BEFORE THE
INTERNATIONAL TRADE ADMINISTRATION OF THE
U.S. DEPARTMENT OF COMMERCE
AND THE
U.S. INTERNATIONAL TRADE COMMISSION

COUNTERVAILING DUTY PETITION
VOLUME XXIII
TURKEY

COMMON ALLOY ALUMINUM SHEET FROM
BAHRAIN, BRAZIL, CROATIA, EGYPT, GERMANY, GREECE, INDIA, INDONESIA, ITALY,
KOREA, OMAN, ROMANIA, SERBIA, SLOVENIA, SOUTH AFRICA, SPAIN, TAIWAN, AND
TURKEY

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ENFORCEMENT WORKING GROUP AND ITS INDIVIDUAL MEMBERS

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I. COMMON ALLOY ALUMINUM SHEET FROM THE REPUBLIC OF TURKEY IS BEING UNLAWFULLY SUBSIDIZED BY THE TURKISH GOVERNMENT

A. Introduction

This volume presents information reasonably available to Petitioners that the production of Common Alloy Aluminum Sheet ("CAAS")\(^1\) from the Republic of Turkey ("Turkey") is benefiting from countervailable subsidies within the meaning of section 771(5) of the Tariff Act of 1930, as amended ("the Act"). 19 U.S.C. § 1677(5). The general information required by section 351.202 of the regulations of the U.S. Department of Commerce (the "Department"), 19 C.F.R. § 351.202, and section 207.11 of the regulations of the U.S. International Trade Commission ("ITC" or the "Commission"), 19 C.F.R. § 207.11, can be found in Volume I of this Petition.

Pursuant to 19 U.S.C. § 1671(a)(1) and (2), the Department shall impose a countervailing duty on merchandise imported from a "Subsidies Agreement" country,\(^2\) where the imported merchandise: (1) is produced or exported by manufacturers that benefit from countervailable subsidies, and (2) materially injures or threatens injury to a domestic industry. As detailed below, Turkish producers of CAAS likely have benefitted from numerous countervailable subsidies provided by the Turkish government. Further, as described in Volume I, imports of the subject merchandise from Turkey have caused material injury to U.S. producers of CAAS. The Department, therefore, should initiate a countervailing duty ("CVD") investigation on imports of CAAS from Turkey.

\(^1\) See Section I.E. of Volume I for a description of the subject merchandise.

\(^2\) Turkey, as a member of the World Trade Organization ("WTO"), is a country under the "Subsidies Agreement" as it relates to 19 U.S.C. § 1671(b).
B. Information Relating to Turkish Producers of Common Alloy Aluminum Sheet

Petitioners have identified several Turkish producers of the subject merchandise and have provided the names and addresses of these companies in Exhibit GEN-6 of Petition Volume I. Petitioners believe the bulk of Turkish exports of CAAS to the United States in 2019, the proposed period of investigation, were manufactured by Assan Alüminyum Sanayi ve Ticaret A.S. ("Assan"), ASAŞ Alüminyum Sanayi ve Ticaret A.S. ("ASAŞ"), and PMS Metal Profil Aluminyum Sanayi ve Ticaret A.Ş. ("PMS"). Petitioners further believe that these producers have benefited from one or more countervailable subsidies provided by the Government of Turkey ("GOT"). Although detailed financial information on assistance provided by the Turkish government to CAAS producers in Turkey is not publicly available, evidence suggests these companies have availed themselves of countervailable subsidy programs.

C. CAAS Production Benefits from Subsidies Conferred by the Government of Turkey ("GOT") Pursuant to Turkey's Industrial Policies

The GOT's promotion of Turkish industries has been examined by the Department in several recent countervailing duty proceedings.3 In particular, in these and prior CVD cases, the Department found significant government assistance provided to Turkish exporters, in the forms

of income and numerous other tax exemptions and reductions, the provision of goods and services for less than adequate remuneration, and preferential export financing.\(^4\) In addition, subject producer Assan received a special package of incentives from the GOT under the Project Based Investment Incentive System,\(^5\) a new subsidy program that the GOT specifically notified to the World Trade Organization’s Committee on Subsidies and Countervailing Measures in 2019.\(^6\)

As detailed below, state assistance to companies in Turkey has been provided through dozens of different measures by the national government. Thus, the evidence contained in this petition provides a clear basis for initiating an investigation to determine whether the subject merchandise is benefiting from numerous countervailable subsidies granted to favored industries in Turkey.

D. Petitioners’ Efforts to Obtain Information Regarding the CAAS Industry in Turkey and Turkish Subsidy Programs

1. Difficulty in Obtaining Information

Petitioners have undertaken an extensive search of all information reasonably available that documents countervailable subsidies provided by the Turkish government and identifies the nature and structure of the Turkish CAAS industry. While the subsidy allegations presented in this Petition satisfy the countervailing duty statute and the Department’s regulations, obtaining

\(^4\) See, e.g., Rebar 2016 AR I&D Memo at 7-8; Large Diameter Pipe I&D Memo at 4-6.


evidence of the amount of assistance received by subject producers has been challenging due to
the lack of detailed financial information on the assistance provided by the GOT. Given this
limitation, Petitioners are unable to quantify countervailable benefits or program-specific
countervailing duty margins. Nevertheless, whenever possible, Petitioners have provided factual
information that provides a reasonable indication of the value of the subsidy to producers of the
subject merchandise in Turkey.

2. **Petitioners Examined All “Reasonably Available” Information**

In accordance with the statutory and regulatory provisions setting forth requirements for
countervailing duty petitions, this Petition presents all information “reasonably available” to
Petitioners concerning possible countervailable subsidies available to and bestowed on producers
of the subject merchandise in Turkey. See 19 U.S.C. § 1671a(b)(1); 19 C.F.R. § 351.202 (setting
forth “reasonably available” standard). The Department has explained that the “reasonably
available” standard is satisfied when a petitioner has consulted:

all available sources including libraries, embassies, and Department of Commerce (DOC) Central Records Unit (Room
B-099). In order to demonstrate that all available sources were
sought, Petitioner should describe in detail its methodology in
seeking the required information.  

Notably, a petitioner does not have to prove at the outset that a subsidy allegation will be
confirmed during the course of the investigation. Nor does the petition have to establish that a
potentially countervailable subsidy actually has been used for a subsidy allegation to be
investigated by the Department.

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7 International Trade Administration, Department of Commerce, Form ITA-336P, Format for
Requesting Petition Relief Under U.S. Countervailing Duty Law; see also Format for Petition
This Petition has been prepared in accordance with these guidelines. In developing the subsidy allegations set forth below, Petitioners examined all information reasonably available from public sources concerning possible subsidies related to the production of CAAS in Turkey. This information includes:

(1) past countervailing duty determinations (i.e., Federal Register notices and information from case dockets contained in the Central Records Unit) covering the country, subject merchandise, and/or producers included in this Petition;

(2) press articles and news reports on the producers, industry, and country in question available through the World Wide Web and on-line data services;

(3) previous countervailing duty petitions concerning merchandise produced in Turkey; and

(4) where available, documents from Turkish government agencies concerning producers of the subject merchandise, industries in Turkey, and the alleged subsidy programs.

The names, addresses, and other contact information for the Turkish producers of the subject merchandise appear in Exhibit GEN-6 of the Petition Volume I. Petitioners believe that these companies have benefited from one or more of the countervailable subsidies alleged below. As previously stated, however, notwithstanding the extensive amount of material reviewed in preparing this Petition, information sufficient to calculate an ad valorem subsidy is not reasonably available to Petitioners.
3. **Period of Investigation and Allocation Period for Non-Recurring Subsidies**

Based on the Department’s practice, the period of investigation ("POI") in this case should run from January 1, 2019 through December 31, 2019. Petitioners’ allegations relate to benefits received during that year, as well as to non-recurring benefits received during a broader time period. Consistent with the Department’s practice of allocating non-recurring subsidies over time, these earlier subsidies also benefited the subject merchandise during the POI.

For non-recurring subsidies, the allegations in this Petition presume a 14-year allocation period in accordance with the guidelines of the Internal Revenue Service ("IRS") for depreciating business or income-producing property. Specifically, the IRS assigns an average useful life ("AUL") of 14 years to productive assets employed in the “Manufacture of Primary Nonferrous Metals,” a classification that would include the CAAS industry. The Department, therefore, should include in its investigation any countervailable subsidies potentially provided to producers of CAAS in Turkey during the period January 1, 2006 through December 31, 2019.

II. **SUBSIDY ALLEGATIONS**

Petitioners allege that the following subsidies provided by the Turkish government confer countervailable benefits to producers of CAAS in Turkey within the meaning of section 171(5) of the Act (19 U.S.C. § 1677(5)) and request that the Department initiate an investigation of these subsidies to determine whether the imposition of countervailing duties is warranted.

In addition, Petitioners reserve the right to supplement these subsidy allegations, or make new allegations, as information becomes available during the course of the investigation,

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consistent with the Department’s regulations. See 19 C.F.R. §§ 351.301(c)(2)(iv)(A) and (C) (2014) (allowing new subsidy allegations to be submitted no later than 40 days before the preliminary determination and upstream subsidy allegations no later than 60 days after the preliminary determination); 19 C.F.R. § 351.311 (requiring the Department to investigate subsidies discovered during an investigation).

A. **Tax Programs**

1. **Deductions from Taxable Income for Export Revenue**

As the Department has found in prior investigations, the GOT allows exporters to claim significant deductions from taxable income for export revenues through a program administered by the Ministry of Finance.\(^9\) In particular, under Article 40 of Income Tax Law 193, of January 6, 1961, as amended by Law 4108 of June 1995, companies are eligible for tax deductions from gross income accrued from exporting, construction, maintenance, assembly, and transportation activities overseas.\(^10\) While the value of this deduction is capped at 0.5 percent of the company’s

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foreign-exchange earnings, the benefit is recorded as a lump sum deduction on its annual tax return, and may include undocumented expenses. 11

As exporters, Turkish CAAS producers are eligible for this tax assistance. Given these facts and the agency’s consistent findings on the countervailability of this tax provision, the Department should initiate an investigation of whether subject producers used this program during the POI.

a. **Financial Contribution**

Deductions from Taxable Income for Export Revenue qualify as a financial contribution in the form of revenue foregone by the GOT in accordance with section 771(5)(D)(ii) of the Act.

b. **Benefit**

The benefit conferred to the recipient equals the amount of the tax savings allowed under this program. See 19 C.F.R. § 351.509(a)(1).

c. **Specificity**

As the Department has previously found, 12 this subsidy is specific within the meaning of sections 771(5A)(A) and (B) of the Act because the program is limited as a matter of law to export earnings.

2. **Inward Processing Certificates**

Pursuant to the Ministry of Economy’s Decree on Inward Processing Regime No. 2005/8391, companies are eligible for Inward Processing Certificates (“IPC”) that allow exemptions from the payment of customs duties and VAT on raw materials and intermediate products.

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11 GOT QR from Large Diameter Pipe at 53-54 (appended in Exhibit CVD-TR-5).
12 See, e.g., Large Diameter Pipe Prelim Memo at 14, unchanged Large Diameter Pipe I&D Memo at 4; OCTG OI I&D Memo at 13.
unfinished goods upon importation. In particular, Turkish companies may be issued one of two different types of IPCs: (1) D-1 certificates for imported goods used in the production of exported goods, or (2) D-3 certificates for imported goods used in the production of goods sold in the domestic market. While holders of a D-1 certificate are entitled to exemptions from both import duties and VAT, holders of D-3 certificates are entitled only to exemptions from import duties.

In previous investigations, the Department has found D-1 IPC benefits to be non-countervailable, as the GOT has a system in place to determine which inputs are consumed in the production of the exported merchandise, in accordance with 19 C.F.R. § 351.519(a)(4). The Department, however, found D-3 certificates to provide countervailable benefits, because import duty exemptions are extended to goods sold domestically, and not exported, resulting in the relief from duties that otherwise would be due upon importation. Further, in granting IPCs, a prerequisite for enjoying D-3 exemptions, the GOT considers the export activities of the applying companies. Eligibility for the IPCs is contingent upon export performance and, thus, is export-specific within the meaning of sections 771(5A)(A) and (B) of the Act.

Although the sources of raw materials used by Turkish CAAS producers is not publicly available, press reports indicate a significant increase in Turkish imports of aluminum scrap in

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13 GOT QR from Large Diameter Pipe at 84-94, Exhibit 24 (appended in Exhibits CVD-TR-5, 6).
14 See id. at 85-86 (appended in Exhibit CVD-TR-5).
15 See id. at 86-87 (appended in Exhibit CVD-TR-5).
16 See Large Diameter Pipe Prelim Memo at 19-20, unchanged Large Diameter Pipe I&D Memo at 4.
17 See id.
18 See id.
recent years, which may be melted to manufacture the subject merchandise. Given this evidence, the Department should initiate an investigation into whether producers of the subject merchandise received D-3 certificate benefits during the POI.

a. **Financial Contribution**

Import duty exemptions under this program constitute a financial contribution in the form of revenue foregone by the government in accordance with section 771(5)(D)(ii) of the Act.

b. **Benefit**

D-3 certificates confer a countervailable benefit equal to the amount of import duties exempted on inputs used in the production of domestically-sold goods and, thus, fail to meet export criteria established in 19 C.F.R. § 351.519(a), resulting in a benefit pursuant to 19 C.F.R. § 351.510(a).

c. **Specificity**

As the Department has previously found, this program is specific under sections 771(5A)(A) and (B) of the Act, because receipt of D-3 certificates is contingent upon export performance.

3. **Exemption from Property Tax**

Pursuant to Article 4, Clause (m) of Property Tax Law No. 1319, effective July 1, 2017, the Turkish government authorized a permanent property tax exemption for all buildings located

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20 See Large Diameter Pipe Prelim Memo at 19-20, unchanged Large Diameter Pipe I&D Memo at 4.
in an Organized Industrial Zone ("OIZ"), Free Zone, or Technology Development Zone.\textsuperscript{21} Article 8 of Property Tax Law No. 1319 established the property tax rate of 0.2 percent for all non-residential buildings.\textsuperscript{22} The GOT reports that there are currently 234 operational OIZs in Turkey, and 18 active Free Zones located close to the EU and Middle Eastern markets.\textsuperscript{23} Notably, Turkish CAAS producers are located in OIZs, and such producers may be located in Free Zones.\textsuperscript{24} For example, PMS is located in the Bursa Demirtas Organized Industrial Zone.\textsuperscript{25} Moreover, Assan has a production facility in the Kocaeli Dilovasi Organized Industrial Zone.\textsuperscript{26}


\textsuperscript{22} See id. at 25, Exhibit 5 (appended in Exhibits CVD-TR-8, 9).


