

GUIDE TO STATE INCENTIVES FOR INVESTMENTS IN TÜRKİYE



PRESIDENCY OF
THE REPUBLIC OF TÜRKİYE
**INVESTMENT
OFFICE**

DISCLAIMER

The Presidency of Republic of Türkiye Investment Office cannot be held responsible for the information presented herein, as this document has been prepared solely for informational purposes and does not constitute investment advice. This document does not include all incentive instruments currently offered by the Turkish Government, nor does it comprehensively cover all sectors and/or investments that qualify for such incentives. The Office is not responsible for any omissions, errors, or the timeliness of the information presented in this document, despite efforts to maintain it with up-to-date information.

All information in this guide is up to date as of [February, 2025](#).

CONTENT

- Investment Incentives Schemes..... 3**
- Other Incentive Schemes..... 10**
- Incentive Simulations..... 19**
- Annexes..... 26**



INVESTMENT INCENTIVE SCHEMES

FUNDAMENTALS OF THE INCENTIVE SYSTEM IN TÜRKİYE



REGIONAL PERSPECTIVE

Türkiye is classified into six regions based on the level of socio-economic development. Region 1 refers to the most developed cities, while Region 6 the least developed ones. The goal of this approach is to foster the development of less developed regions by promoting investment.

REGION 1



REGION 6

The rate of incentive items increases gradually from Region 1 to 6.



PRODUCT PERSPECTIVE

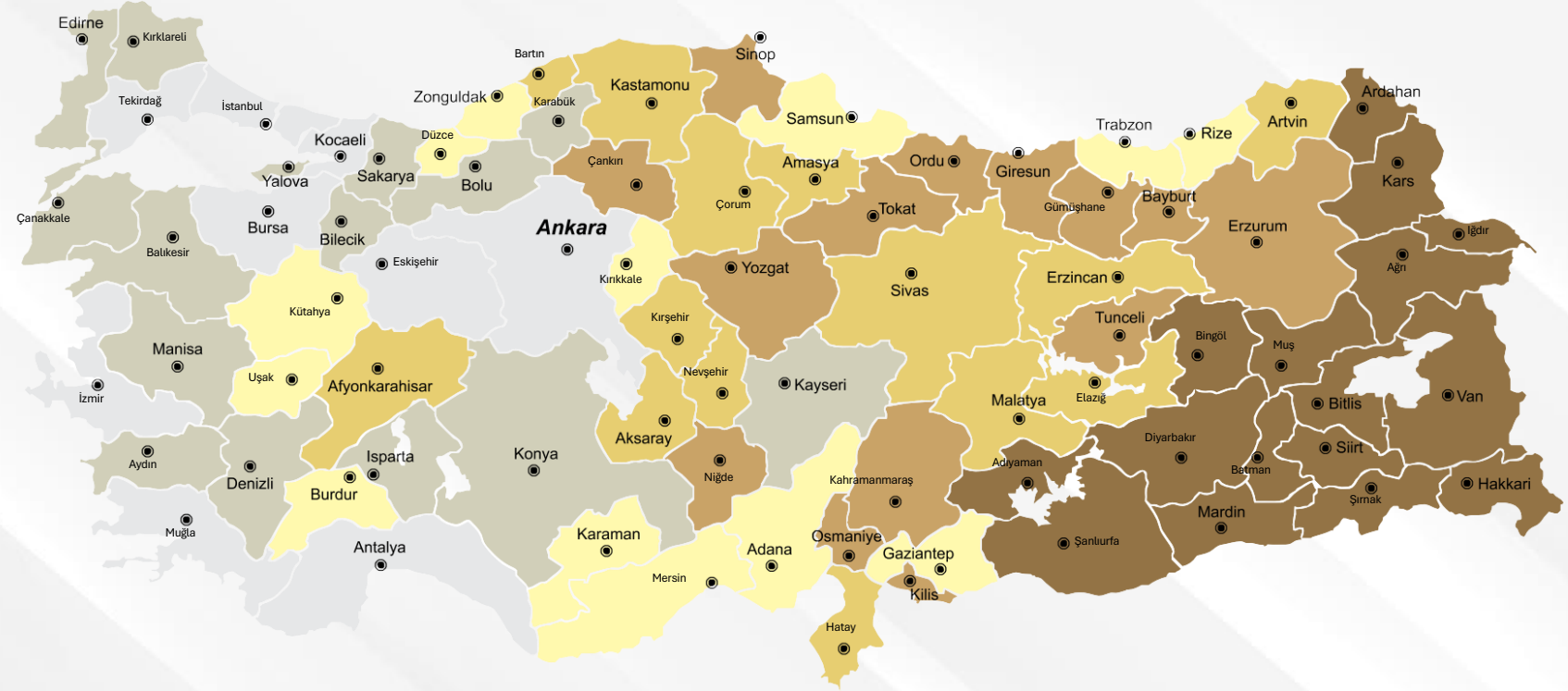
In addition to the regional perspective, higher rate of incentives are offered to investments for medium-high or high-tech products, regardless of location. The investment for large-scale, high value-added strategic products could be subject to Project-Based Incentives.

INCENTIVE REGIONS & PROVINCES OF TÜRKİYE

The framework and content of the support instruments varies based on the **development levels of the regions**.

