “*Law on Making Amendments on Certain Laws and Law on Decreasing of Impacts of New Coronavirus (Covid-19) Outbreak on Economic and Social Life*” numbered 7244, which has entered into force as of 10.03.2020. The following issues are stipulated to be permitted by Minister of Industry and Technology limited to a 4 months period as of March 11, 2020 according to regulation in question:

- To perform activities, carried out at R&D and design centres in scope of the Law numbered 5746 on Assistance for Research, Development and Design Activities, out of R&D and design centres as well and
- To perform activities, carried out within the boundaries of Zone in scope of Law numbered 4691 on Technology Development Zones, out of the Zone as well.

Afterwards, above periods have been extended periodically and recently, the opportunity to work remotely at certain ratios to employees has been granted until the end of April 2021.

As known, it is obligatory for the firms carrying out activities at Technology Development Zones, to physically carry out their R&D and design activities within such zones in order to benefit from pre-determined exemptions and incentives in scope of Law numbered 4691. During the Outbreak, firms benefit from income and corporate tax exemption at a rate of 100% despite the availability of remote working personnel while benefiting from remote working application on the basis of certain rates.

A regulation towards including the related personnel in scope of income tax withholding incentive in terms of hours spent out of the zone **provided not exceeding 20%** of their total working hours subject to income tax withholding at enterprises and R&D/design centres located at Technology Development Zones in accordance with the Law published on 03.02.2021.

With the above regulation, it is aimed to ensure personnel, working at enterprises located in the Zone in compliance with flexible working hours, carry out a portion of their respective activities out of the zone and benefit identically from the supports and exemptions included

in the Law. Therefore, the opportunity to benefit from applicable supports and incentives according to Ministry decree only during outbreak period has gained continuity under the discretion of law-maker in case activities, which are obligatory to performed within the boundaries of the zone, are carried out of the related zone. Such situation may somewhat enlighten the obligation to work within the Zone in order not to lose tax advantage of Technopark during the Outbreak. However, it is also reviewed that limitation of out of zone working hours less than the hours determined through administrative decisions shall bring along additional discussions.

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