\textsuperscript{24} Petitioners have been unable to identify the precise location of the specified Free Zones despite extensive searching. In particular, relevant documents issued by the GOT provide general, not specific, locations, such as “Bursa Free Zone” and “Kocaeli Free Zone.” See Investment Zones in Turkey, Presidency of the Republic of Turkey, Investment Office (appended in Exhibit CVD-TR-11); see also Guide to State Incentives for Investments in Turkey, Presidency of the Republic of Turkey, Investment Office, at 43 (appended in Exhibit CVD-TR-12).


The Department has previously found property tax exemptions for Turkish companies in specially designated locations to be a countervailable subsidy.\textsuperscript{27} Consistent with case precedent and the subject producers’ operations in eligible locations, the Department should investigate whether Turkish CAAS producers received benefits under this program during the POI.

\textbf{a. Financial Contribution}

An exemption from property taxes constitutes a financial contribution in the form of revenue foregone by the GOT under section 771(5)(D)(ii) of the Act.

\textbf{b. Benefit}

The benefit conferred by a property tax exemption equals the total amount of the company’s tax savings. \textsuperscript{27}See 19 C.F.R. § 351.509(a)(1).

\textbf{c. Specificity}

As the agency previously has determined,\textsuperscript{28} this tax exemption is specific in accordance with section 771(5A)(D)(iv) of the Act, as the benefit is limited to select geographic regions in Turkey.


\textsuperscript{28} \textit{See, e.g., Welded Carbon Pipe 2017 AR Prelim Memo} at 23, unchanged in Welded Carbon Pipe 2017 AR I&D Memo at 7.
4. **Free Zones Law No. 3218: Corporate Income Tax Exemption**

With Free Zones Law No. 3218, adopted on June 6, 1985, the GOT authorized the creation of specially-designated areas to operate outside of Turkey’s customs territory. As stated above, there currently are 18 active Free Zones located close to the EU and Middle Eastern markets. Pursuant to Interim Article 3 of Free Zones Law No. 3218, companies located in Free Zones are exempted from corporate income taxes on earnings generated through their commercial activities in the Free Zones. This exemption will remain in effect until Turkey becomes a full member of the European Union. Turkey’s corporate income tax rate is 22 percent for the 2018, 2019, and 2020 tax periods.

Petitioners have been unable to identify the precise location of the specified Free Zones, despite extensive searching. In particular, relevant documents issued by the GOT provide general (not specific) locations, such as “Bursa Free Zone” and “Kocaeli Free Zone.” Moreover, producers of the subject merchandise have manufacturing facilities in locations with

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29 See GOT QR from Large Diameter Pipe at 104-113, Exhibit 28 at Article 6 (appended in Exhibits CVD-TR-5, 15).
30 See “Investment Zones,” Website of Investment Office (appended in Exhibit CVD-TR-10).
31 See Free Zones Law No. 3218, contained in GOT QR from Large Diameter Pipe, Exhibit 28 at Interim Article 3 (appended in Exhibit CVD-TR-15).
32 See id.
34 See Investment Zones in Turkey, Presidency of the Republic of Turkey, Investment Office (appended in Exhibit CVD-TR-11); see also Guide to State Incentives for Investments in Turkey, Presidency of the Republic of Turkey, Investment Office, at 43 (appended in Exhibit CVD-TR-12).
Free Zones. For example, PMS operates in Bursa, and Assan has a production facility in Kocaeli.

Based on reasonably available public information, and the Department’s prior determination of countervailability for Free Zones Law No. 3218 corporate tax exemption, the Department should investigate whether Turkish CAAS producers benefitted from this subsidy program during the POI.

a. **Financial Contribution**

Through this program, the GOT foregoes tax revenue that otherwise would be due, constituting a financial contribution under section 771(5)(D)(ii) of the Act.

b. **Benefit**

Corporate tax exemptions confer a benefit in the amount of the recipient’s tax savings. See 19 C.F.R. § 351.509(a)(1).

c. **Specificity**

Free Zones Law No. 3218 limits eligibility to enterprises located in select geographical areas, making the program regionally specific pursuant to section 771(5A)(D)(iv) of the Act.

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35 See Investment Zones in Turkey, Presidency of the Republic of Turkey, Investment Office (appended in Exhibit CVD-TR-11)

36 Compare “Contact Information,” Website of PMS Metal Profil Aluminyum Sanayi ve Ticaret A.Ş. (appended in Exhibit CVD-TR-13).

37 Compare “Contact: Dilovasi Facilities,” Website of Assan Alüminyum Sanayi ve Ticaret A.Ş. (appended in Exhibit CVD-TR-14).

38 See Large Diameter Pipe Prelim Memo at 21, unchanged Large Diameter Pipe I&D Memo at 5.
5. Free Zones Law No. 3218: Exemption from Income Tax for Workers' Wages

Interim Article 3 of Free Zones Law No. 3218 also allows for an income tax exemption on wages paid to workers.\(^{39}\) This provision is available to companies that export at least 85 percent of the goods produced in the free zone, calculated based on the free on board value of the merchandise.\(^{40}\) As noted above, Turkish CAAS producers operate in locations with designated Free Zones, including Bursa (where PMS has a production facility)\(^{41}\) and Kocaeli (where Assan has a production facility).\(^{42}\) Moreover, Turkish CAAS producers are major exporters and, therefore, likely meet the export requirement for this incentive. For instance, Assan boasts that it “exports to more than 70 countries all around the world, including, particularly the European Union countries and its strategic market North America.”\(^{43}\)

In light of this evidence, and that the Department has previously found the Exemption from Income Tax for Workers’ Wage to be countervailable,\(^{44}\) the agency should investigate whether CAAS producers used this tax incentive.

\(^{39}\) Free Zones Law No. 3218, contained in GOT QR from Large Diameter Pipe, Exhibit 28 at Interim Article 3 (appended in Exhibit CVD-TR-15).

\(^{40}\) See id.

\(^{41}\) Compare “Contact Information,” Website of PMS Metal Profil Aluminyum Sanayi ve Ticaret A.Ş. (appended in Exhibit CVD-TR-13).

\(^{42}\) Compare “Contact: Dilovasi Facilities,” Website of Assan Alüminyum Sanayi ve Ticaret A.S. website (appended in Exhibit CVD-TR-14).


\(^{44}\) See Large Diameter Pipe Prelim Memo at 22, unchanged Large Diameter Pipe I&D Memo at 5.
a. **Financial Contribution**

This program constitutes a financial contribution in accordance with section 771(5)(D)(ii) of the Act, as revenue is foregone by the GOT.

b. **Benefit**

The benefit conferred through this incentive equals the amount of the company’s tax savings. See 19 C.F.R. § 351.509(a)(1).

c. **Specificity**

As the Department has previously found, this program is specific within the meaning of sections 771(5A)(A) and (B) of the Act, as benefits are contingent upon export performance.

6. **Tax and Fee Incentives for Renewable Energy**

The GOT provides several incentives to promote renewable energy production through the exemption or reduction of taxes, as well as license and usage fees, typically required in the energy sector. First, renewable energy generation plants are exempt from customs duties for imported machinery and equipment and VAT for both domestically-purchased and imported machinery and equipment with an investment incentive certificate, regardless of the region of the investment. Second, power generation plants using local natural resources or renewable energy resources are exempted from annual license fees for eight years from the date of completion. The annual license fee is calculated by multiplying the total electricity generated in kilowatt hours by 0.003 Turkish lira (TRY). Finally, pursuant to Provisional Article 4 of the Electricity

45 See id.


47 See id. at 19 (appended in Exhibit CVD-TR-18).

48 Id. (appended in Exhibit CVD-TR-18).
Market Law No. 6446, ratified March 14, 2013, renewable energy generation plants are granted a 50 percent discount for transmission system usage fees for the first five years of operation.\textsuperscript{49} Transmission system usage fees contain three distinct components that vary across fourteen different zones in Turkey: (1) system usage fee for total installed power; (2) usage fee for actual energy inflow (calculated based upon MW/hour); and (3) system operation fee (calculated based on MW/hour).\textsuperscript{50}

Turkish CAAS producer Assan owns and operates the Manavgat renewable energy power plant\textsuperscript{51} and, thus, would be eligible for these tax and fee incentives. Accordingly, the Department should initiate an investigation of this program.

a. **Financial Contribution**

The GOT foregoes revenue that otherwise would be due through the exemption of customs duties, VAT and license fees, and the reduction of transmission system usage fees, providing a financial contribution within the meaning of section 771(5)(D)(ii) of the Act

b. **Benefit**

The exemption of customs duties and VAT confers a benefit upon recipients equal to the amount of the indirect tax savings in accordance with 19 C.F.R. § 351.510(a), while the

\textsuperscript{49} See id. at 20 (appended in Exhibit CVD-TR-18); see also Electricity Market Law No. 6446 at Provisional Article 4 (appended in Exhibit CVD-TR-19).


exemption from the license fee and the reduction in the transmission system usage fee result in direct tax benefits under 19 C.F.R. § 351.509(a).

c. Specificity

The GOT only grants these incentives to renewable energy projects and, thus, this program is de jure specific pursuant to section 771(5A)(D)(i) of the Act.

B. Investment Incentive Scheme Programs

Through Council of Ministers’ Decree No. 2012/3305 of June 15, 2012, the “Decree on State Incentives in Investments,” the GOT launched a series of investment incentive schemes that divided Turkey into six regions based on the socio-economic development in each area. This incentive system seeks to promote production by:

- Channeling savings into high value added investments;
- Boosting production and employment;
- Encouraging large scale and strategic investments with high R&D content for increased international competitiveness;
- Increasing foreign direct investment;
- Reducing regional development disparities; and
- Promoting investments for industrial clustering and environmental protection in accordance with the GOT’s overall development plans.

To fulfill these objectives, the law established four different investment incentive schemes including: (1) Investment Incentive Scheme; (2) Regional Investment Incentive Scheme; (3) Large Scale Investment Incentive Scheme; and (4) Strategic Investment Incentive Scheme.

52 See Council of Ministers’ Decree No. 2012/3305, contained in GOT QR from Large Diameter Pipe, Exhibit 19 at Article 3 (appended in Exhibit CVD-TR-21).
53 Id. at Article 1 (appended in Exhibit CVD-TR-21).
54 See id. at Article 4 (appended in Exhibit CVD-TR-21).
Subsequently, the GOT recently added a fifth incentive scheme, the Project-Based Incentive Scheme, designed as a package of “super incentives for high-impact investments,” and CAAS producer Assan was one of the first beneficiaries.\(^\text{55}\) As detailed below, each scheme allows certain Turkish producers a defined package of incentives. Moreover, the Department has previously investigated and countervailed these incentive schemes and, thus, should investigate these packages in this proceeding.

1. **Investment Incentive Scheme**

Under the Investment Incentive Scheme, also investigated and countervailed by the Department as the Investment Encouragement Program,\(^\text{56}\) the GOT authorizes select companies to import equipment free of customs duty and VAT. Specifically, according to the provisions the Council of Ministers’ Decree No. 2012/3305, producers that meet established minimum investment thresholds can apply to the Ministry of Economy for an investment certificate that allow customs duty and VAT exemptions on imported equipment.\(^\text{57}\) In particular, companies undertaking an investment of at least one million TRY in Regions 1 and 2, or at least five hundred thousand TRY in Regions 3-6, are eligible for this incentive.\(^\text{58}\)


\(^{56}\) See, e.g., Large Diameter Pipe Prelim Memo at 15-17, unchanged Large Diameter Pipe I&D Memo at 4. Given that the same legislation, Council of Minister Decree No. 2012/3305, forms the basis for both the Investment Encouragement Program and the Investment Incentive Scheme, and the defined benefits are identical, the program clearly is the same despite the slight variation in name.

\(^{57}\) See Council of Ministers’ Decree No. 2012/3305 at Articles 4 and 6 (appended in Exhibit CVD-TR-21).

\(^{58}\) See id. at Article 5 (appended in Exhibit CVD-TR-21).
Turkish CAAS producers likely have benefitted from these customs duty and VAT exemptions on imported equipment. For example, in 2014, ASAS developed a state-of-the-art aluminum flat products production facility in Sakarya - Karapürçek by utilizing "the highest technology in the sector," suggesting the use of foreign-sourced equipment.\(^59\) In light of this information, Petitioners request that the Department initiate an investigation into whether subject producers have received benefits under this program during the POI.

a. **Financial Contribution**

Customs duty and VAT exemptions provide a financial contribution in the form of revenue foregone by the GOT, in accordance with section 771(5)(D)(ii) of the Act.

b. **Benefit**

While the benefit from customs duty and VAT exemptions typically would be calculated pursuant to 19 C.F.R. § 351.510(a)(1), in the recent investigation involving large diameter welded pipe from Turkey, the Department used a different benefit calculation methodology. Specifically, the Department found that a company remains liable for the exempted customs duties and VAT pending a final inspection by the GOT and, thus, treated the outstanding balance as a contingent-liability interest-free loan pursuant to 19 C.F.R. § 351.505(d)(1).\(^60\) In addition, the exemptions for which the GOT had issued a completion certificate were treated as grants in

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\(^60\) See Large Diameter Pipe Prelim Memo at 16, unchanged Large Diameter Pipe I&D Memo at 4.
accordance with 19 C.F.R. § 351.505(d)(2), subject to allocation under 19 C.F.R. § 351.524(c)(2)(iii), because the benefits are tied to the company’s capital assets.61

c. Specificity

As the Department has previously determined, this program is specific in accordance with sections 771(5A)(D)(i) and (iv) of the Act, as it is limited to certain enterprises in select regions.62

2. Regional Investment Incentive Scheme

Under the Regional Investment Incentive Scheme (“RIIS”), the provided incentives include: (1) customs duties exemption; (2) VAT exemption; (3) tax discount; (4) social security premium employer share support; (5) investment land allocation; (6) interest support (Regions 3, 4, 5, and 6); (7) income tax stoppage support (Region 6 only); and (8) social security premium support (Region 6 only).63 Further, the incentive rates and term of support vary based on the region.64 According to Annex 2A of the Council of Ministers’ Decree No. 2012/3305, the “Main metal industry, metal casting industry other than iron-steel” is eligible for RIIS incentives, based on a minimum investment amount of four million TRY in Region 1, three million TRY in Region 2, two million TRY in Region 3, one million TRY in Regions 4 and 5, and 500,000 TRY in Region 6.65

61 See id. at 17.

62 See, e.g., id. at 16.

63 See Council of Ministers’ Decree No. 2012/3305, contained in GOT QR from Large Diameter Pipe, Exhibit 19 at Article 4 (appended in Exhibit CVD-TR-21).