In Türkiye's Incentive Scheme, investments in **less developed regions** qualify for **higher incentives**.

As certain districts within some provinces are classified as **sub-regions**, investments in these districts can benefit from the **higher incentives** offered to upper regions.



Region 1

Ankara, Antalya, Bursa, Eskişehir, İstanbul, İzmir, Kocaeli, Muğla, Tekirdağ

Region 2

Aydın, Balıkesir, Bilecik, Bolu, Çanakkale, Denizli, Edirne, Isparta, Karabük, Kayseri, Kırklareli, Konya, Manisa, Sakarya, Yalova

Region 3

Adana, Burdur, Düzce, Gaziantep, Karaman, Kırıkkale, Kütahya, Mersin, Rize, Samsun, Trabzon, Uşak, Zonguldak

Region 4

Afyonkarahisar, Aksaray, Amasya, Artvin, Bartın, Çorum, Elazığ, Erzincan, Kırşehir, Malatya, Nevşehir, Sivas

Region 5

Bayburt, Çankırı, Erzurum, Giresun, Gümüşhane, Kahramanmaraş, Kilis, Niğde, Ordu, Osmaniye, Sinop, Tokat, Tunceli, Yozgat

Region 6

Adıyaman, Ağrı, Ardahan, Batman, Bingöl, Bitlis, Diyarbakır, Hakkari, Iğdır, Kars, Mardin, Muş, Siirt, Şırnak, Van

INCENTIVES PROVIDED BY THE MINISTRY OF INDUSTRY AND TECHNOLOGY

GENERAL INCENTIVES

- VAT Exemption for Machinery
- Customs Duty Exemption

Medium High Tech (Region 4) Incentives
Priority (Region 5) Incentives

REGIONAL INCENTIVES

- VAT Exemption for Machinery
 - VAT Exemption for Construction
 - Customs Duty Exemption
 - Corporate Tax Reduction
 - Social Security Premium Support (Employer's Share)
 - Land Allocation
 - Interest Rate Support
- +
- Social Security Premium Support (Employee's Share)

Region 6 Incentives

STRATEGIC INCENTIVES

- VAT Exemption for Machinery
- VAT Exemption for Construction
- Customs Duty Exemption
- Corporate Tax Reduction
- Social Security Premium Support (Employer's Share)
- Land Allocation
- Interest Rate Support

PROJECT-BASED INCENTIVES

- Cashback Support
- VAT Exemption for Machinery
- VAT Exemption for Construction
- Customs Duty Exemption
- Corporate Tax Reduction
- Social Security Premium Support (Employer's Share)
- Qualified Personnel Support
- Energy Support
- Interest Rate Support
- Land Allocation
- Infrastructure Support
- Purchasing Guarantee
- Facilitation of Procedures

ALL INCENTIVE SCHEMES AND DIFFERENCES

Incentive	Criteria	Examples
General Incentives	✓ Low-tech products benefit from general incentives.	▪ Plastics, Printing, Iron and Steel etc.
Regional Incentives	✓ The selection of the incentive region is important for the incentive rate the investment will receive.	▪ Food, Paper, Tourism, Metal Casting, Textile and Garment etc.
Medium-High Tech (Region 4) Incentives	✓ The product should be included in the OECD's list of medium-high technology products.	▪ Chemical Products, Machinery and Equipment, Electrical Machinery and Equipment, Motor Land Vehicles, Railway and Tramway Locomotives and Wagons, Transportation Vehicles etc.
Priority (Region 5) Incentives	✓ The product should be included in the priority product list determined by the Ministry.	▪ Medical Equipment, Computers, Carbon Fiber, Pharmaceuticals etc. (The complete list of priority products is provided in Annex 4)
Region 6 Incentives	✓ The investment must be made in one of the cities in Region 6.	▪ There are no sector-specific product restrictions.
Strategic Incentives	<ul style="list-style-type: none"> ✓ Minimum investment amount of TRY 50 million ✓ The product's domestic production capacity being less than its import volume ✓ Minimum 40% value added in production ✓ The product having an import value of USD 50M in the previous year 	▪ There are no sector-specific product restrictions.
Project Based Incentives	<ul style="list-style-type: none"> ✓ Minimum fixed investment amount of TRY 2 billion (~USD 57 million) ✓ Other criteria and incentives are project-specific and must be negotiated with the Ministry. 	▪ There are no sector-specific product restrictions.

PROJECT BASED INVESTMENT INCENTIVES

Eligibility Criteria	Supports
<ul style="list-style-type: none"> ▪ Minimum fixed investment amount of TRY 2 billion (~ USD 57 million) ▪ Technology intensive and strategic products should be produced ▪ High added-value in investment and manufacturing ▪ Manufacturing focusing on import-dependent products (non-locally produced or locally produced at small quantities) 	<ul style="list-style-type: none"> ▪ Cashback Support ▪ VAT Exemption for Machinery & Equipment ▪ VAT Exemption for Construction Expenses <ul style="list-style-type: none"> ▪ Customs Duty Exemption ▪ Corporate Tax Reduction up to 200% of Investment Expenditures <ul style="list-style-type: none"> ▪ Social Security Premium Support (Employer’s Share) for up to 10 years ▪ Qualified Personnel Support for up to 5 years ▪ Energy Support for up to 50% of Energy Expenditures for up to 10 years ▪ Interest Rate Support for up to 10 years <ul style="list-style-type: none"> ▪ Land Allocation ▪ Infrastructure Support ▪ Purchasing Guarantee



