

Circular

8 November 2021

Circular No: 98

Subject: Various exemptions and exceptions have been introduced for the operating entities located at newly established free zones and entities founded in order to pledge for export loans according to Law numbered 7341.

In accordance with the Law numbered 7341 published on Official Gazette dated November 6, 2021, entities established to grant indemnities for export credits in favor of exporters within the scope of Article 18 of the Law No. 5910 on the Establishment and Duties of Turkish Exporters' Assembly and Exporters' Associations are exempt from corporate tax.

In terms of above entities:

- Papers issued for their transactions regarding loan collaterals are exempted from stamp tax,
- transactions regarding loans granted, their guarantees and repayments (except for judicial fees) are exempted from fees and
- Loan guarantee granting transactions

are exempted from VAT. No withholding shall be made based on income gained by such entities according to paragraphs (1) and (4) of provisional article 67 of Income Tax Law.

Besides, additional article 4 has been added to Free Zones Law regarding the income or corporate tax exemption of income obtained by the operating entities regarding the administration of free zone and associated activities for free zones which shall operate for the first time after November 6, 2021 limited to period mentioned in first operating license granted to such entities by the Ministry of Trade and not exceeding 30 years.

Law numbered 7341 has entered into force as of the publication date (November 6, 2021).

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.