Indeed, ASAŞ's above-referenced state-of-the-art aluminum flat products production facility in Sakarya – Karapürçek likely required an investment of at least three million TRY, the investment threshold for Region 2, which includes Sakarya.\textsuperscript{66} Thus, Turkish CAAS producers are eligible to receive benefits under the Regional Investment Incentive Scheme. In light of this evidence, and the Department's previous determination that RIIS provides countervailable benefits,\textsuperscript{67} the Department should initiate an investigation of the program.

a. \textbf{Financial Contribution}

The various tax incentives (VAT and customs duty exemptions, tax reductions, and social security premium support) provided under this scheme constitute financial contributions under section 771(5)(D)(i) of the Act as revenue foregone by the GOT. Through interest rate support, the GOT provides a direct transfer of funds to subject producers, a financial contribution in accordance with section 771(5)(D)(i) of the Act. Finally, the allocation of land constitutes a financial contribution, within the meaning of section 771(5)(D)(iii) of the Act, in the provision of a good, other than general infrastructure.

b. \textbf{Benefit}

As noted above, the benefit from the outstanding balance of customs duty and VAT exemption for which the GOT has not released the beneficiary's obligation is a contingent-liability interest-free loan, pursuant to 19 C.F.R. § 351.505(d)(1). Once this obligation is


\textsuperscript{67} See Quartz Surface Products Prelim Memo at 11-15 (countervailing social security support payments, corporate income tax reduction, and customs duty and VAT exemptions provided under the Regional Investment Incentive Scheme).
officially released, in accordance with 19 C.F.R. § 351.505(d)(2), the benefit from these exemptions is the same as a grant, subject to allocation under 19 C.F.R. § 351.524(c)(2)(iii), as program benefits are tied to the company’s capital assets. The benefits conferred by income tax and social security incentives equal the difference between the amount the company paid under the program compared to the amount the company would have paid in the absence of the program. See 19 C.F.R. § 351.509(a)(1). Interest rate subsidies are like grants, which confer a benefit to the recipient equal to the provided amount. See 19 C.F.R. § 351.504(a). Land allocation confers a benefit to the extent that the land is provided for less than adequate remuneration when compared to actual commercial land transactions within Turkey. See 19 C.F.R. § 351.511(a)(1)-(2).

c. Specificity

As the Department has found, the Regional Investment Incentive Scheme is de jure specific in accordance with sections 771(5A)(D)(i) and (iv) of the Act, because receipt of benefit is limited to companies meeting minimum investment thresholds within certain geographic locations.

3. Large Scale Investment Incentive Scheme

The Large Scale Investment Incentive Scheme provides investment support to twelve designated industries, including investments in “fine metal production from ore,” which would encompass production of the subject merchandise. In fact, the minimum fixed investment amount for metal production is TRY fifty million, lower than the minimum investment threshold.

68 See Quartz Surface Products Prelim Memo at 11-15.

for several of the other supported industries. Similar to the RIIS, the Large Scale Investment Incentive Scheme provides a variety of incentives including: (1) customs duties exemption; (2) VAT exemption; (3) tax discount; (4) social security premium employer share support; (5) investment land allocation; (6) income tax stoppage support (Region 6 only); and (7) social security premium support (Region 6 only).

Critically, Turkish Common Alloy Aluminum Sheet producers are only eligible for this scheme through their involvement in one of twelve designated industries, metal production. Due to these facts, and the inclusion of this program in other CVD investigations against imports from Turkey, Petitioners request that the Department initiate an investigation into this incentive scheme.

- Financial Contribution -

The various tax incentives (VAT and customs duty exemptions, tax reductions, and social security premium support) provided under this scheme constitute financial contributions under section 771(5)(D)(ii) of the Act as revenue foregone by the GOT. In addition, the GOT’s allocation of land constitutes a financial contribution in the provision of a good, other than general infrastructure, in accordance with section 771(5)(D)(iii) of the Act.

- Benefit -

The benefit from the outstanding balance of customs duty and VAT exemption for which the GOT has not released the beneficiary’s obligation is a contingent-liability interest-free loan

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70 See id.
71 See id., at Article 4 (appended in Exhibit CVD-TR-21).
72 Large Scale Investment Incentives have been found “not used” in several prior proceedings. See, e.g., OCTG OI I&D Memo at 31; Rebar 2016 AR I&D Memo at 10.
pursuant to 19 C.F.R. § 351.505(d)(1). Once this obligation is officially released, in accordance with 19 C.F.R. § 351.505(d)(2), the benefit from these exemptions is the same as a grant, subject to allocation under 19 C.F.R. § 351.524(c)(2)(iii), in light of the fact that benefits are tied to the company’s capital assets. The benefits conferred by income tax and social security incentives equal the difference between the amount the company paid under the program compared to the amount the company would have paid in the absence of the program. See 19 C.F.R. § 351.509(a)(1). Land allocation confers a benefit to the extent that the land is provided for less than adequate remuneration in comparison to commercial land transactions within Turkey. See 19 C.F.R. §351.511(a)(1)-(2).

c. Specificity

The Large Scale Investment Incentive Scheme is de jure specific within the meaning of section 771(5A)(D)(i) of the Act as only twelve select industries, including metal production, are eligible for these benefits.

4. Strategic Investment Incentive Scheme

The Strategic Investment Incentive Scheme is designed to increase the manufacturing of products with high import dependency in Turkey.73 In particular, for the investment to be supported, the domestic productive capacity for the product must be less than imports of the product, and the total import value of the product must have been at least USD 50 million in the past year, except if the product is not produced domestically.74 Further, in order to be eligible for this scheme, the minimum investment is TRY 50 million and this investment must create a

73 See Council of Ministers’ Decree No. 2012/3305 at Article 8 (appended in Exhibit CVD-TR-21).
74 See id.
minimum value-added of 40 percent. The range of incentives offered under this scheme include: (1) customs duty and VAT exemptions; (2) income tax reduction; (3) social security premium support (employer’s share); (4) interest rate support; (5) land allocation; (6) social security premium support (employee’s share) (Region 6 only); (7) income tax withholding support (Region 6 only); and (8) VAT refund (for construction expenditures for investments over TRY 500 million). While the benefits under the Strategic Investment Incentive Scheme are not tiered based upon location, select incentives are only available in Region 6, as noted above, or are provided for an extended period in Region 6.

The Department has investigated in the Strategic Investment Incentive Scheme in several other countervailing duty proceedings involving imports from Turkey, but found the program to be “not used.” The Department, therefore, should initiate an investigation into whether Turkish Common Alloy Aluminum Sheet producers benefited from this subsidy program during the POI.

a. Financial Contribution

The GOT foregoes revenue that would otherwise be due in the tax incentives (VAT and customs duty exemptions, income tax reductions, and social security premium support) provided under this scheme, constituting a financial contributions under section 771(5)(D)(ii) of the Act. Through the interest rate support and VAT refund, the GOT provides a direct transfer of funds to

75 See id.; see also Guide to State Incentives for Investments in Turkey, Presidency of the Republic of Turkey, Investment Office, at 24 (appended in Exhibit CVD-TR-12).


78 See, e.g., OCTG OI I&D Memo at 31; Rebar 2016 AR I&D Memo at 10.
subject producers, a financial contribution in accordance with section 771(5)(D)(i) of the Act. The allocation of land constitutes a financial contribution in the provision of a good, other than general infrastructure, pursuant to section 771(5)(D)(iii) of the Act.

b. **Benefit**

The benefit from the outstanding balance of customs duty and VAT exemption for which the GOT has not released the beneficiary’s obligation is a contingent-liability interest-free loan pursuant to 19 C.F.R. § 351.505(d)(1). Once this obligation is officially released, in accordance with 19 C.F.R. § 351.505(d)(2), the benefit from these exemptions is the same as a grant, subject to allocation under 19 C.F.R. § 351.524(c)(2)(iii), as the benefits are tied to the company’s capital assets. The benefits conferred by income tax and social security incentives equal the difference between the amount the company paid under the program compared to the amount the company would have paid in the absence of the program. See 19 C.F.R. § 351.509(a)(1). Interest rate subsidies and VAT refunds are the same as grants, which confer a benefit to the recipient equal to the provided amount. See 19 C.F.R. § 351.504(a). Land allocation confers a benefit to the extent that the land is provided for less than adequate remuneration when compared to actual commercial land transactions within Turkey. See 19 C.F.R. §§ 351.511(a)(1)-(2).

c. **Specificity**

The Strategic Investment Incentive Scheme is *de jure* specific in accordance with sections 771(5A)(A) and (C) of the Act because the program seeks to replace imports with domestically-produced goods, and, thus, is an actionable import substitution subsidy.

5. **Project-Based Investment Incentive Program**

In 2016, the GOT introduced a new package of incentives for "innovative, technology-oriented, R&D focused, high value-added projects that also help to reduce foreign
dependency.”79 In fact, as noted above, the GOT notified the WTO of this program, designed to support high value-added investments.80 To be eligible for this specially-designed set of incentives, projects must be in line with the GOT’s “targets set forth in national development plans and annual programs,”81 and have a minimum fixed investment of TRY 500 million.82 The support measures extended through the Project-Based Investment Incentive Program, which are especially tailored to the specific project, may include a wide range of assistance, comprising direct financial payments, tax incentives, employment assistance, and land allocation and infrastructure support.83

Indeed, subject producer Assan received a special package of incentives from the GOT under the Project Based Investment Incentive System,84 Specifically, according to the GOT, the production of aluminum flat products, with an investment amount of TRY 3.7 billion, has been extended the following incentives under this program: (1) customs duty and VAT exemptions; (2) VAT refund; (3) corporate tax reduction (support rate 83 percent); (4) social security premium support (employer’s share) for ten years; (5) income tax withholding support for ten years; (6) qualified personnel support, in the amount of TRY 150 million; (7) interest rate

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80 See GOT 2019 WTO Notification at 3-4 (appended in Exhibit CVD-TR-2).
81 “Turkey to grant new incentives for eligible investments on a project basis” (appended in Exhibit CVD-TR-24).
83 See id. (appended in Exhibit CVD-TR-12).
support, in the amount of TRY 750 million; (8) energy support, in the amount of TRY 580 million; and (9) infrastructure support.\textsuperscript{85}

Based upon this evidence, the Department should investigate Turkish CAAS producers’ receipt of benefits under the Project-Based Investment Incentive Program.\textsuperscript{86}

a. \textbf{Financial Contribution}

Through the Project-Based Incentive Program, the GOT provides financial contributions to recipients within the meaning of section 771(5)(D)(i) of the Act, in the form of direct transfer of funds, and section 771(5)(D)(ii) of the Act, in the form of revenue foregone.

b. \textbf{Benefit}

Similar to the other incentive schemes, several different types of benefits are conferred through this program. First, customs duty and VAT exemptions provide two types of assistance, (1) a contingent-liability interest-free loan pursuant to 19 C.F.R. § 351.505(d)(1); and (2) when this obligation is officially released, grants, in accordance with 19 C.F.R. § 351.505(d)(2) (subject to allocation under 19 C.F.R. § 351.524(c)(2)(iii), as the benefits are tied to the company’s capital assets). Second, the benefits conferred by income tax and social security incentives equal the difference between the amount the company paid under the program compared to the amount the company would have paid in the absence of the program. See 19 C.F.R. § 351.509(a)(1). Third, VAT refunds, qualified personnel support, interest rate support and energy support are grants, which confer a benefit to the recipient equal to the provided amount. See 19 C.F.R. § 351.504(a). Fourth, land allocation confers a benefit to the extent that

\textsuperscript{85} Guide to State Incentives for Investments in Turkey, Presidency of the Republic of Turkey, Investment Office, at 28-29 (appended in Exhibit CVD-TR-12).

\textsuperscript{86} At a minimum, the Department should determine the countervailable benefits provided to Assan under this program.
the land is provided for less than adequate remuneration when compared to actual commercial land transactions within Turkey. See 19 C.F.R. §§ 351.511(a)(1)-(2). Finally, while the precise type of infrastructure support is not defined by the GOT, this assistance clearly confers a benefit in accordance with section 771(5)(E) of the Act.

c. **Specificity**

This program is limited to select companies implementing projects that conform with the GOT’s development goals, and thus, is de jure specific under section 771(5A)(D)(i) of the Act.

C. **Loan Programs from Export Credit Bank of Turkey**

The Export Credit Bank of Turkey (“Turk Eximbank”), a wholly government-owned bank, plays a “central role” in implementing the GOT’s export strategy.87 Turk Eximbank’s main objectives are: (1) to increase the volume of exports; (2) to support the diversification of export goods and services; (3) to develop new markets for Turkish goods; (4) to increase the exporters’ share of international trade and to provide support for their initiatives; (5) to enhance competitiveness and instill confidence to exporters, overseas contractors, and investors in international markets; and (6) to promote the production and sale of exports through overseas investments.88 To meet these aims, Turk Eximbank provides a variety of financial services for exporters, including short-, medium- and long-term direct lending programs.89 The Department

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87 See Export Credit Bank of Turkey 2018 Annual Report at 1, 24 (“The Undersecretariat of Treasury holds all of the Bank’s shares.”) (appended in Exhibit CVD-TR-25).

88 See id. at 22 (appended in Exhibit CVD-TR-25).

89 See id. at 23 (appended in Exhibit CVD-TR-25).
previously has investigated and countervailed loans extended to Turkish exporters by the Turk Eximbank, and therefore, should initiate an investigation into the programs detailed below.

1. **Rediscount Program**

   Under the Rediscount Program, Turk Eximbank offers two forms of financing: pre-shipment and post-shipment. With the pre-shipment program, Turk Eximbank promises to meet “the financial needs of our exporters during the pre-shipment period at advantageous conditions.” Through this program, Turk Eximbank extends credits to all exporters, including manufacturers of export goods, which can be used in several different foreign currencies. The maximum amount of this financing is USD 350 million for most companies, but increases to USD 400 million for foreign trade stock corporations.

   With post-shipment rediscounts, Turk Eximbank seeks to increase financing for Turkish exporters and to encourage them to enter new international markets by mitigating commercial and political risks. To meet this goal, Turk Eximbank will discount a company’s export

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93 See id. (appended in Exhibit CVD-TR-27).

94 See id. (appended in Exhibit CVD-TR-27).

receivables with a term of up to 360 days. Similar to the pre-shipment program, the maximum amount of this credit is USD 350 million for most companies, increasing to USD 400 million for foreign trade stock corporations.

As noted above, the Department has examined the Rediscount Program in prior investigations involving imports from Turkey and found the program to be countervailable. In addition, Turkish Common Alloy Aluminum Sheet producers are significant exporters, and therefore, likely have availed themselves of benefits under this program. Accordingly, Petitioners request the Department to investigate usage of this subsidy during the POI.

a.  **Financial Contribution**

Through Turk Eximbank’s Rediscount Program, the GOT provides the direct transfer of funds, which is a financial contribution under section 771(5)(D)(i) of the Act.

b.  **Benefit**

This program confers a benefit pursuant to section 771(5)(E)(ii) of the Act to the extent that financing is provided on terms better than would be available from comparable commercial sources. See 19 C.F.R. § 351.505.