TAILOR-MADE INCENTIVE MECHANISMS ARE AVAILABLE FOR SELECTED INVESTORS

PROJECT BASED INVESTMENT INCENTIVE EXAMPLES

Investment Details	Sector	Investment Type	Fixed Investment Amount (USD)	Number of Employee	Number of Qualified Employee	Rate of Contribution	Qualified Employee Support (USD)	Interest Support (USD)	Energy Support (USD)	Land Allocation
Polymer/Chips, POY, FDY Synthetic Fiber Production	Petrochemicals	Greenfield	645M	870	30	85%	4M	X	12M	✓
Photovoltaic Solar Panel Production	Energy	Greenfield	415M	2,335	100	80%	7M	X	6M	✓
Electric Driven Compressor Production	Automotive	Greenfield	230M	600	30	95%	2M	X	3M	X
Ammunition Design, Military Rifle, Semi-Automatic Pistol Production	Defense	Expansion	75M	286	35	80%	4M	4.3M	3M	X
Aluminum Flat Product Production with Direct Cooling Slab Casting and Hot Rolling Method	Metal Casting	Expansion	165M	285	45	85%	4M	X	11M	X



OTHER INCENTIVE SCHEMES

TECHNOLOGY FOCUSED INDUSTRIAL MOVEMENT PROGRAM

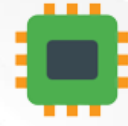
Technology Focused Industrial Movement Program (**HAMLE**) provides a **call-based incentive scheme** designed to support the production of high value-added, medium-high and high-tech products with domestic opportunities and capabilities.



Machinery



Computer Science



Electronics



Optics



Electrical Equipment



Pharmaceuticals



Chemicals



Transportation Vehicles

For detailed information about the HAMLE program and the priority product list, please visit the site of the Ministry.

<https://www.hamle.gov.tr/>

Eligibility Criteria	Incentive Scheme
<ul style="list-style-type: none"> At least TRY 30 million investment amount (may be different for each call) The product must be in the priority product list determined by the Ministry. 	Strategic Incentives
<ul style="list-style-type: none"> At least TRY 100 million investment amount The product must be in the priority product list determined by the Ministry. 	Project Based Incentives

