

PKF IZMIR Newsletter

05 | 17



Dear Readers,

The topic of our this month's newsletter is the special investment regions in Turkey.

For your information

Yours sincerely,

PKF Izmir- German Desk Team

Content

- TECHNOLOGY DEVELOPMENT ZONES - TECHNOPARKS
- ORGANIZED INDUSTRIAL ZONES
- FREE ZONES

Technology Development Zones - Technoparks

Technology Development Zones (TDZs*) are areas designed to support R&D activities and attract investments in high technology fields.

There are 59 TDZs of which 44 are operational and 15 have been approved and are currently under construction.

Advantages of TDZs

Revenues derived from software development and R&D activities are exempt from income and corporate taxes until December 31, 2023.

Sales of application software produced exclusively in TDZs are exempt from VAT until December 31, 2023. Examples include software for systems management, data management, business applications, different business sectors, the Internet, mobile phones and military command control.

Salaries of R&D and support personnel employed in the zone are exempt from all taxes until December 31, 2023. The number of the support personnel covered by the exemption shall not exceed 10 percent of the number of the R&D personnel.

Investments for the production of the technological product obtained as a result of the R&D projects conducted in the zone may be made in the TDZ, if deemed suitable by the operator company and allowed by the Ministry.

50 percent of the employer's share of the social security premium will be paid by the government for 5 years until 31.12.2024.

Organized Industrial Zones

Organized Industrial Zones (OIZs) are designed to allow companies to operate within an investor-friendly environment with ready-to-use infrastructure and social facilities. The existing infrastructure provided in the zones includes roads, water, natural gas, electricity, communications, waste treatment, and other services.

There are 290 OIZs in 80 provinces, 211 of which are currently operational, while the remaining 79 OIZs are being constructed throughout Turkey.

Advantages of OIZs

- In addition to the investment incentives scheme in Turkey (general investment incentives, regional investment incentives, large-scale investment incentives, strategic investment incentives, employment incentives, R&D support, etc.), investors operating in the OIZs can benefit from the following advantages:
- No VAT for land acquisitions.
- Exemption from real estate duty for five years starting after the construction of the plant.
- Low water, natural gas, and telecommunication costs.
- For unification and/or separation of plots, no tax to be paid. Exemption from municipality tax for construction and usage of the plant.

Exemption from the municipality tax on solid waste if the OIZ does not benefit from the municipality service.

Free Zones

Free zones are special sites considered to be outside the customs area, although they are within the political borders of the country. These zones are designed to increase the number of export-focused investments. Legal and administrative regulations in the commercial, financial, and economic fields that are applicable within the customs area are either not implemented or partially implemented in the free zones.

There are 20 FZs* in Turkey (19 are operational) located close to the EU and Middle Eastern markets adjacent to major Turkish ports on the Mediterranean, Aegean, and Black Seas, with easy access to international trade routes.

Advantages of FZs

- 100% exemption from customs duties and other assorted duties.
- 100% exemption from corporate income tax for manufacturing companies.
- 100% exemption from value added tax (VAT) and special consumption tax.
- 100% exemption from income tax on employees' salaries (for companies that export at least 85% of the FOB value of the goods they produce in the free zones).
- Goods can remain in free zones for an unlimited period.
- Companies are free to transfer profits from free zones to abroad as well as to Turkey, without restrictions.



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