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96 See id. (appended in Exhibit CVD-TR-28).
97 See id. (appended in Exhibit CVD-TR-28).
98 See, e.g., OCTG 2017 AR I&D Memo at 4; Large Diameter Pipe I&D Memo at 4.
c. **Specificity**

Turk Eximbank’s Rediscount Program is specific in accordance with sections 771(5A)(A) and (B) of the Act because the program is limited to exporters.

2. **Investment Credit for Export Program**

Turk Eximbank also offers financing through its Investment Credit for Export Program, providing loans for machinery, equipment and supplemental goods used in the manufacturing of exports.\(^{100}\) Under this program, medium- and long-term credits are extended to Turkish manufacturers or exporters, up to a maximum limit of USD 50 million per company.\(^{101}\) This credit can be issued in either Euros, or U.S. dollars, but cannot be used to finance land, buildings, vehicles, used goods, or construction expenditures.\(^{102}\)

The Department included Turk Eximbank’s Investment Credit for Export Program in a recent CVD investigation of imports from Turkey.\(^{103}\) Moreover, certain producers of the subject merchandise have recently undertaken significant investments that would include the purchase of additional machinery and equipment.\(^{104}\) Given these facts, the Department should initiate an investigation of whether Turkish CAAS producers benefitted from Investment Credit for Export Program during the POI.

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\(^{101}\) See id. (appended in Exhibit CVD-TR-30).

\(^{102}\) See id. (appended in Exhibit CVD-TR-30).

\(^{103}\) See Quartz Surface Products Prelim Memo at 21 (finding the program “not used”).

\(^{104}\) For example, ASAS developed a state-of-the-art aluminum flat products production facility in Sakarya – Karapürçek in 2014. See “Aluminum Flat Rolled Products Production Facility,” Website of ASAS Alüminyum Sanayi ve Ticaret A.S. (appended in Exhibit CVD-TR-23).
a. **Financial Contribution**

Investment Credit for Export Program provides a direct transfer of funds from the GOT, constituting a financial contribution in accordance with section 771(5)(D)(i) of the Act.

b. **Benefit**

These loans confer a benefit upon the recipients to the extent that they are provided on terms better than would be available from market sources. See Section 771(5)(E)(ii) of the Act; 19 C.F.R. § 351.505.

c. **Specificity**

This program is specific under sections 771(5A)(A) and (B) of the Act because this financing is only available to exporters.

3. **Export-Oriented Business Investment Loans**

Similar to the Investment Credit for Export Program, Turk Eximbank also extends medium- to long-term financing through Export-Oriented Business Investment Loans. In particular, through this program, loans for raw materials, intermediate goods, final goods and final product purchasing transactions are issued to manufacturers and exporters. The maximum limit for this financing is USD 50 million per company, and the loans may be issued in either Euros or U.S. dollars.

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107 See id. (appended in Exhibit CVD-TR-32).
The Department included Turk Eximbank’s Export-Oriented Business Investment Loans in a recent CVD investigation of imports from Turkey.\textsuperscript{108} In light of this information, and the export-orientation of the subject producers,\textsuperscript{109} the Department should initiate an investigation into this program.

a. \textbf{Financial Contribution}

Through this program, the GOT provides a direct transfer of funds to Turkish exporters, constituting a financial contribution pursuant to section 771(5)(D)(i) of the Act.

b. \textbf{Benefit}

The benefit from Export-Oriented Business Investment Loans equals the difference between the amount the recipient pays for this Turk Eximbank financing and the amount that would be paid on a comparable commercial loan, in accordance with section 771(5)(E)(ii) of the Act and 19 C.F.R. § 351.505.

c. \textbf{Specificity}

Export-Oriented Business Investment Loans are specific within the meaning of sections 771(5A)(A) and (B) of the Act since this financing is contingent upon export.

\textsuperscript{108} See Quartz Surface Products Prelim Memo at 21 (finding the program “not used”).

\textsuperscript{109} See, e.g., “Assan Alüminyum is committed to creating the future together with its business partners,” Website of Assan Alüminyum Sanayi ve Ticaret A.S. (appended in Exhibit CVD-TR-17); “About Us,” Website of ASAŞ Alüminyum Sanayi ve Ticaret A.S. (stating that it exports to more than 80 countries) (appended in Exhibit CVD-TR-29).
4. **Export Buyer’s Credits**

The objective of Turk Eximbank Export Buyer’s Credits is to provide financing for purchasers of Turkish exports.\(^{110}\) Export Buyer’s Credits’ repayment period is up to two years for durable and nondurable consumer goods, and up to ten years for capital goods.\(^{111}\) To implement this program, Turk Eximbank partners with either a domestic or foreign bank.\(^{112}\) For domestic bank transactions, Turk Eximbank will allocate a revolving credit line to each bank to be used by a foreign buyer of Turkish goods.\(^{113}\) The domestic bank then acts as an intermediary in disbursing and servicing the loan issued to the foreign purchaser.\(^{114}\) In foreign bank transactions, Turk Eximbank directly engages with the foreign bank to provide the loan to the importer of Turkish goods.\(^{115}\) Regardless of the precise method of distribution, Turk Eximbank is the source of funding, and thus, controls the operation of the program.

The Department is analyzing this program in the on-going investigation involving certain quartz surface products from Turkey.\(^{116}\) Based upon this fact, and the information presented in this Petition, the Department should do the same in this investigation.


\(^{111}\) See id. (appended in Exhibit CVD-TR-33).

\(^{112}\) See id. (appended in Exhibit CVD-TR-33).

\(^{113}\) See Buyer’s Credits Through Domestic Banks, Export Credit Bank of Turkey (appended in Exhibit CVD-TR-34).

\(^{114}\) See id. (appended in Exhibit CVD-TR-34).

\(^{115}\) See Buyer’s Credits Through Foreign Banks, Export Credit Bank of Turkey (appended in Exhibit CVD-TR-35).

\(^{116}\) See Quartz Surface Products Prelim Memo at 21. While the Department preliminarily found Export Buyer’s Credits to be not used by the responding producers, the agency stated its (footnote cont’d on next page)
PUBLIC DOCUMENT

a. **Financial Contribution**

Export Buyer’s Credits provide a financial contribution in the form of a direct transfer of funds from the GOT in accordance with section 771(5)(D)(i) of the Act.

b. **Benefit**

Export Buyer’s Credits confer a benefit under section 771(5)(E)(ii) of the Act and 19 C.F.R. § 351.505 to the extent that loans are provided on terms better than would be available from commercial sources.

c. **Specificity**

Such loans are contingent on export performance, and thus, are specific within the meaning of sections 771(5A)(A) and (B) of the Act.

D. **Provision of Natural Gas for Less Than Adequate Remuneration**

As the Department has determined in previous countervailing duty proceedings, the GOT, through Boru Hatlari Ile Petrol Tasima A.S. (“BOTAS”), provides natural gas for less than adequate remuneration to select Turkish companies for use in power generation.\(^{117}\) Specifically,

(footnote cont’d from previous page)

BOTAS, a "state-economic enterprise," is under the GOT's complete direction and control, pursuant to Decree Law No. 233.\textsuperscript{118} BOTAS engages in the transportation and distribution of natural gas and crude oil in Turkey,\textsuperscript{119} and thus, sells natural gas to Turkish consumers. In fact, the Department consistently has found that BOTAS accounts for "a significant majority of the natural gas consumed" in Turkey.\textsuperscript{120}

Subject producer ASAS operates two electricity generation plants that utilize natural gas for power generation.\textsuperscript{121} In light of the "significant majority" of natural gas sold by BOTAS in the Turkish market, it is reasonable to conclude that ASAS, and possibly other Turkish CAAS producers, purchased natural gas from BOTAS in 2019. Based upon this evidence and the agency's previous findings, the Department should investigate the GOT's provision of natural gas for less than adequate remuneration during the POI.


\textsuperscript{119} See "About Us: Corporate," Website of BOTAS (appended in Exhibit CVD-TR-36).

\textsuperscript{120} See Rebar 2016 AR Prelim Memo at 20, unchanged Rebar 2016 AR I&D Memo at 8. The total volume of domestic sales by BOTAS was treated as business proprietary information. Rebar 2016 AR Prelim Memo at footnote 131; see also Rebar OI I&D Memo at 9 (finding that BOTAS sold 91.39 percent of the total volume of natural gas consumed in Turkey in 2012).

a. **Financial Contribution**

As the Department repeatedly has found,\(^\text{122}\) the Turkish government authority BOTAS provides natural gas, a good other than general infrastructure, constituting a financial contribution under section 771(5)(D)(iii) of the Act.

b. **Benefit**

In accordance with section 771(5)(E)(iv) and 19 C.F.R. § 351.511(a), the provision of natural gas confers a benefit to the extent it is provided for less than adequate remuneration. While the actual prices paid by Turkish Common Alloy Aluminum Sheet producers to BOTAS for natural gas in 2019 are not reasonably available, the benefit from the GOT’s provision of natural gas likely is similar to the range found in prior cases. In particular, the Department has calculated benefit margins ranging between 0.09 percent *ad valorem*\(^\text{123}\) and 1.78 percent *ad valorem*\(^\text{124}\) in recent countervailing duty proceedings.

c. **Specificity**

Since BOTAS’ sales of natural gas by industry are not publicly available, Petitioners are unable to calculate the exact percentage of natural gas sold to the Turkish power industry in 2019. However, consistent with case precedent, there is a reasonable basis to believe that the provision of natural gas for less than adequate remuneration remains specific within the meaning

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\(^{122}\) See, e.g., Rebar 2016 AR Prelim Memo at 19-20, unchanged Rebar 2016 AR I&D Memo at 8.

\(^{123}\) Hot-Rolled Steel I&D Memo at 12.

\(^{124}\) Rebar 2016 AR I&D Memo at 8.
of section 771(5A)(D)(iii)(II) of the Act, because this good is predominantly used by select enterprises in the power production industry in Turkey.\textsuperscript{125}

E. Grant Programs

1. Renewable Energy Support Mechanism

As the Department previously has found, the GOT provides countervailable support to electricity producers utilizing renewable energy sources through guaranteed tariff rates.\textsuperscript{126} Under Law on Usage of Renewable Energy Resources for Generating Electric Energy No. 5346, power generators with a Renewable Energy Resource Certificate ("RER Certificate"), issued by the Electricity Market Regulatory Authority, are entitled to a guaranteed feed-in tariff, i.e., a minimum threshold purchase price for their generated electricity, for a period of ten years.\textsuperscript{127} This guaranteed tariff varies based upon the type of renewable energy, with: (1) USD 0.073 per kWh for hydroelectric or wind facilities; (2) USD 0.105 per kWh for geothermal-based production facilities; and (3) USD 0.133 per kWh for biomass-based and solar power production

\textsuperscript{125} See, e.g., Rebar 2016 AR Prelim Memo at 20, unchanged Rebar 2016 AR I&D Memo at 8.
\textsuperscript{126} See Rebar 2016 AR Prelim Memo at 15-16, affirmed Rebar 2016 AR I&D Memo at 8, Comment 5.
facilities.\textsuperscript{128} In addition, the guaranteed tariffs may increase for a local content bonus, if domestically-manufactured equipment is used in the production facility.\textsuperscript{129}

Subject producer Assan owns and operates the Manavgat renewable energy power plant,\textsuperscript{130} and thus, would be eligible for the Renewable Energy Support Mechanism. Based upon this evidence, and the agency’s previous finding regarding this program,\textsuperscript{131} the Department should initiate an investigation into whether Turkish CAAS producers received guaranteed tariff payments during the POI.

a. \textbf{Financial Contribution}

Through this program, the GOT provides a direct transfer of funds, constituting a financial contribution pursuant to section 771(5)(D)(i) of the Act.

b. \textbf{Benefit}

The benefit received by RER Certificate holders equals the amount of the payment. \textit{See} 19 C.F.R. § 351.504(a).

\textsuperscript{128} \textit{See id.} at Table 1 (appended in Exhibit CVD-TR-38); \textit{see also} \textit{Guide to Investing in Turkish Renewable Energy Sector}, Presidency of the Republic of Turkey, Investment Office, at 16 (appended in Exhibit CVD-TR-18).


\textsuperscript{130} \textit{See} “ITU Power and Energy Society (PES) visited our Manavgat renewable energy power plant,” Website of Assan Alüminyum Sanayi ve Ticaret A.S. (appended in Exhibit CVD-TR-20).

\textsuperscript{131} \textit{See} Rebar 2016 AR Prelim Memo at 15-16, \textit{affirmed} Rebar 2016 AR I&D Memo at 8, Comment 5.
c. **Specificity**

As the Department previously has found, this program is *de jure* specific within the meaning of section 771(5A)(D)(i) of the Act, as eligibility is limited to renewable energy facilities.

2. **Foreign Fair Support Program**

Under the Foreign Fair Support program, the GOT reimburses companies up to 75 percent of the participation costs incurred at trade fairs abroad. The purpose of this program is to increase exports through support of Turkish companies’ international promotion activities. Subject producers would be eligible to receive assistance for participation at international events. For example, during the POI, Assan participated in AHR Expo 2019, in Atlanta, considered the “world’s largest HVACR event,” and also has attended other international trade fairs. Similarly, PMS has participated in international fairs.

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133 See id. (labelling this program under “Export Incentives”) (appended in Exhibit CVD-TR-12).


In addition, the Department previously has found this program to be countervailable.\textsuperscript{137} Based upon these facts, the Department should initiate an investigation into whether Turkish CAAS producers benefited from this program during the POI.

\textbf{a. Financial Contribution}

Through this program, the GOT provides a direct transfer of funds, constituting a financial contribution pursuant to section 771(5)(D)(i) of the Act.

\textbf{b. Benefit}

The benefit conferred equals the amount of reimbursement given to the recipient. See 19 C.F.R. § 351.504(a).

\textbf{c. Specificity}

This program is specific under sections 771(5A)(A) and (B) of the Act because it is contingent upon export performance.

\textbf{3. Foreign Market Research and Market Entry Grants}

Under this program, the GOT provides funding for a variety of expenses incurred in the development of export markets.\textsuperscript{138} In particular, the GOT will finance: (1) 70 percent of the expenses related to foreign market research trips; (2) 60 percent of expenses for report and foreign company acquisitions; (3) 75 percent of expenses for acquisitions of foreign companies with advanced technology; and (4) 80 percent of the expenses associated with subscription to e-commerce sites.\textsuperscript{139}

\textsuperscript{137} See Quartz Surface Products Prelim Memo at 10-11.

\textsuperscript{138} See Guide to State Incentives for Investments in Turkey, Presidency of the Republic of Turkey, Investment Office, at 41 (appended in Exhibit CVD-TR-12).