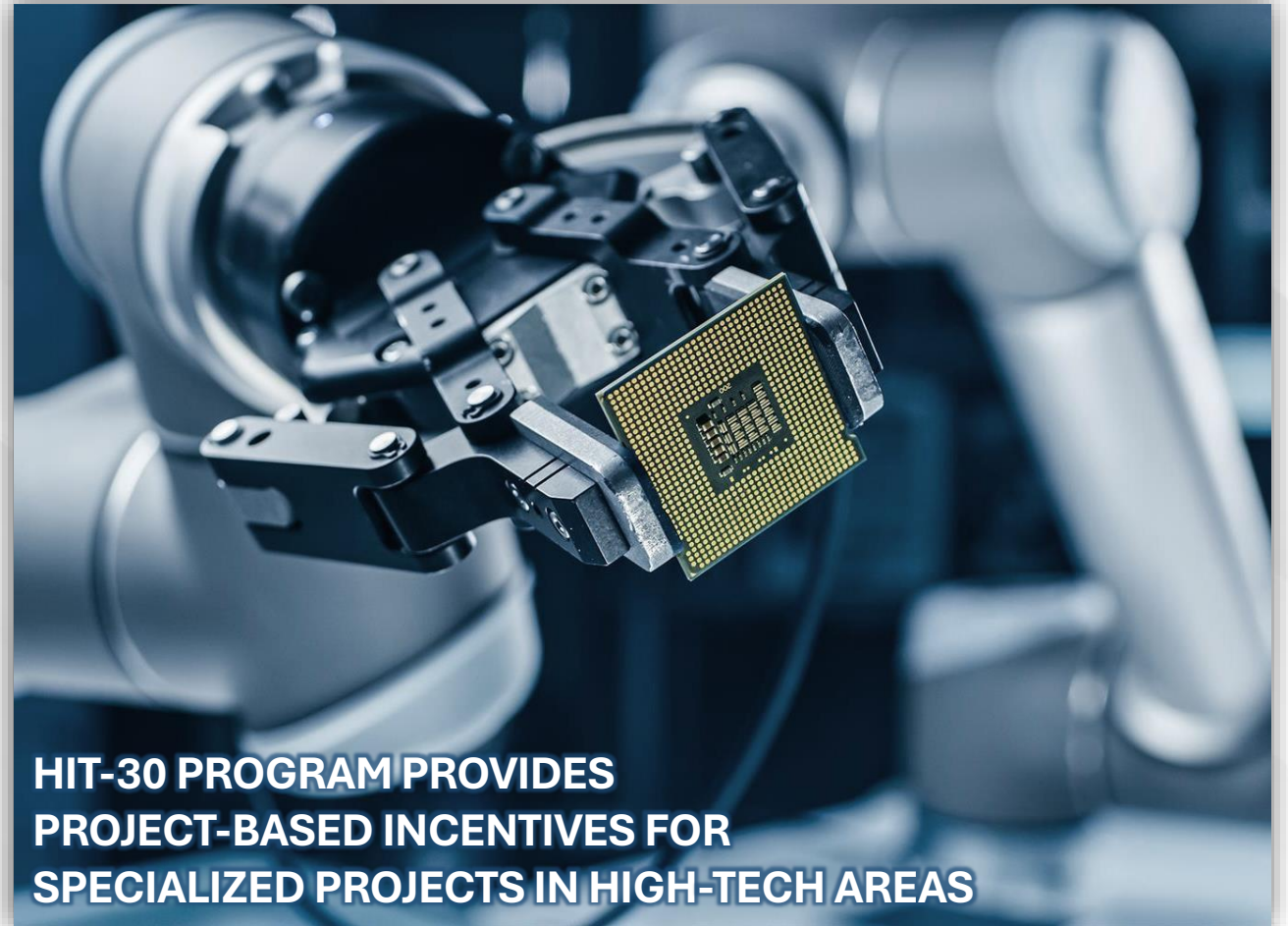
COMPARISON OF STRATEGIC AND PROJECT BASED INCENTIVES

Support Items	Incentives	
	Strategic Incentives	Project Based Incentives
VAT Exemption for Machinery, Equipment Purchases and Construction Expenses	✓	✓
Customs Duty Exemption	✓	✓
Corporate Tax Reduction	Rate of Contribution: 50% - Tax Reduction Rate: 90%	Rate of Contribution: Up to 200% - Tax Reduction Rate: 100%
Social Security Premium Support (Employer's Share)	10 Years (Gross Minimum Wage)	10 Years (Gross Minimum Wage)
Social Security Premium Support (Employee's Share)	High Tech: 7 Years - Medium-High Tech: 5 Years	X
Income Tax Withholding Support	10 Years High Tech: 500 Persons - Medium-High Tech: 300 Persons	10 Years Limit on Number of Employees
Interest Rate Support	FX Loans: 2 Points High Tech (TRY Loans): 10 Points Medium-High Tech (TRY Loans): 8 Points Upper Limit: TRY 75 million (Max. 10% of the Investment Amount)	10 Years No Limit
Land Allocation	✓	✓
Energy Support	X	10 Years (50% of the Energy Expenditures)
Qualified Personnel Support	X	20 x Gross Minimum Wage (5 Years)

HIT-30

HIGH TECH TÜRKİYE

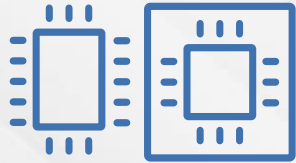
Eligibility Criteria	Supports
<ul style="list-style-type: none">The product must be in the high-tech product list determined by the Ministry of Industry and Technology	<ul style="list-style-type: none">Cash SupportEnergy SupportQualified Personnel SupportCorporate Tax ReductionCustoms Duty ExemptionInterest Rate SupportVAT Exemption for Machinery & ConstructionSocial Security Premium Support (Employer's Share)



HIGH TECH INVESTMENT AREAS (HIT-30)



Mobility



Semi Conductors



Health & Life Technologies



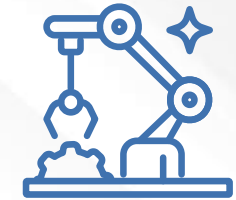
Digital Technologies



Communication and Space



Green Energy



Advanced Manufacturing



Complementary Investments in the Value Chain



30+ PRIORITY INVESTMENT TOPICS IN 8 HIGH-TECH AREAS

R&D AND DESIGN CENTER INCENTIVES



At least 15 R&D personnel must be employed in order to be eligible for R&D center incentives. At least 10 design personnel must be employed in design centers.

Incentive Instruments for R&D and Design Centers		Exemption Rate
R&D and Design Discount	Reduction of the R&D expenditures from the corporate tax base	100%
Social Security Premium Support (Employer's Share)	Social security premium (employer's share) exemption (Refer to Annex 5 for 2025 figures)	50%
Stamp Duty Exemption	Available	100%
Customs Duty Exemption	Available	100%
Fundamental Sciences Employment Support	<p>Two-year gross wage support for R&D personnel having BSc degrees in:</p> <ul style="list-style-type: none"> ▪ mathematics ▪ physics ▪ chemistry ▪ biology ▪ biochemistry ▪ biotechnology ▪ industrial design ▪ industrial design, engineering ▪ molecular biology and genetics ▪ metallurgy and materials engineering 	Up to gross minimum wage per month

TECHNOLOGY DEVELOPMENT ZONE INCENTIVES



Incentive Instruments for TDZs		Exemption Rate
Corporate Tax Exemption	Profits derived from software development, R&D, and design activities are exempt from tax.	100%
VAT Exemption	Sales of application software produced exclusively in TDZs are exempt from VAT.	100%
Social Security Premium Support (Employer's Share)	Social security premium support (employer's share) exemption (Refer to Annex 5 for 2025 figures).	50%
Stamp Duty Exemption	Available	100%
Customs Duty Exemption	Available	100%
Fundamental Sciences Employment Support	Two-year gross wage support for R&D personnel having BSc degrees in: <ul style="list-style-type: none"> ▪ mathematics ▪ physics ▪ chemistry ▪ biology ▪ biochemistry ▪ biotechnology ▪ industrial design ▪ industrial design, engineering ▪ molecular biology and genetics ▪ metallurgy and materials engineering 	Up to gross minimum wage per month

FREE TRADE ZONE INCENTIVES

Free Trade Zones are defined as special areas within the country considered to be outside the customs territory.

