

## New Investment Incentive System of Turkey

The new incentive system of Turkey has been announced on April 5, 2012 and it consists of four main components. General, regional, strategic investments and large scale investments are the four main components of the incentive package of investments.

Under this new incentive system; **exemption of Value Added Tax (VAT), exemption of customs duty, tax relief, insurance contributions of employee and employer which is calculated on the minimum wage, support of interest, appropriation of land for 49 years, support of income tax withholding, and refund of VAT** will be provided under these four main components of incentive package.

To summarize the four main components;

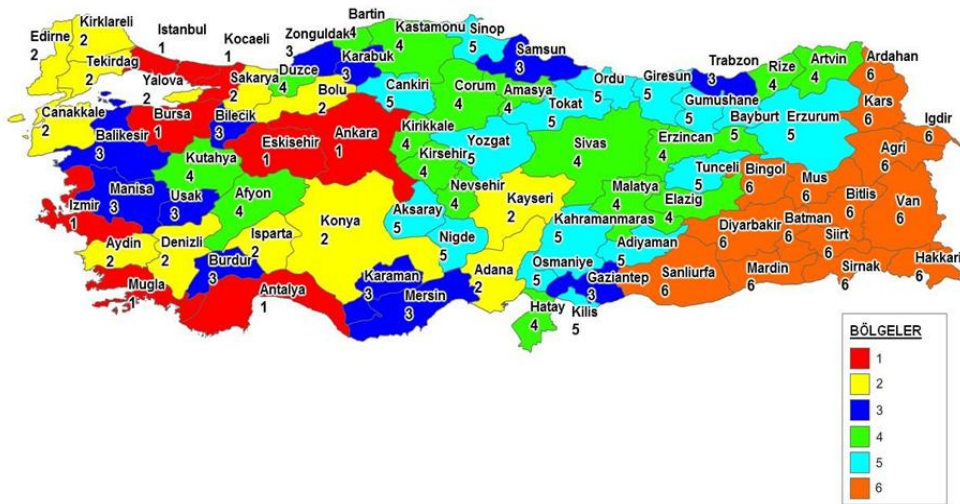
### 1) General Incentive Applications

**Exemption of VAT and Exemption of Customs** will be provided without discrimination between regions under the conditions of providing the minimum investment amount and the subject of investments.

### 2) Regional Incentive Applications

The new regional map has been organized according to the socio-economic levels of provinces of Turkey, and the new region is divided into six pieces.

Six regions which is organized according to the socio-economic development levels of provinces;





**I. Region:** Ankara-Antalya-Bursa-Eskişehir-İstanbul-İzmir-Kocaeli-Muğla (8 Provinces)

**II. Region:** Adana-Aydın-Bolu-Çanakkale-Denizli-Edirne-Isparta-Kayseri-Kırklareli-Konya-Sakarya-Tekirdağ-Yalova (13 Provinces)

**III. Region:**Balıkesir-Bilecik-Burdur-Gaziantep-Karabük-Karaman-Manisa-Mersin-Samsun-Trabzon-Uşak-Zonguldak (12 Provinces)

**IV. Region:**Afyonkarahisar-Amasya-Artvin-Bartın-Çorum-Düzce-Elazığ-Erzincan-Hatay-Kastamonu-Kırıkkale-Kırşehir-Kütahya-Malatya-Nevşehir-Rize-Sivas (17 Provinces)

**V. Region:** Adıyaman-Aksaray-Bayburt-Çankırı-Erzurum-Giresun-Gümüşhane-Kahramanmaraş-Kilis-Niğde-Ordu-Osmaniye-Sinop-Tokat-Tunceli-Yozgat (16 Provinces)

**VI. Region:** Ağrı-Ardahan-Batman-Bingöl-Bitlis-Diyarbakır-Hakkari-Iğdır-Kars-Mardin-Muş-Siirt-Şanlıurfa-Şırnak-Van (15 Provinces)

According to the socio-economic development level of each regions, several incentive applications will be provided, such as;

- VAT Exemption
- Customs Exemption
- Tax Relief
- Insurance contributions of employer
- Appropriation of Land
- Support of Interest Rates

**Important:** Percentage and rates of contributions to investors on these applications are flexible to each region.

### 3) Promotion of Large-Scale Investments

Large-scale investments, which aims to increase the capacity of R&D and technology, and to provide competitive advantage in the international arena, will be supported by providing;

- VAT Exemption
- Customs Exemption
- Tax Relief

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- Insurance contributions of employer
- Appropriation of Land

In addition, **support of income tax withholding** and **insurance contributions of employee** will be provided if the planned investments will be in the case of 6.th region.

#### 4) Promotion of Strategic Investments

More than 50% that was met by imports of intermediate goods or the investments for the production of products are identified as strategic investments. Strategic investments based on some criteria;

- Minimum investment amount is £ 50 million
- More than 50% was met by imports
- produce at least 40% value-added
- product produced by the total import value of the last one year, with investments of at least \$ 50 million identified as a strategic investment criteria.

\*\*\*Some support for the promotion of strategic investments varies from region to region.

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