\textsuperscript{139} See id. (appended in Exhibit CVD-TR-12).
As previously noted, Turkish Common Alloy Aluminum Sheet producers are major exporters. For example, both Assan and ASAŞ advertise their extensive exports. Moreover, PMS aims to “become a brand that is preferred and recognized in its sector in international markets and to be among the 3 biggest aluminum profile and sheet manufacturers in Turkey.” The subject producers, therefore, likely have benefitted from this assistance. In light of this information, and the agency’s recent finding of countervailability for this program, the Department should initiate an investigation into this subsidy.

a. Financial Contribution

The GOT provides a financial contribution within the meaning of section 771(5)(D)(i) of the Act in a direct transfer of funds under this program.

b. Benefit

The benefit conferred equals the amount of funding given to the recipient by the GOT.

See 19 C.F.R. § 351.504(a).

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140 See “Assan Alüminyum is committed to creating the future together with its business partners,” Website of Assan Alüminyum Sanayi ve Ticaret A.S. (boasting that the company exports to more than 70 countries) (appended in Exhibit CVD-TR-17); “About Us,” Website of ASAŞ Alüminyum Sanayi ve Ticaret A.S. (stating that it exports to more than 80 countries) (appended in Exhibit CVD-TR-29).


142 See Quartz Surface Products Prelim Memo at 16-17.
c. Specificity

As the Department has found, this program is export specific in accordance with sections 771(5A)(A) and (B) of the Act, because beneficiaries are reimbursed for expenses incurred in order to expand their export sales.

F. Research and Development ("R&D") Incentives

1. Incentives under the R&D Law

Pursuant to Turkish Law No. 5746 on Supporting Research, Development and Design Activities, as amended, Common Alloy Aluminum Sheet producers are eligible to receive a variety of incentives for R&D investment projects. In particular, the GOT provides companies that establish a R&D center, or carry out R&D projects, with a range of assistance including: (1) corporate income tax deductions for R&D expenses, with carryforward provisions for future tax years; (2) income tax exemptions for the salaries of R&D and support personnel; (3) contributions equal to fifty percent of employer’s contribution for social security premiums for R&D and support personnel; (4) stamp duty exemptions for all documentation on R&D and innovation facilities; (5) capital subsidy for technology and innovation, determined by the Minister of Science, Industry and Technology, not to exceed TRY 50 million annually; and (6)

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143 See Quartz Surface Products Prelim Memo at 17.
customs duty exemptions for imported goods used for R&D.\textsuperscript{145} The Department has countervailed incentives received pursuant to Law No. 5746.\textsuperscript{146}

Turkish CAAS producers are eligible for these subsidies based upon their significant R&D activities. For instance, Assan states that its R&D center implements the company’s R&D strategy, specifically “To conduct applied research on material science, to design the related processes and to produce high-performance products that fulfill customer expectations on the highest level, in order to strengthen Assan Alüminyum’s global competitiveness.”\textsuperscript{147} In additional, ASAŞ reports it “is proud of being the first certified R&D Center in the sector in 2015,”\textsuperscript{148} while PMS advertises that it operates “a high-tech laboratory.”\textsuperscript{149}

Based upon this evidence, the Department should initiate an investigation into whether producers of the subject merchandise have benefited from the R&D incentives provided by Law No. 5746.

a. Financial Contribution

The capital subsidy disbursed under Law No. 5746 constitutes a financial contribution in accordance with section 771(5)(D)(i) of the Act as a direct transfer of funds. The various tax deductions and exemptions provided through this program represent revenue foregone by the GOT, deemed financial contributions within the meaning of section 771(5)(D)(ii) of the Act.

\textsuperscript{145} See id. at Article 3 (appended in Exhibit CVD-TR-43).
\textsuperscript{146} See Quartz Surface Products Prelim Memo at 17-19.
b. **Benefit**

The benefit conferred by a capital subsidy equals the amount of the funds granted to the company. See 19 C.F.R. § 351.504(a). Tax deductions and exemptions authorized under Law No. 5746 provide a benefit as defined in 19 C.F.R. § 351.509(a). Customs duty exemptions received for non-export purposes, including R&D, confer a benefit in accordance 19 C.F.R. § 351.510(a).

c. **Specificity**

As the Department has found, beneficiaries under this program are limited in number, making the program *de jure* specific pursuant to section 771(5A)(D)(i) of the Act.

2. **TUBITAK Grants**

The Scientific and Technological Research Council of Turkey ("TUBITAK") “supports the research, technology development, and innovation activities of companies with its grants.” In particular, TUBITAK administers a variety of national support programs that provide direct funding to companies. For instance, TUBITAK 1515, “Frontier R&D Laboratory Support Program,” extends up to TRY 10 million for companies that (1) have R&D expenditures equal to at least one percent of their net sales values in the last three years, and (2) have annual average net sales valued at a minimum of TRY 2 billion in the last three years.

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150 See Quartz Surface Products Prelim Memo at 18.
152 See id. (appended in Exhibit CVD-TR-12).
153 See id. (appended in Exhibit CVD-TR-12).
As noted above, Turkish CAAS producers have specially-designated R&D centers, and thus, would be eligible for TUBITAK grants. Moreover, the Department previously has investigated assistance provided by TUBITAK, but found the grants did not provide a measurable benefit to the responding company. Accordingly, in light of this information, the Department should investigate whether the subject producers have received grants from TUBITAK.

a. **Financial Contribution**

Through its administration and implementation of national support programs, TUBITAK provides a direct transfer of funds from the GOT, constituting a financial contribution in accordance with section 771(5)(D)(i) of the Act.

b. **Benefit**

The benefit conferred by TUBITAK’s assistance equals the amount of the grant. See 19 C.F.R. § 351.504(a).

c. **Specificity**

It is reasonable to believe that the actual number of recipients of TUBITAK grants are limited in number as a matter of law, or as a matter of fact, and thus, the program is specific within the meaning of either section 771(5A)(D)(i), or section 771(5A)(D)(iii)(D), of the Act.

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III. CONCLUSION AND REQUEST FOR INVESTIGATION

As demonstrated above, the Government of Turkey has provided substantial countervailable subsidies to Turkish Common Alloy Aluminum Sheet producers in order to encourage and maintain production in key sectors of the economy. Accordingly, Petitioners request that the Department initiate a countervailing duty investigation on imports of Common Alloy Aluminum Sheet from Turkey.
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Assan Alüminyum, one of our group companies, started to invest in a new production facility worth 900 million dollars within the scope of "Project Based Investment Incentive System". With this investment, it is aimed to provide employment for 640 people by producing alloy aluminum flat products for defense, aerospace and automotive industry.

A new investment of 22 million Turkish liras, covering production optimization and general improvements, was launched at Assan Gıda. With this improvement, the capacity to process 4,500 tons / day of fresh tomatoes and a production capacity of 1.5 million products / day has been reached.

Plane Seat Production Industry and Trade Inc. (Turkish Seats Industries - TSI) manufactured seats started to be used on Boeing 777 type aircraft with a wide body after Boeing 737-800 type aircraft.
2016 ▶ In 2016, the groundbreaking ceremony was held for İspak, a subsidiary of the Group operating in the flexible packaging industry, for the construction of new facilities in the Kocaeli Asım Kibar Organized Industrial Zone, with a total production capacity of 60,000 m² and a production capacity of 40,000 tons.

▶ Assan Alüminyum has been awarded the 300th R&D Center Certificate by the Ministry of Science, Industry and Technology of the Republic of Turkey.

2015 ▶ In 2015, Interactive Environment Consultancy firm was established with USA Heritage company, which is among the leading companies in the recycling sector. With the Manavgat Hydroelectric Power Plant, which was included in the group as a result of the tender for the energy sector, it was aimed to provide cost advantages in its current operations and to maximize it in the sectors in which the group operates.

2014 ▶ Turkish Airlines, Turkish Airlines Technical Inc. Aircraft Seat Production Industry and Trade Inc., established by Assan Hanil, a subsidiary of Kibar Holding and South Korean Hanil Seoyon E-Hwa. (Turkish Seats Industries - TSI) produced the first domestic design aircraft seat in 2014.
2013

The first coil was removed from the paint line in Assan Alüminyum Dilovası Paint Facilities on May 3 with a ceremony to start hot tests.

- İ10 production started at Hyundai Assan facilities.

- Assan Hanil Painting Facility started its activities.

- Posco Assan TST started production on August 15, 2013.

- Assan Liman İşletmeleri A.Ş.’s share transfer was made to United Investment Limited SA and Galata Liman İşletmeleri A.Ş.
2012
- The foundation of Assan Alüminyum Dilovası Paint Facilities was laid.
- Kibar Industry Jordan Facilities, the largest capacity sandwich panel facilities of the Middle East, where the groundbreaking ceremony was held in April, started its activities in December.
- The foundation of Assan Alüminyum Boyahane Plant was laid.

2011
- Posco Assan TST Çelik San. Inc. Was established. Asım Kibar Organize San. The groundbreaking ceremony of the facility in its region was held on September 28, 2011.
- Turkish Airlines, THY Teknik A.Ş. and one of the aliases of Kibar Holding, Assan Hanil Otomotiv San. ve Tic. A.Ş. in partnership with TSİ Plane Seat Production San. ve Tic. Inc. was established.
- Kibar Industry Co. in Amman, Jordan. was established.
- Kibar Energy Distribution Inc. was established.
2010

- Assan Panel Dilovası Metal Painting Facility started its activities.
- Ege Assan Gıda Pazarlama San. ve Tic. Inc. was established.
- Turkey's Mediterranean container port, which is the 3rd Assen Port Management Inc. was established.

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Exhibit CVD - TR - 2
The following communication, dated 31 July 2019, is being circulated at the request of the delegation of Turkey.
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1 INVESTMENT INCENTIVE PROGRAMME

1. Title of the subsidy programme, if relevant, or brief description or identification of the subsidy

Project Based Investment Incentive Program.¹

2. Period covered by the notification. The period to be covered by the notification should be the most recently completed calendar or fiscal year. In the latter case, the start and end dates of the fiscal year should be specified

2017-2018.

3. Policy objective and/or purpose of the subsidy

Project based system is designed to support high value added investments with customized incentives in line with the specific necessities of a particular project.

4. Background and authority for the subsidy (including identification of the legislation under which it is granted)

Project Based Investment Incentive Program which is designed and implemented by the Ministry of Science and Technology² is based on the provisions of Law No. 6745 and the Council of Ministers Decree No.2016/9495.

The Council of Ministers Decree No.2016/9495 defines procedures and principles for the implementation of the Law No. 6745.

5. Form of the subsidy (i.e., grant, loan, tax concession, etc.)

Support measures provided within the Project Based Investment Incentive Program comprises of tax incentives, employment incentives, financial incentives, and other incentives defined in the Council of Ministers Decree No.2016/9495.

6. To whom and how the subsidy is provided (whether to producers, to exporters, or others; through what mechanism; whether a fixed or fluctuating amount per unit; if the latter, how determined)

Both domestic and foreign investors can benefit from the measures under equal terms and conditions if the project is approved in the context of Project Based Investment Incentive Program. The support measures under the Program are provided only for producers.

Following the invitation or announcement made by the Ministry of Science and Technology, companies that wish to benefit from the project-based investment support apply to the Ministry with the required information and documents.

Proposed investment projects evaluated by the Ministry of Science and Technology and eligible projects are presented to the President. A decree of the President is adopted for each investment project to be supported. Following the promulgation of the President Decree, an incentive certificate is issued by the Ministry of Science and Technology.

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² The General Directorate of Incentives Implementation and Foreign Direct Investment is attached to the Ministry of Science and Technology with a Presidential Decree no.1 dated July 10, 2018.
7. **Subsidy per unit, or in cases where this is not possible, the total amount or the annual amount budgeted for that subsidy (indicating, if possible, the average subsidy per unit in the previous year).** Where provision of per unit subsidy information (for the year covered by the notification, for the previous year, or both) is not possible, a full explanation is provided.

Per unit subsidy information is not available due to the characteristics of the support measures. Support measures are provided for an investment project.

8. **Duration of the subsidy and/or any other time limits attached to it, including date of inception/commencement.**

No fixed time limit. Duration of the subsidy is based on the characteristics of the investment project.

9. **Statistical data permitting an assessment of the trade effects of the subsidy. The specific nature and scope of such statistics is left to the judgement of the notifying Member. To the extent possible, relevant and/or determinable, however, it is desirable that such information include statistics of production, consumption, imports and exports of the subsidized product(s) or sector(s):**

   (a) for the three most recent years for which statistics are available;
   (b) for a previous representative year, which, where possible and meaningful, should be the latest year preceding the introduction of the subsidy or preceding the last major change in the subsidy.

To date, 14 incentive certificates have been issued within the Project Based Investment Incentive Program. Statistical data is not available yet.

**2 EXPORT SUBSIDY PROGRAMME FOR AGRICULTURAL PRODUCTS (2018-2019)**

1. **Title of the subsidy programme, if relevant, or brief description or identification of the subsidy**

The title of the subsidy Programme is "Export Subsidy Programme for Agricultural Products" (Decree No. 2018/12).

2. **Period covered by the notification. The period to be covered by the notification should be the most recently completed calendar or fiscal year. In the latter case, the start and end dates of the fiscal year should be specified**

The Decree No. 2018/12 of the Money-Credit and Coordination Council has been effective as of January 1, 2018. This programme came into force replacing the Decree No. 2016/16.

3. **Policy objective and/or purpose of the subsidy**

The policy objective of this export subsidy programme is to develop Turkey’s export potential in processed agricultural products.

4. **Background and authority for the subsidy (including identification of the legislation under which it is granted)**

Authority for the subsidy is the Money-Credit and Coordination Council. As of August 2018, duties and authorities of Money-Credit and Coordination Council were delegated to Economic Policies Council of Presidency of Republic of Turkey, Ministry of Treasury and Finance and Ministry of Trade.

5. **Form of the subsidy (i.e., grant, loan, tax concession, etc.)**

The subsidies are provided in the form of deduction of debts to the public corporations from the subsidy entitlement.
6. **To whom and how the subsidy is provided (whether to producers, to exporters, or others; through what mechanism; whether a fixed or fluctuating amount per unit; if the latter, how determined)**

The subsidies are provided to producer/exporters or exporters in the form of deduction of their debts to the public corporations from their subsidy entitlement which is calculated on the basis of fixed amount per unit.