With the aim of increasing and promoting export-oriented investment and production, **19 Free Trade Zones** are currently operational.



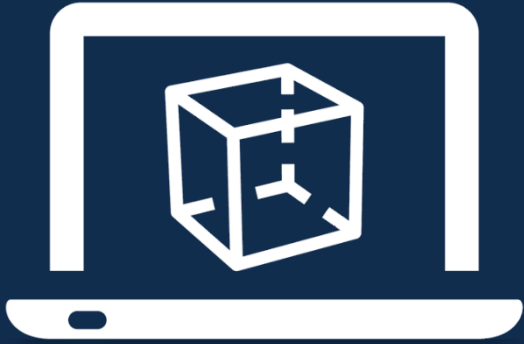
FREE TRADE ZONE INCENTIVES



Criteria	Supports
<ul style="list-style-type: none"> ▪ Having an export-oriented investment project ▪ Performing any of the activities listed below: <ul style="list-style-type: none"> - Manufacturing - Research and development (R&D) - Software - General trading - Storing - Packaging - Banking and insurance - Assembly and dismantling - Maintenance services 	<ul style="list-style-type: none"> ▪ VAT Exemption ▪ Customs Duty Exemption ▪ Special Consumption Tax Exemption ▪ Corporate Tax Exemption (Only in Manufacturing Industry) ▪ Income Tax Exemption on Employees' Salaries ▪ Stamp Duty Exemption ▪ Property Tax Exemption ▪ Permission to Bring Second Hand/Used Machinery



Income Tax Exemption for companies that **export at least 85%** of the FOB value of the products produced in the free zones.



INCENTIVE SIMULATIONS

GENERAL INVESTMENT SIMULATION - EXAMPLE

SIMULATION DETAILS

- **Total Investment Amount:** TRY 100M
- **Imported Machinery & Equipment:** TRY 50M
- **Domestic Machinery & Equipment:** TRY 30M
- **Construction Cost:** TRY 20M
- **Employment:** 50
- **Investment Location:** No Significance

VAT Exemption for Machinery: TRY 80M (Total amount of the machinery and equipment) x 0.20 (VAT rate) = TRY 16M is exempt from VAT.

Customs Duty Exemption: TRY 50M (Imported machinery and equipment cost) x 0,02 (Customs duty) = TRY 1M is exempt from customs duty.

Investment Inputs	Scenario (TRY)
Investment Amount	100,000,000
Imported Machinery & Equipment	50,000,000
Domestic Machinery & Equipment	30,000,000
Construction Cost	20,000,000
Incentives	
VAT Exemption for Machinery	16,000,000
Customs Duty Exemption	1,000,000
Total Support	17,000,000
Total Support Rate	17%

REGIONAL INVESTMENT SIMULATION - EXAMPLE

SIMULATION DETAILS

- **Total Investment Amount:** TRY 100M
- **Imported Machinery & Equipment:** TRY 60M
- **Domestic Machinery & Equipment:** TRY 20M
- **Construction Cost:** TRY 20M
- **Employment:** 50 Persons
- **Investment Location:** Region 3 (Outside OIZ)

VAT Exemption for Machinery: TRY 80M (Total amount of the machinery and equipment) x 0.20 (VAT rate) = TRY 16M is exempt from VAT.

VAT Exemption for Construction: TRY 20M (Construction expenses) x 0.20 (VAT rate) = TRY 4M will be exempted.

Customs Duty Exemption: TRY 60M (Imported machinery and equipment cost) x 0,02 (Customs duty) = TRY 1,200,000 is exempt from customs duty.

Corporate Tax Reduction: TRY 100M (Total investment amount) x 0.25 (Support rate for Region 3 / Outside OIZ) = TRY 25M will be the upper limit for the total corporate tax reduction support.

Interest Rate Support: The Ministry provides interest rate support with the upper limit of TRY 1M for Region 3. (3 points for TRY loans, 1 point for loans in foreign currency)

Social Security Premium Support (Employer's Share): Social security premium support that can be used for the employment of 50 individuals = 50 x 60 (Monthly period of support in Region 3 Outside OIZ) x 4096 (Employer's share) = TRY 24,576,000 of employer's share is exempted.

Investment Inputs	Scenario (TRY)
Investment Amount	100,000,000
Imported Machinery & Equipment	60,000,000
Domestic Machinery & Equipment	20,000,000
Construction Cost	20,000,000
Incentives	
VAT Exemption for Machinery	16,000,000
VAT Exemption for Construction	4,000,000
Customs Duty Exemption	1,200,000
Corporate Tax Reduction	25,000,000
Social Security Premium Support (Employer's Share)	12,288,000
Interest Rate Support	1,000,000
Total Support	59,488,000
Total Support Rate	59.5%

MEDIUM-HIGH TECH INVESTMENT SIMULATION - EXAMPLE

SIMULATION DETAILS

- **Total Investment Amount:** TRY 100M
- **Imported Machinery & Equipment:** TRY 60M
- **Domestic Machinery & Equipment:** TRY 20M
- **Construction Cost:** TRY 20M
- **Employment:** 50
- **Investment Location:** All Cities (Except İstanbul)

VAT Exemption for Machinery: TRY 80M (Total amount of the machinery and equipment) x 0.20 (VAT rate) = TRY 16M is exempt from VAT.

VAT Exemption for Construction: TRY 20M (Construction expenses) x 0.20 (VAT rate) = 4M will be exempted.

Customs Duty Exemption: TRY 60M (Imported machinery and equipment cost) x 0,02 (Customs duty) = TRY 1,200,000 is exempt from customs duty.

Corporate Tax Reduction: TRY 100M (Total investment amount) x 0.30 (Support rate for Region 4) = TRY 30M will be the upper limit for the total corporate tax reduction support.

Interest Rate Support: The Ministry provides interest rate support with the upper limit of TRY 1,200,000 for Region 4. (4 points for TRY loans, 1 point for loans in foreign currency)

Social Security Premium Support (Employer's Share): Social security premium support that can be used for the employment of 50 individuals = 50 x 72 (Monthly period of support in Region 4) x 4096 (Employer's share) = TRY 14,745,600 of employer's share is exempted.

Investment Inputs	Scenario (TRY)
Investment Amount	100,000,000
Imported Machinery & Equipment	60,000,000
Domestic Machinery & Equipment	20,000,000
Construction Cost	20,000,000
Incentives	
VAT Exemption for Machinery	16,000,000
VAT Exemption for Construction	4,000,000
Customs Duty Exemption	1,200,000
Corporate Tax Reduction	30,000,000
Social Security Premium Support (Employer's Share)	14,745,600
Interest Rate Support	1,200,000
Total Support	67,145,600
Total Support Rate	67.1%

PRIORITY INVESTMENT SIMULATION - EXAMPLE

SIMULATION DETAILS

- **Total Investment Amount:** TRY 100M
- **Imported Machinery & Equipment:** TRY 60M
- **Domestic Machinery & Equipment:** TRY 20M
- **Construction Cost:** TRY 20M
- **Employment:** 50 Persons
- **Investment Location:** All Cities

VAT Exemption for Machinery: TRY 80M (Total amount of the machinery and equipment) x 0.20 (VAT rate) = TRY 16M is exempt from VAT.

VAT Exemption for Construction: TRY 20M (Construction expenses) x 0.20 (VAT rate) = 4M will be exempted.

Customs Duty Exemption: TRY 60M (Imported machinery and equipment cost) x 0,02 (Customs duty) = TRY 1,200,000 is exempt from customs duty.

Corporate Tax Reduction: TRY 100M (Total investment amount) x 0.40 (Support rate for Region 5) = TRY 40M will be the upper limit for the total corporate tax reduction support.

Interest Rate Support: The Ministry provides interest rate support with the upper limit of TRY 1,400,000 for Region 5. (5 points for TRY loans, 2 point for loans in foreign currency)

Social Security Premium Support (Employer's Share): Social security premium support that can be used for the employment of 50 individuals = 50 x 84 (Monthly period of support in Region 5) x 4096 (Employer's share) = TRY 17,203,200 of employer's share is exempted.

Investment Inputs	Scenario (TRY)
Investment Amount	100,000,000
Imported Machinery & Equipment	60,000,000
Domestic Machinery & Equipment	20,000,000
Construction Cost	20,000,000
Incentives	
VAT Exemption for Machinery	16,000,000
VAT Exemption for Construction	4,000,000
Customs Duty Exemption	1,200,000
Corporate Tax Reduction	40,000,000
Social Security Premium Support (Employer's Share)	17,203,200
Interest Rate Support	1,400,000
Total Support	79,803,200
Total Support Rate	80%

REGION 6 INVESTMENT SIMULATION - EXAMPLE

SIMULATION DETAILS

- **Total Investment Amount:** TRY 100M
- **Imported Machinery & Equipment:** TRY 60M
- **Domestic Machinery & Equipment:** TRY 20M
- **Construction Cost:** TRY 20M
- **Employment:** 50
- **Investment Location:** Region 6 Cities (Inside OIZ)

VAT Exemption for Machinery: TRY 80M (Total amount of the machinery and equipment) x 0.20 (VAT rate) = TRY 16M is exempt from VAT.

VAT Exemption for Construction: TRY 20M (Construction expenses) x 0.20 (VAT rate) = 4M will be exempted.

Customs Duty Exemption: TRY 60M (Imported machinery and equipment) x 0,02 (Customs duty) = TRY 1,200,000 TRY is exempt from customs duty.

Corporate Tax Reduction: TRY 100M (Total investment amount) x 0.55 (Support rate for Region 6) = TRY 55M will be the upper limit for the total corporate tax reduction support.

Social Security Premium Support (Employer's Share): Social security premium support that can be used for the employment of 50 individuals = 50 x 144 (Monthly period of support in Region 6) x 4096 (Employer's share) = TRY 29,491,200 of employer's share is exempted.

Interest Rate Support: The Ministry provides interest rate support with the upper limit of TRY 1,800,000 for Region 6 (7 points for TRY loans, 2 point for loans in foreign currency).