7. **Subsidy per unit, or in cases where this is not possible, the total amount or the annual amount budgeted for that subsidy (indicating, if possible, the average subsidy per unit in the previous year). Where provision of per unit subsidy information (for the year covered by the notification, for the previous year, or both) is not possible, a full explanation**

The subsidy per product is given below:

<table>
<thead>
<tr>
<th>Product</th>
<th>Rate (TL/ton)</th>
<th>Share of exported quantity eligible to receive the subsidy</th>
<th>Maximum ratio of payment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cut flowers (fresh)</td>
<td>475</td>
<td>45%</td>
<td>9%</td>
</tr>
<tr>
<td>Vegetables, frozen (exc. potatoes)</td>
<td>180</td>
<td>45%</td>
<td>10%</td>
</tr>
<tr>
<td>Vegetables (dehydrated)</td>
<td>800</td>
<td>40%</td>
<td>10%</td>
</tr>
<tr>
<td>Fruits (frozen)</td>
<td>175</td>
<td>45%</td>
<td>6%</td>
</tr>
<tr>
<td>Preserves, pastes</td>
<td>185</td>
<td>100%</td>
<td>8%</td>
</tr>
<tr>
<td>Honey*</td>
<td>160</td>
<td>20%</td>
<td>2%</td>
</tr>
<tr>
<td>Homogenized fruit preparations</td>
<td>140</td>
<td>35%</td>
<td>5%</td>
</tr>
<tr>
<td>Fruit juices (concentrated)</td>
<td>360</td>
<td>15%</td>
<td>12%</td>
</tr>
<tr>
<td>Olive oil</td>
<td>20</td>
<td>100%</td>
<td>2%</td>
</tr>
<tr>
<td>Prepared or preserved fish</td>
<td>550</td>
<td>100%</td>
<td>5%</td>
</tr>
<tr>
<td>Meat of poultry (excl. edible offals)</td>
<td>430</td>
<td>41%</td>
<td>14%</td>
</tr>
<tr>
<td>Eggs</td>
<td>40/1000 pieces</td>
<td>65%</td>
<td>10%</td>
</tr>
<tr>
<td>Preserved poultry meat products*</td>
<td>550</td>
<td>50%</td>
<td>13%</td>
</tr>
<tr>
<td>Chocolate and other food preparations containing chocolate</td>
<td>270</td>
<td>48%</td>
<td>5%</td>
</tr>
<tr>
<td>Biscuits, waffles</td>
<td>270</td>
<td>18%</td>
<td>7%</td>
</tr>
<tr>
<td>Macaroni vermicelli</td>
<td>150</td>
<td>32%</td>
<td>9%</td>
</tr>
</tbody>
</table>

*Subsidy payments have been suspended as of 1 January 2019.*

The second column specifies that the subsidy is only paid on determined percentage of the quantity exported and the third column specifies the maximum payment rate of the value of the exports. This system has been used owing to the annual volume and value commitments of Turkey, originated in the WTO Agreement on Agriculture.

8. **Duration of the subsidy and/or any other time limits attached to it, including date of inception/commencement**

The Decree No. 2018/12 of the Money-Credit and Coordination Council has been effective as of January 1, 2018, and it will be indefinitely in force. Therefore, it is also valid for 2019.

9.  **Statistical data permitting an assessment of the trade effects of the subsidy. The specific nature and scope of such statistics is left to the judgement of the notifying Member. To the extent possible, relevant and/or determinable, however, it is desirable that such information include statistics of production, consumption, imports and exports of the subsidized product(s) or sector(s):**

(a) for the three most recent years for which statistics are available;

(b) for a previous representative year, which, where possible and meaningful, should be the latest year preceding the introduction of the subsidy or preceding the last major change in the subsidy.

No statistical data permitting an assessment of the trade effects of this subsidy is available.
3 TURK EXIMBANK’S PROGRAMMES

1. **Title of the subsidy programme, if relevant, or brief description or identification of the subsidy**

**CREDIT PROGRAMMES**

1. **Short-term Export Credits:**
   (i) Credits Extended via Commercial Banks:
   - Pre-shipment Export Credit (PSEC) Programme;
   - PSEC-Priority Investment Areas Export Credit Programme;
   - Free Trade Zone Pre-shipment Foreign Currency Export Credit Programme.

   (ii) Credits Extended Directly by Turk Eximbank:
   - Foreign Trade Companies (FTC) Short-term Export Credit Programme;
   - Pre-export Credit Programme;
   - Free Trade Zone Pre-export Foreign Currency Export Credit Programme;
   - Pre-export Credit Programme for Small and Medium Scale Enterprises (SMEs).

   (iii) Credits provided using the sources of the Central Bank of Turkey:
   - Post-Shipment Rediscout Credit Programme;
   - Rediscout Credit Programme.

2. **Medium-Term Export Credits (Project Credits):**
   - The Export Oriented Working Capital Credit Programme;
   - The Export Oriented Investment Credit Programme;
   - Overseas Chain Stores Investment Credit Programme;
   - Specific Export Credit Programme;
   - Trademark Credit Programme.

3. **Export Finance Intermediation Loan (EFIL – IV)**

4. **The European Investment Bank Credit Programme**

5. **International Loans Programmes**

**INSURANCE PROGRAMMES**

6. **Short-term Credit Insurance:**
   - Short-term Export Credit Insurance Programme;
   - Short-term Domestic Credit Insurance Programme.

7. **Medium and Long-term Insurance Facilities:**
   - Specific Export Credit Insurance Post Shipment Risk Programme.

2. **Period covered by the notification. The period to be covered by the notification should be the most recently completed calendar or fiscal year. In the latter case, the start and end dates of the fiscal year should be specified**


3. **Policy objective and/or purpose of the subsidy**

1. **Short-term Export Credits**

   Turk Eximbank extends short-term export credits to manufacturers, exporters and export-oriented manufacturers to meet their financing needs especially at the pre-shipment stage. These credits are extended in Turkish Lira or in foreign currency either directly by Turk Eximbank or via intermediation of selected Turkish commercial banks.
(i) Credits Extended via Commercial Banks:

Pre-shipment Export Credit (PSEC) Programme: a short-term credit facility provided to manufacturers, export-oriented manufacturers and exporters starting from the early stages of production in all sectors. The aim of the programme is to meet the financing needs of these companies in the early stages of production. The programme has TL and foreign currency credit options.

PSEC-Priority Investment Areas Export Credit Programme; a sub-programme of the PSEC extended in TL to companies located in Turkey's priority development areas. It aims to support manufacturers, export-oriented manufacturers and exporters except Foreign Trade Companies in these regions and eliminate the economic-social gaps that exist between these regions and Turkey's more developed regions.

Free Trade Zone Pre-shipment Foreign Currency Export Credit Programme; another sub-programme of the PSEC extended in FX to companies having operating license for manufacturing and located in Turkey's free trade zone areas. This facility aims to provide financial support to increase sales of manufacturers and export-oriented manufacturers in these regions.

Pre-shipment Export Credit Programme via Participation Banks; a recently developed sub-programme of the PSEC extended in FX to manufacturers, export-oriented manufacturers and exporters starting from the early stages of production in all sectors. The aim of the programme is to meet the financing needs of these companies in the early stages of production.

Credit for Leasing Companies; is a program which aims to finance investments through financial leasing companies. The program is indirect credit in which the credit is extended to a Turkish Leasing Company to which Turk Eximbank allocates credit line, and the intermediary Leasing Company extends the credit to the final user.

(ii) Credits Extended Directly by Turk Eximbank:

Foreign Trade Companies (FTC) Short-term Export Credit Programme; extended to all companies entitled to foreign trade corporate company status, which is conferred by the Ministry of Trade. It aims to provide financial support to large export trading companies for their export financing needs. The credit has TL and foreign currency options.

Pre-export Credit Programme; a short-term credit facility provided to export-oriented manufacturers, manufacturer-exporters and exporters in the preparatory stage of exports. It aims to increase the competitiveness of exporters in international markets and support export projects in the preparatory stage. The credit has TL and foreign currency options.

Free Trade Zone Pre-export Foreign Currency Export Credit Programme; a sub-programme of the Pre-export Credit Programme extended in FX to companies having operating license for manufacturing and located in Turkey's free trade zone areas. This facility aims to provide financial support to increase sales of manufacturers and export-oriented manufacturers in these regions.

Pre-export Credit Programme for Small and Medium Scale Enterprises (SMEs); a short-term credit facility extended both in TL and FX to only small and medium scale enterprises. It aims to provide financial support to SMEs in the preparatory stage of their exports.

(iii) Credits provided using the sources of the Central Bank of Turkey:

Post Shipment Rediscount Credit Programme; a post-shipment finance facility in which deferred export receivables subject to bankers' acceptances and/or irrevocable letters of credit with a payment confirmation by a domestic bank and deferred export receivables performed within Turk Eximbank Short-term Export Credit Insurance are discounted by Turk Eximbank. The programme aims to increase the competitiveness of Turkish
exporters in international markets by enabling them to sell Turkish goods on deferred payment terms and eliminating overseas risks thereby encouraging them to enter into new and target markets.

Rediscount Credit Programme; a pre-shipment finance facility implemented within the framework of an additional limit to the post-shipment discount limit extended to Turk Eximbank by the Central Bank of Turkey. The programme which requires an export commitment, aims to support Turkish manufacturers, exporters and manufacturer-exporters on pre-shipment basis. The opportunity for the companies to benefit from affordable export rediscount credit has been provided at the post-shipment stage provided that the bills transferred to factoring companies against export receivables and disbursed to Turk Eximbank.

2. Medium-Long Term Export Credits (Project Credits)

Medium-long term export credits are specific credit programmes; available for export transactions that cannot be covered under the short-term credit and guarantee programmes.

*The Export Oriented Working Capital Credit Programme*; aims at financing raw materials, intermediate goods and other financial needs of companies. Manufacturers and manufacturer-exporter firms which are established in Turkey and producing export oriented Turkish products are eligible to apply for this credit programme. Purchasing of raw materials and intermediate goods are financed based on the related expense bills.

*The Export Oriented Investment Credit Programme*; aims to finance the machinery, equipment and other investment materials of the manufacturers and manufacturer-exporter firms which are established in Turkey and producing export oriented goods. The capital goods such as machinery, equipment and other investment materials are financed in return for the related expense bills.

*Overseas Chain Stores Investment Credit Programme*; aims to support direct sales of Turkish brand consumer goods in international markets and establish Turkish brand names and promote Turkish designed goods abroad. Turk Eximbank supports the overseas investments of Turkish entrepreneurs for the establishment of shopping malls and chain stores in which various consumer goods may be offered for sale.

*Specific Export Credit Programme*; is used to evaluate credit demands that cannot be met within the Bank's existing standard credit programmes. It is a short and medium-term pre-shipment financing facility provided to manufacturers/exporters and overseas contractors for projects that generate foreign currency. It aims to meet the specific requirements of Turkish manufacturers/exporters through medium-term financing and thus encourage the export of new products to new markets.

*Trademark Credit Programme*; has been put into effect to allow differentiation in product design and branding, and to use advanced technology of high quality manufacturing in order to create a good image for Turkish products in international markets.

3. Export Finance Intermediation Loan Agreement (EFIL-IV)

An Export Finance Intermediation Loan Agreement (EFIL-IV) worth USD 300 million was signed with the World Bank on 28 May 2008. This credit line has a maturity of 30 years with a 5.5 year grace period. The deadline for application to the credit program is 30 June 2013. The last date that a company received benefits under the program was 28 June 2013.

4. The European Investment Bank Credit Programme

The aim of this credit programme is to finance the medium/long-term working and fixed capital investments of SMEs. The interest rate, maturity and terms of repayment (grace period and instalment plan) are determined by Turk Eximbank on project basis.
5. International Loans Programmes

The International Loans Programmes aim to increase the competitiveness of Turkish exporters and contractors on international markets and to provide them with a risk-free environment for their activities in markets that have high political and commercial risks. The programmes also provide support for transactions that have strategic importance for foreign countries and are likely to contribute to the political and economic relations of Turkey.

Terms and conditions of the support are determined in accordance with the OECD Arrangement on Officially Supported Export Credits (OECD Arrangement). Thus, all applications are evaluated in accordance with the OECD Arrangement and Turk Eximbank appraisal criteria. Turk Eximbank can provide medium/long term financial support for the cost of goods and services to be supplied from Turkey in the amount not exceeding 85% of the export contract value. The objective of the International Loans Programmes is to provide financing to the foreign buyers/employers of Turkish exporters/contractors.

6. Short-term Credit Insurance

*Short-term Export Credit Insurance Programme:* cover is provided on the whole-turnover basis for commercial and political risks. Shipments up to 360 days to be effected on all payment terms from open-account to documentary credits are covered in accordance with the country cover condition and credit limit approval. This is a post-shipment facility, but since 2004 pre-shipment cover has also been provided for the insured firms within the framework of the Short-Term Export Credit Insurance Programme.

*Short-term Domestic Credit Insurance Programme:* cover is provided on the whole-turnover basis for commercial risks. Domestic shipments up to 360 days are covered in accordance with the credit limit approval. It is a post-shipment facility.

7. Medium and Long-term Insurance Facilities

*Specific Export Credit Insurance Post Shipment Risk Programme:* as a single contract (single buyer) multi-transaction export credit insurance programme, aims to provide insurance cover for the export of capital and semi-capital goods sold with credit terms in line with OECD Rules and it provides insurance cover for commercial and/or political risks for post shipment stages. Extended credit terms may be covered in line with the specific conditions and/or the requirements of the export transaction upon the Board’s approval.

4. Background and authority for the subsidy (including identification of the legislation under which it is granted)

The bank was created by the government decree (No.87/11914) in 1987 following the order of a specific Law (Law No. 3332) by maintaining the legal personality of the State Investment Bank. With this legislation, Turk Eximbank was transformed into a joint stock company subject to the provisions of the private law. In 2013 with a new decree (No.2013/4286) which repeal decree No.87/11914, the Turkish government implemented several key amendments of this legislation.

In addition to the Law No. 3332 focusing on basic concepts of the organisation, product offering and resources, a minister resolution (Resolution of the Council of Ministers No. 2013/4286) plays an important role. The resolution includes the objective and scope of Turk Eximbank, but also further details regarding products, financial provisions and governance structures.

The Articles of Association complement the legal provisions for the Turkish export credit agency. They cover not only the establishment, objectives scope and activities, but also detail financial provisions, organs, management and representation of the bank, the scope of action for the Supreme Advisory and Credit Guidance Committee, fiscal accounts and distribution of profits, as well as special audit principles.
Turk Eximbank is legally affiliated with the Presidency of The Republic of Turkey, or the Ministry to which the bank is affiliated. Within this framework, the bank has been associated in 2018 with the Ministry of Trade.

The operational framework of the Turkish export credit agency is shaped by its annual programs entering into force by a decision of the Supreme Advisory and Credit Guidance Committee. The committee can determine maximum limits on a general, country, sector or commodity basis. This applies to loans, guarantees and insurance cover provided by the Bank. The committee has to meet at least once a year. In addition, the Presidency or the affiliated Ministry of Trade can inspect and audit transactions and accounts, and demand information in every respect.

Countries of operation and the limits to be assigned to these countries are determined by Supreme Advisory and Credit Guidance Committee and are approved by the Presidency of the Republic of Turkey. Loans to foreign countries for a maturity of 2 years and more and medium term insurance coverage are subject to approval of the Minister of Treasury and Finance according to Article 10 of Act No. 4749 related to the regulation of Public Finance and Debt Management.