Social Security Premium Support (Employee's Share): Social security premium support that can be used for the employment of 50 individuals = 50 x 120 (Monthly period of support in Region 6) x 3641 (Employer's share)] = TRY 21,846,000 of employee's share will not be paid.

Investment Inputs	Scenario (TRY)
Investment Amount	100,000,000
Imported Machinery & Equipment	60,000,000
Domestic Machinery & Equipment	20,000,000
Construction Cost	20,000,000
Incentives	
VAT Exemption for Machinery	16,000,000
VAT Exemption for Construction	4,000,000
Customs Duty Exemption	1,200,000
Corporate Tax Reduction	55,000,000
Social Security Premium Support (Employer's Share)	29,491,200
Interest Rate Support	1,800,000
Social Security Premium Support (Employee's Share)	21,846,000
Total Support	129,337,200
Total Support Rate	129.4%

STRATEGIC INVESTMENT SIMULATION - EXAMPLE

SIMULATION DETAILS

- **Total Investment Amount:** TRY 100M
- **Imported Machinery & Equipment:** TRY 60M
- **Domestic Machinery & Equipment:** TRY 20M
- **Construction Cost:** TRY 20M
- **Employment:** 50
- **Investment Location:** All Cities

VAT Exemption for Machinery: TRY 80M (Total amount of the machinery and equipment) x 0.20 (VAT rate) = TRY 16M is exempt from VAT.

VAT Exemption for Construction: TRY 20M (Construction expenses) x 0.20 (VAT rate) = 4M will be exempted.

Customs Duty Exemption: TRY 60M (Imported machinery and equipment x 0,02 (Customs duty) = TRY 1,200,000 TRY is exempt from customs duty.

Corporate Tax Reduction: TRY 100M (Total investment amount) x 0.50 (Support rate for Strategic Investments) = TRY 50M will be the upper limit for the total corporate tax reduction support.

Social Security Premium Support (Employer's Share): Social security premium support that can be used for the employment of 100 individuals = 50 x 84 (Monthly period of support) x 4096 (Employer's share) = TRY 17,203,200 of employer's share is exempted.

Interest Rate Support: The Ministry provides interest rate support in the amount of TRY 50M or up to 5% of the investment amount for strategic investments (5 points for TRY loans, 2 points for loans in foreign currency). TRY 100M (Total investment amount) x 0.05 (Upper limit for interest support) = TRY 5M of interest support can be used.

Investment Inputs	Scenario (TRY)
Investment Amount	100,000,000
Imported Machinery & Equipment	60,000,000
Domestic Machinery & Equipment	20,000,000
Construction Cost	20,000,000
Incentives	
VAT Exemption for Machinery	16,000,000
VAT Exemption for Construction	4,000,000
Customs Duty Exemption	1,200,000
Corporate Tax Reduction	50,000,000
Social Security Premium Support (Employer's Share)	17,203,200
Interest Rate Support	5,000,000
Total Support	93,403,200
Total Support Rate	93.4%



ANNEXES

ANNEX 1 - INCENTIVE GLOSSARY

VAT Exemption for Machinery: Machinery and equipment to be purchased are exempt from VAT.

VAT Exemption for Construction: Exemption is provided for building and construction expenditures.

Customs Duty Exemption: Machinery and equipment to be purchased from abroad are exempt from Customs Duty.

Corporate Tax Exemption or Reduction: Corporate tax is exempted or paid with reduction.

Social Security Premium Support (Employer's Share): The employer's share of the social security premium calculated for employment will be covered by the government, based on the minimum wage.

Social Security Premium Support (Employee's Share): The employee's share of the social security premium calculated for employment will be covered by the government, based on the minimum wage.

Interest Rate Support: A certain portion of the interest to be paid for loans will be covered by the government.

Cashback Support: Eligible expenditures are partially reimbursed by the government.

Income Tax Withholding Support: Income tax calculated for employment will be exempt. **Infrastructure Support:** Investor's infrastructure needs, such as electricity and natural gas, can be facilitated.

ANNEX 1 - INCENTIVE GLOSSARY

Capital Contribution: The government can contribute up to 49% of the investment amount as capital.

Qualified Personnel Support: The gross wages of qualified personnel employed for up to 5 years will be covered, up to 20 times the gross minimum wage.

Purchasing Guarantee: A public procurement guarantee can be provided for end products.

Facilitation of Permit & License Procedures: A presidential decree may introduce exceptions for authorizations, allocations, permits, licenses, and registrations, among other restrictive provisions. Alternatively, arrangements may be made to accelerate and facilitate investments through legal and administrative processes.

Land Allocation: Investment land areas can be allocated based on availability and in accordance with legislation.

R&D / Design Discount: R&D and design expenditures can be deducted from the corporate tax base.

Stamp Duty Exemption: Stamp duty exemption will be granted for applicable documents.

Property Tax Exemption: Property tax exemption will be granted for land and buildings.

Special Consumption Tax Exemption: Enterprises in free zones are exempt from special consumption tax.

Energy Support: Energy expenditures can be partially reimbursed to investors.