The Cabinet Degree no. 2009/15198 was put into effect on July 15, 2009 in accordance with Act no. 4749 is regulating the financial supports provided by Turk Eximbank under its export credit, insurance and guarantee programmes.

5. **Form of the subsidy (i.e., grant, loan, tax concession, etc.):**
   - Short-term export credits;
   - In the form of loan.
   - **Buyers’ Credit and Guarantee Programme;**
   - It may be in the form of direct lending or guarantee.
   - **Other medium and long term export credits;**
   - In the form of loan or guarantee.
   - **Short, Medium and Long Term Insurance Facilities;**
   - In the form of credit insurance.

6. **To whom and how the subsidy is provided (whether to producers, to exporters, or others; through what mechanism; whether a fixed or fluctuating amount per unit; if the latter, how determined)**

1. **Short-term Export Credits**
   (i) Credits Extended via Commercial Banks

   **Pre-shipment Export Credit Programme;** extended to "Sectoral Foreign Trade Companies" (SFTC), manufacturers, manufacturer-exporters and exporters for a maximum of 540 days. The credit is extended via intermediary Turkish commercial banks, which are allocated credit lines following an evaluation process. These commercial banks are responsible for the default risk of the borrowers. Turk Eximbank therefore assumes bank risk rather than that of the exporter or manufacturer. The interest rate is determined by Turk Eximbank according to money market rates, loan repayment periods and cost of funding.

   **PSEC-Priority Development Areas Export Credit Programme;** extended to companies located in Turkey's priority development areas. Intermediary banks are required to extend at least 5% of their credit limit to firms in these regions. Interest rate is slightly lower than the interest rate of PSEC TL.

   **Free Trade Zone Pre-shipment Foreign Currency Export Credit Programme;** extended in FX to companies located in Turkey's free trade zone areas. Interest rates are the same as that of PSEC-FX rates.
Pre-Shipment Foreign Currency Export Credit via Participation Banks Programme; extended in FX to export-registered manufacturers, manufacturer exporters and exporter companies excluding the FTC companies with a maximum maturity of 360 days and the company limit in the program shall be a maximum of $15 million.

(ii) Credits Extended Directly by Turk Eximbank

Foreign Trade Companies Short-term Export Credit Programme; extended to "Foreign Trade Corporate Companies" (FTCC) and "Sectoral Foreign Trade Companies" (SFTC) with a repayment period of up to 180 days. Applicants must be entitled to FTCC and SFTC status by the Ministry of Trade. The interest rate is determined by Turk Eximbank according to money market rates, loan repayment periods and cost of funding.

Pre-export Credit Programme; extended to manufacturer-exporters; exporters and export oriented manufacturers except FTCC and SFTC for a maximum of 360 days for both TL and FX credits. The interest rate for FX option is the same as that of PSEC FX and the rate for TL option is the same as that of PSEC TL.

Free Trade Zone Pre-export Foreign Currency Export Credit Programme; extended in FX to companies located in Turkey’s free trade zone areas for a maximum of 360 days. Interest rates are the same as that of Pre-export Credits-FX rates.

Pre-export Credit Programme for SMEs; extended to only small and medium scale enterprises directly by Turk Eximbank 540 days for FX and TL credits.

(iii) Credits provided using the sources of the Central Bank of Turkey

Post-Shipment Rediscount Credit Programme; Deferred export receivables of Turkish exporters, manufacturer-exporters and manufacturers subject to bankers’ acceptances provided by domestic commercial banks or irrevocable letters of credit which is added a payment confirmation by a domestic commercial bank; deferred export receivables arisen out of cash against goods, cash against documents, irrevocable letter or credit which were insured by Turk Eximbank Short – Term Export Credit Insurance policy are discounted by Turk Eximbank. Export receivables with a maturity of up to 360 days are discounted on LIBOR+spread, where spread is determined by Turk Eximbank.

Rediscount Credit Programme; this pre-shipment financing facility is being executed within the framework of an additional limit to the post-shipment discount limit extended to Turk Eximbank by the Central Bank of Turkey. The programme which requires an export commitment aims at providing support to Turkish manufacturers, exporters and manufacturer-exporters with maturity up to 360 days in the pre-shipment base. Promissory notes issued by exporters on behalf of Turk Eximbank, which have the aval of banks possessing a short-term letter of guarantee limit with Turk Eximbank are discounted under this limit. Since 2013, letter of guarantees issued by banks possessing short-term letter of guarantee limit with Turk Eximbank, including promissory notes without aval have also been accepted as guarantee under this programme. Export receivables with a maturity of up to 240 days discounted by the Central Bank of Turkey and up to 360 days are discounted from Turk Eximbank’s own sources on LIBOR+spread, where spread is determined by Turk Eximbank.

2. Medium-Long Term Export Credits (Project Credits)

The Export Oriented Working Capital Credit Programme; manufacturers and manufacturer-exporter firms which are established in Turkey and which produce export oriented Turkish products are eligible to apply for this credit programme in which purchasing of raw materials and intermediate goods are financed based on the related expense bills within 180 days before the application date, at latest. The maturity for this programme is 5 years with one year grace period. The company limit is USD 50 million. The interest rates for foreign currency loans are based on LIBOR/ EURIBOR plus a spread, while TL loans have a fixed interest rate or TRLIBOR plus a spread, that is determined by Turk Eximbank according to money market rates, loan repayment periods and cost of funding.
The Export Oriented Investment Credit Programme; aims to provide finance to the manufacturers and manufacturer-exporter firms, producing export oriented goods. The capital goods such as machinery, equipment and other investment materials are financed in return for the related expense bills within the 180 days prior to the application date, at latest. The maximum company limit is USD 50 million. The loans have a maximum maturity of seven years with a grace period of one or two years. The interest rates for foreign currency loans are based on LIBOR/ EURIBOR plus a spread while TRL loans have either a fixed interest rate or TRLIBOR plus a spread, that is determined by Turk Eximbank according to money market rates, loan repayment periods and cost of funding.

Overseas Chain Stores Investment Credit Programme; extended to Turkish entrepreneurs who invest abroad for the establishment of shopping malls and chain stores and to those who invest abroad for the establishment of stores to sell their own brand. Entrepreneurs who benefit from this programme may also benefit from the short-term export credit programmes for the export of Turkish goods to be sold in these stores. Credits under this programme are granted for up to seven years. The interest rate is determined by Turk Eximbank according to money market rates, loan repayment periods and cost of funding.

Specific Export Credit Programme; aims to provide finance to Turkish manufacturers, exporters and manufacturer-exporters having financial needs which cannot met by other credit programmes of Turk Eximbank. Terms and interest rates of the loans provided under this programme are determined by Turk Eximbank according to money market rates, loan repayment periods and cost of funding on project basis.

Trademark Credit Programme; under this programme, the maturity of the loans are seven years with a grace period of two years or ten years with a grace period of three years which are granted on a project basis with a floating interest rate, based on LIBOR/ EURIBOR plus a spread that is determined by Turk Eximbank according to money market rates, loan repayment periods and cost of funding.

3. Export Finance Intermediation Loan (EFIL-IV)

The aim of this credit programme is to finance the medium/long-term working and fixed capital investments of the ship/yacht and dock building, and machinery manufacturing sectors. The interest rate, maturity and terms of repayment (grace period and instalment plan) are determined by Turk Eximbank on project basis.

4. The European Investment Bank Credit Programme

The aim of this credit programme is to finance the medium/long-term working and fixed capital investments of SMEs. The interest rate, maturity and terms of repayment (grace period and instalment plan) are determined by Turk Eximbank on project basis.

5. International Loans Programmes

The objective of the International Loans Programmes is to provide financing to the foreign buyers/employers of Turkish exporters/contractors. Turk Eximbank either allocates loans to governmental entities under the sovereign guarantee of the relevant countries or to private companies through credit lines opened to the acceptable banks located in the host countries via its Buyer’s Credits Through Foreign Banks, Buyer’s Credits Through Sovereign Guarantee and Buyer’s Credits Through Domestic Banks Programmes.

Buyer’s Credits Through Foreign Banks and Buyer’s Credits Through Sovereign Guarantee; aims to meet the needs of the foreign buyers aiming to finance their import of:
- Turkish goods and services with respect to the projects undertaken by Turkish contractors overseas;
- durable and non-durable consumer goods and/or capital goods of Turkish origin.
The borrowers are sovereigns or those foreign banks that meet the eligibility criteria where the support type is in the form of a direct loan.

*Buyer's Credits Through Domestic Banks:* aims to meet financing needs of Turkish exporters and their foreign buyers. Within the scope of the product, Domestic Banks in Turkey will be the borrower of Turk Eximbank loan. Domestic Banks, which are allocated a credit limit by Turk Eximbank, shall utilize Turk Eximbank loans to the Buyers who import Turkish goods from Turkey, through their branches, subsidiaries and correspondent banks operating overseas.

6. Short-term Credit Insurance

*Short-term Export Credit Insurance Programme:* all Turkish exporters, manufacturer-exporters, FTCCs and SFTCs are eligible for this programme. Cover is available up to 90% of losses incurred as a result of commercial and political risks. Premium is charged according to the risk classification of the buyer’s country, credit length, payment term and the type of buyer (public or private).

*Short-term Domestic Credit Insurance Programme:* the policyholders of Short-term Export Credit Insurance or the companies who are in the same group with these policyholders are eligible for this programme. Cover is available up to 90% of losses incurred as a result of commercial risks. Premium is charged according to the risk classification of the buyer and credit length.

7. Medium and Long-term Insurance Facilities

*Specific Export Credit Insurance Post Shipment Risk Programme:* Capital or semi-capital goods exported by Turkish companies may qualify for insurance under this programme. Coverage is typically up to 90% of 85% of the contract value with 15% of the contract value having to be paid in advance. The premium rates are determined by Turk Eximbank on transaction basis according to the risk classification of the buyer’s country, credit length, terms and conditions of payment, the type of the buyer (public/private) and additional guarantees (or collaterals) provided by the debtor.

7. Subsidy per unit, or in cases where this is not possible, the total amount or the annual amount budgeted for that subsidy (indicating, if possible, the average subsidy per unit in the previous year). Where provision of per unit subsidy information (for the year covered by the notification, for the previous year, or both) is not possible, a full explanation

Not available to Turk Eximbank's programmes.

Regarding short-term credit and insurance programmes, Turk Eximbank complies with the Agreement on Subsidies and Countervailing Measures of the WTO. Interest rates of these credits are determined by Turk Eximbank in accordance with the developments in money markets, loan repayment periods and cost of funding. Short-term TL credits are mostly funded by equity, profits, and general provisions, which are regarded as cost free items. The rates charged by Turk Eximbank reflect the government's cost of funding and the Bank revises her rates according to the changes in market rates to prevent erosion of her resources from inflation. Interest rates of short-term foreign currency loans are defined by Turk Eximbank as "LIBOR+spread", where the spread is calculated by taking into account the credit length and cost of funds. In order to fund these loans, Turk Eximbank relies heavily on funds borrowed from commercial banks and international financial markets. The interest rates of these loans also reflect the cost of funds.

Regarding medium and long-term export credit, guarantee and insurance facilities, Turk Eximbank fully complies with OECD Arrangement, which determines the guidelines for the officially supported export credits for two years or more.

Regarding export credit insurance programmes, Turk Eximbank follows all the disciplines and requirements furnished in the OECD Arrangement, Berne Union and the WTO. The insurance activities of Turk Eximbank are similar with those of the traditional ECAs. Its basic insurance programmes are relatively well run and they fully meet the underwriting requirements of international reinsurers. For export insurance covering political and commercial risk, the exporter
is charged a premium according to the risk classification of the buyer's country, credit length, payment term and the type of buyer (public or private). For domestic credit insurance covering commercial risk, the exporter is charged a premium according to the risk classification of the buyer and credit length. Like all other officially supported ECAs, only political risk is under the guarantee of the state; the losses incurred due to commercial risks are indemnified by Turk Eximbank from its own resources. However, re-insurance treaties have been established with domestic and overseas re-insurance companies to cede part of the commercial and political risks borne by Turk Eximbank under the short-term export credit insurance and short-term domestic credit insurance programmes (70% of commercial and political risks under short-term insurance activities are covered by a reinsurer's panel on the basis of a quota-share treaty). Premium rates and premiums collected have been fairly adequate to cover the long-term operating costs and losses of the programmes since commencement.

8. Duration of the subsidy and/or any other time limits attached to it, including date of inception/commencement

Turk Eximbank programmes may be revised, eliminated or new programmes are introduced according to the requirements of Turkish exporters and international rules and regulations.

Pre-shipment TL Export Credit Programme; has been put into effect in 1989.
International Loans Programmes; has been in effect since 1989.
Short-term Export Credit Insurance Programme; has been put into effect in 1989.
Foreign Trade Companies (FTC) Short-term FX Export Credit Programme; has been put into effect in 1993.
Pre-shipment FX Export Credit Programme; has been put into effect in 1994.
Pre-export FX Credit Programme; has been put into effect in 1994.
Foreign Trade Companies (FTC) Short-term TL Export Credit Programme; has been put into effect in 1996.
Post-Shipment Rediscount Credit Programme; has been put into effect on 15 October 1996.
Overseas Chain Stores Investment Credit Programme; has been put into effect on 6 September 1996.
Pre-export TL Credit Programme; has been put into effect in 1997.
Specific Export Credit Programme; has been put into effect in 1997.
Pre-export Credit Programme for SMEs; was commenced in 2003.
Rediscount Credit Programme; has been put into effect on 12 October 1999.
Export Finance Intermediation Loan (EFIL – IV); has been put into effect on June 18, 2009 and the deadline for application to the credit program was 30 June 2013.
The European Investment Bank Credit Programme; has been put into effect on 21 January 2014, 6 November 2014, 28 May 2015 and 6 May 2016.
The International Islamic Trade Finance Corporation (ITFC) Backed Production Finance Credit Programme; has been put into effect on 20 April 2010.
The Export Oriented Working Capital Credit Programme; has been put into effect on 30 January 2012.
The Export Oriented Investment Credit Programme; has been put into effect on 6 March 2012.
Trademark Credit Programme; has been put into effect on 14 May 2012.
Short-term Domestic Credit Insurance Programme; has been put into effect in 2013.
Specific Export Credit Insurance Post Shipment Risk Programme; has been put into effect in 1990 and has been revised in 2013.
Participation Banks Pre-Shipment Foreign Currency Export Credit Programme; has been put into effect in 2014.

Credit for Leasing Companies; has been put into effect in 2019.