ANNEX 2 - REGIONAL INCENTIVE MEASURES

Regional Incentive Measures				Regions					
				I	II	III	IV	V	VI
VAT Exemption for Machinery and Construction				AVAILABLE					
Customs Duty Exemption				AVAILABLE					
Corporate Tax Reduction	Tax Reduction Rate (%)			50	55	60	70	80	90
Investment Contribution Rate (%)	Outside OIZ / IZ			15	20	25	30	40	50
	Inside OIZ / IZ			20	25	30	40	50	55
Social Security Premium Support (Employer's Share)	Support Period	Outside OIZ / IZ		2 years	3 years	5 years	6 years	7 years	10 years
		Inside OIZ / IZ		3 years	5 years	6 years	7 years	10 years	12 years
	Support Upper Limit (%)	Outside OIZ / IZ		10	15	20	25	35	No limit
		In OIZ / IZ		15	20	25	35	No limit	No limit
Land Allocation				AVAILABLE					
Interest Rate Support	TRY Loans (points)			NA	NA	3 points	4 points	5 points	7 points
	FX Loans (points)					1 point	1 point	2 points	2 points
Social Security Premium Support (Employee's Share)				NA	NA	NA	NA	NA	10 years
Income Tax Withholding Support				NA	NA	NA	NA	NA	10 years

* An investor with a strategic incentive certificate can benefit from the Region 6 rates.

ANNEX 3 - CORPORATE TAX REDUCTION

How Does The Support Work ?

Investment expenditures could be subject to corporate tax reduction = TRY 50,000,000

Investment Location = Region 4

Tax Reduction Rate for Region 4 = 70%

Reduced Tax Rate = 6.6%

Investment Contribution Rate for Region 4 = 30%

- $\text{TRY } 50,000,000 \times 0.30 = \text{TRY } 30,000,000^*$ (upper limit of the corporate tax reduction support)

* The value will be increased based on reevaluation every year.

- Assuming that the investor will generate profits in the amount of TRY 10,000,000 per year.

Corporate Tax = $\text{TRY } 10,000,000 \times 0.25 = \text{TRY } 2,500,000$

- $\text{TRY } 2,500,000 \times 0.70$ (tax reduction rate) = TRY 1,750,000 of corporate tax can be subject to tax reduction; the remaining TRY 750,000 will be paid.

- Unpaid taxes: $1,750,000 + 1,750,000 + 1,750,000 + \dots + \dots + \dots + 1,750,000 = \text{TRY } 30,000,000$

- The tax reduction support will end once the total amount of taxes not paid reaches the upper limit.

ANNEX 4 - PRIORITY INVESTMENT AREAS

Transportation investments	Energy efficiency investments, realized in existing industry facilities with a minimum annual energy consumption of 500 TEP	Laboratory investments with research and control units
Test center investments for products in the middle-high and high-tech industry sectors according to OECD's technology density definition (US-97 Code: 2423, 30, 32, 33 and 353)	Manufacturing investments in the high-tech industry class according to OECD's technology density definition (US-97 Code: 2423, 30, 32, 33 and 353)	Greenhouse investments of min. TRY 5 million of 25 decares including domestically produced greenhouse technologies, based on automation
Tourism investments in Tourism Protection and Development Regions	Liquefied natural gas (LNG) investments and underground natural gas storage investments of min. TRY 50 million	Investments subject to Environmental License within the scope of environmental permit and license regulations
Defense industry investments approved by the Secretariat of Defense Industries	Investments in carbon fiber production or in the production of composite materials made of carbon fiber together with carbon fiber production	Nuclear power plant investments
Motor parts investments of min. TRY 20 million; motor investments of min. TRY 75 million and motor land vehicles of min. TRY 300 million	Electricity generation investments by recovery from waste heat in a facility originating from waste heat	Investments with a capex of at least TRY 500 million to be made in the medium-high technology investment areas
Training investments for the use, repair and maintenance of aircrafts	Mineral exploration investments in licensed areas	Manufacturing of software and IT products realized in free zones
Manufacturing investments developed through R&D projects supported by the Ministry, TÜBİTAK and KOSGEB	Renewable energy investments (Manufacturing of turbines, generators, solar panels and wind blades)	Licensed warehousing investments
Mine extraction and processing investments	Integrated investments for the aluminum flat products with direct cooling slab casting and hot rolling method	R&D and environmental investments
Electricity generation investments with coal-based minerals	Investments supported through Green Transformation Support Program	Investments supported through Digital Transformation Support Program
Data center investments compatible with international technical standards and minimum white space requirement of 5,000 m ²	Industrial facility investments including the manufacturing of electricity or hydrogen-powered transportation vehicles of min. TRY 50 million	Investments in the production of load-bearing columns and transmission columns made from vulcanized rubber (such as seismic isolation devices, epoxy-coated prestressing tendons, etc.)

ANNEX 5 - MINIMUM WAGE CALCULATION AND EMPLOYER COST

Minimum Monthly Wage (Gross and Net)	Amount (TRY)
Net Minimum Wage	22,104.67
Gross Minimum Wage	26,005.50
Social Security Premium Payment (14%) (Employee's Share)	3,640.77
Payment For Unemployment Insurance Fund (1%)	260.06
Total Deduction	3,900.83
Cost to Employer	
Gross Minimum Wage	26,005.50
Employer's Share Of Social Security Premium (15.5%)	4,095.87
Employer's Payment For Unemployment Insurance Fund (2%)	520.11
Total Employer Cost	30,621.48



invest.gov.tr