9. Statistical data permitting an assessment of the trade effects of the subsidy. The specific nature and scope of such statistics is left to the judgement of the notifying Member. To the extent possible, relevant and/or determinable, however, it is desirable that such information include statistics of production, consumption, imports and exports of the subsidized product(s) or sector(s):

(a) for the three most recent years for which statistics are available;
(b) for a previous representative year, which, where possible and meaningful, should be the latest year preceding the introduction of the subsidy or preceding the last major change in the subsidy.
Turk Eximbank’s Programmes In the Three Most Recent Years

<table>
<thead>
<tr>
<th>(USD million)</th>
<th>2018</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>CREDIT/GUARANTEE</td>
<td>22,670.12</td>
<td>18,975.06</td>
<td>17,869.83</td>
</tr>
<tr>
<td>1. SHORT TERM EXPORT CREDIT PROGRAMMES</td>
<td>20,618</td>
<td>16,785.10</td>
<td>15,650.67</td>
</tr>
<tr>
<td>Pre-Shipment TL Export Credits</td>
<td>886.30</td>
<td>917.95</td>
<td>1,050.05</td>
</tr>
<tr>
<td>Pre-Shipment FX Export Credit</td>
<td>1,316.00</td>
<td>1,423.87</td>
<td>1,232.74</td>
</tr>
<tr>
<td>Pre-Shipment Foreign Currency Credit via Participation Banks</td>
<td>131.30</td>
<td>116.48</td>
<td></td>
</tr>
<tr>
<td>Foreign Trade Companies S-T TL Export Credit</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Foreign Trade Companies S-T FX Export Credit</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Pre-Export TL Export Credit</td>
<td>-</td>
<td>0.23</td>
<td>427.43</td>
</tr>
<tr>
<td>Pre-Export FX Export Credit</td>
<td>227.80</td>
<td>548.11</td>
<td>74.36</td>
</tr>
<tr>
<td>Pre-Export TL Credit Programme for SMEs</td>
<td>650.80</td>
<td>457.83</td>
<td>314.03</td>
</tr>
<tr>
<td>Pre-Export FX Credit Programme for SMEs</td>
<td>67.60</td>
<td>115.16</td>
<td>84.35</td>
</tr>
<tr>
<td>Post-Shipment Rediscount Credit Programme</td>
<td>833.90</td>
<td>882.42</td>
<td>730.63</td>
</tr>
<tr>
<td>Rediscount Credit Programme</td>
<td>20,618</td>
<td>16,785.10</td>
<td>15,650.67</td>
</tr>
<tr>
<td>2. MEDIUM TERM EXPORT CREDIT/GUARANTEE PROGRAMMES</td>
<td>1,381.16</td>
<td>1,161.98</td>
<td>1,096.09</td>
</tr>
<tr>
<td>The Export Oriented Working Capital Credit Programme</td>
<td>993.80</td>
<td>875.53</td>
<td>862.55</td>
</tr>
<tr>
<td>The Export Oriented Investment Credit Programme</td>
<td>385.90</td>
<td>275.20</td>
<td>179.02</td>
</tr>
<tr>
<td>Overseas Chain Stores Investment Credit Programme</td>
<td>0.260</td>
<td>-</td>
<td>0.450</td>
</tr>
<tr>
<td>Specific Export Credit Programme</td>
<td>-</td>
<td>-</td>
<td>21.95</td>
</tr>
<tr>
<td>Trademark Credit Programme</td>
<td>1.20</td>
<td>11.25</td>
<td>-</td>
</tr>
<tr>
<td>3. EXPORT FINANCE INTERMEDIATION LOAN (EFIL–IV)</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>4. THE EUROPEAN INVESTMENT BANK CREDIT PROGRAMME</td>
<td>51.2</td>
<td>191.77</td>
<td>192.13</td>
</tr>
<tr>
<td>5. CREDITS SOURCED BY OTHER INTERNATIONAL FINANCIAL INSTITUTIONS</td>
<td>312.5</td>
<td>652.76</td>
<td>658.94</td>
</tr>
<tr>
<td>6. INTERNATIONAL LOANS PROGRAMMES</td>
<td>307.26</td>
<td>183.45</td>
<td>272.0</td>
</tr>
<tr>
<td>INSURANCE</td>
<td>16,900.91</td>
<td>15,225.7</td>
<td>11,038.8</td>
</tr>
<tr>
<td>1. S-T EXPORT CREDIT INSURANCE PROGRAMME</td>
<td>14,541.8</td>
<td>12,872.24</td>
<td>10,126.1</td>
</tr>
<tr>
<td>2. S-T DOMESTIC CREDIT INSURANCE PROGRAMME</td>
<td>2,198.9</td>
<td>2,167.33</td>
<td>845.9</td>
</tr>
<tr>
<td>3. MEDIUM AND L-T EXPORT CREDIT INSURANCE PROGRAMMES</td>
<td>160.21</td>
<td>186.20</td>
<td>66.8</td>
</tr>
<tr>
<td>TOTAL</td>
<td>39,571.03</td>
<td>34,200.76</td>
<td>28,908.63</td>
</tr>
</tbody>
</table>

4 FISHERIES SUPPORT PROGRAMME

1. Title of the subsidy programme, if relevant, or brief description or identification of the subsidy

Fisheries Support Programme

Every year, the support payments for the fisheries sector are made from agriculture support budget that was allocated from the general budget. The principles of the payments have been determined by the decision of the Council of Ministers. The rules and procedures for the applicants have been identified within the framework of the Communiqués published in the Official Gazette every year.

The Payments For The Fishing Vessels Owner Giving Up Fishing Activity

The vessels registered and valid fishing licensing in the Fisheries Information System (SUBIS), which have a length of ten meters or bigger than ten meters having permissions for fishing are included in the scope of the support. The vessels operating in inland waters, under 10 meters in length and that the administrative sanctions applied for IUU fishing vessels are excluded from the scope of the support.
Aquaculture Support Programme

The aquaculture support programme includes the instruments to increase the quality of production, to create disease-free enterprises and hatcheries, to promote the production of new species, to protect the environment and to re-cycle system used in aquaculture.

Tax exempted fuel support Programme ( non-specific subsidies)

The special tax exemption programme has been applied in line with the list prepared by the Ministry of Finance and Treasury to the marine vehicles have been performed. Also private vessels are excluded in the list. The procedures and principles regarding the tax exempted fuel of excise duty on these vessels are determined and implemented by the Ministry of Transport and Infrastructure.

The Credits of Agricultural Bank for investment and operational Costs

Ziraat Bank (Agricultural Bank) provides subsidized investment and operational loans to the fisheries sector.

2. Period covered by the notification. The period to be covered by the notification should be the most recently completed calendar or fiscal year. In the latter case, the start and end dates of the fiscal year should be specified

2015-2016.

The program is implemented annually from 1 January to 31 December. Tax exempted fuel for fishing vessels is not provided from 1 May to 1 September when fishing is prohibited. In addition, Ziraat Bank gives discounted interest credits for investment and operating loans to the fisheries sector within the scope of the supports given to agriculture.

3. Policy objective and/or purpose of the subsidy

Preservation and protection of fisheries stocks, reduction of fishing fleet capacity, reduction of fishing pressure on stocks and ensuring sustainable fishing, to reduce environmental degradation by using new technologies and by doing environmental-friendly production.

4. Background and authority for the subsidy (including identification of the legislation under which it is granted)

- Ministry of Agriculture and Forestry (Subsidies and Buy Back Programme);
- Ministry of Treasury and Finance / Ministry of Infrastructure and Transport (Tax exemption for fuel);
- Ziraat Bank (Subsidized investment and operating loans).

Relevant Legislations:

1. Article 19 of the Agricultural Law No. 5488 dated 18/4/2006;
2. Decisions of the Council of Ministers published annually on Agricultural Supports to be published in the Official Gazette;
3. Communiqués issued annually covering the above issues published in the Official Gazette;
4. Special Consumption Tax Law and Implementation Communiqués.

5. Form of the subsidy (i.e., grant, loan, tax concession, etc.)

- The Payments For The Fishing Vessels Owner Giving Up Fishing Activity (Buy Back programme);
- Aquaculture Support Programme (Grants);
- Tax Exempted Fuel (Tax reduction);
- Investment and operating loans (Low Loan Credit).
6. **To whom and how the subsidy is provided (whether to producers, to exporters, or others; through what mechanism; whether a fixed or fluctuating amount per unit; if the latter, how determined)**

The beneficiaries of these support programmes are the owners of fishing vessels having licences, aquaculture farm owners and fisheries cooperatives and unions.

7. **Subsidy per unit, or in cases where this is not possible, the total amount or the annual amount budgeted for that subsidy (indicating, if possible, the average subsidy per unit in the previous year). Where provision of per unit subsidy information (for the year covered by the notification, for the previous year, or both) is not possible, a full explanation**

Within the framework of this program, the Ministry of Agriculture and Forestry has allocated a budget of 75,393,129 USD in 2015 and 60,890,246 USD in 2016 to the fisheries sector. The support accounts totally to 222,373,389 USD in 2015 and 171,379,080 USD in 2016 including tax exempted fuel and Ziraat Bank investment and operating loans. 63,931,589 USD of this is tax exempted fuel support, while 83,048,671 USD is subsidized fisheries credits in 2015; and 62,258,818 USD is tax exempted fuel support, while 48,230,016 USD is subsidized fisheries credits in 2016.

* Official Exchange Rate as of January 2015: 1 USD = 2.3491 TL
* Official Exchange Rate as of January 2016: 1 USD = 2.9475 TL

8. **Duration of the subsidy and/or any other time limits attached to it, including date of inception/commencement**

1 January 2015 - 31 December 2016.

9. **Statistical data permitting an assessment of the trade effects of the subsidy. The specific nature and scope of such statistics is left to the judgement of the notifying Member. To the extent possible, relevant and/or determinable, however, it is desirable that such information include statistics of production, consumption, imports and exports of the subsidized product(s) or sector(s):**

   (a) for the three most recent years for which statistics are available;
   (b) for a previous representative year, which, where possible and meaningful, should be the latest year preceding the introduction of the subsidy or preceding the last major change in the subsidy.

**5 DISCOUNTED SPECIAL CONSUMPTION TAX ON MARINE FUELS**

1. **Title of the subsidy programme, if relevant, or brief description or identification of the subsidy**

Discounted Special Consumption Tax (SCT) implementation on marine fuels (diesel and fuel oil).

2. **Period covered by the notification. The period to be covered by the notification should be the most recently completed calendar or fiscal year. In the latter case, the start and end dates of the fiscal year should be specified**

Concerned practice has been implemented since 1 January 2004.

3. **Policy objective and/or purpose of the subsidy**

The objective of the programme is to use the current potential of seas surrounding Turkey at maximum level by reducing SCT costs in these industries and to ease the burden on national land transportation.

4. **Background and authority for the subsidy (including identification of the legislation under which it is granted)**

The application procedures and principles of the Decision are explained in the section (III / B-1) of the Implementation General Communiqué of SCT List (I).

5. Form of the subsidy (i.e., grant, loan, tax concession, etc.)

This is a discounted tax implementation.

6. To whom and how the subsidy is provided (whether to producers, to exporters, or others; through what mechanism; whether a fixed or fluctuating amount per unit; if the latter, how determined)

The ships carrying freight and passenger or servicing on the cabotage line, commercial yachts and fishing boats which are registered to the Turkish International Ship Registry (TISR) and the National Ship Registry (NSR) can benefit from this implementation.

By the Decision of the Council of Ministers No. 2003/5868 the SCT rate decreased to zero in the delivery of certain diesel and fuel oil types (marine fuels) whose HS codes are indicated in the Communiqué, to these vehicles.

7. Subsidy per unit, or in cases where this is not possible, the total amount or the annual amount budgeted for that subsidy (indicating, if possible, the average subsidy per unit in the previous year). Where provision of per unit subsidy information (for the year covered by the notification, for the previous year, or both) is not possible, a full explanation

The amount of SCT waived in 2017 is 792.087.981 TL.
The amount of SCT waived in 2018 is 595.677.529 TL.

8. Duration of the subsidy and/or any other time limits attached to it, including date of inception/commencement

- 

9. Statistical data permitting an assessment of the trade effects of the subsidy. The specific nature and scope of such statistics is left to the judgement of the notifying Member. To the extent possible, relevant and/or determinable, however, it is desirable that such information include statistics of production, consumption, imports and exports of the subsidized product(s) or sector(s):

   (a) for the three most recent years for which statistics are available;
   (b) for a previous representative year, which, where possible and meaningful, should be the latest year preceding the introduction of the subsidy or preceding the last major change in the subsidy.

6  COOPERATION SUPPORT PROGRAMME

1. Title of the subsidy programme, if relevant, or brief description or identification of the subsidy

Cooperation Support Programme.

2. Period covered by the notification. The period to be covered by the notification should be the most recently completed calendar or fiscal year. In the latter case, the start and end dates of the fiscal year should be specified

This notification relates to the support program provided during the period of 2016-2018.

3. Policy objective and/or purpose of the subsidy

Purposes of the programme are to enhance co-work culture between SMEs or between SMEs and large-sized enterprises and to contribute to development of cooperation which mutually provide benefit and competitive advantage
4. **Background and authority for the subsidy (including identification of the legislation under which it is granted)**

This program is based on the Regulation on KOSGEB Support Programs entered into force after published in the Official Gazette dated 15/06/2010 and numbered 27612.

5. **Form of the subsidy (i.e., grant, loan, tax concession, etc.)**

Grant and Reimbursable.

6. **To whom and how the subsidy is provided (whether to producers, to exporters, or others; through what mechanism; whether a fixed or fluctuating amount per unit; if the latter, how determined)**

The enterprises which are registered and active in the KOSGEB Database and which are the real or legal persons defined in the Turkish Commercial Code may apply. In the project application, at least 5 enterprises should come together for the purpose of cooperation.

7. **Subsidy per unit, or in cases where this is not possible, the total amount or the annual amount budgeted for that subsidy (indicating, if possible, the average subsidy per unit in the previous year). Where provision of per unit subsidy information (for the year covered by the notification, for the previous year, or both) is not possible, a full explanation**

The support budget of the KOSGEB Presidency is an integrated budget and there are no separate support budgets on a program basis. SMEs are supported in line with the appropriations allocated under the central government budget.

Detailed information about the Support Program is given below:

**Cooperation Partnership Models**

1. **Operator Institution Model**

   It is a model which an operator institution is established by project partners after the project is accepted. All process regarding the project is conducted by operator institution.

2. **Project Partnership Model**

   It is a model in which each project partner fulfil a part of activities indicated in business-time plan taking place in project application form.

**Support Elements**

### Operator Institution Model

<table>
<thead>
<tr>
<th>Technology Area of Operator Institution</th>
<th>Minimum Number of SMEs</th>
<th>Upper Support Limit (TL)</th>
<th>Total Upper Limit (TL)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Non-reimbursable</td>
<td>Reimbursable</td>
</tr>
<tr>
<td>High</td>
<td>2</td>
<td>2 Million</td>
<td>3 Million</td>
</tr>
<tr>
<td>Middle-High</td>
<td>3</td>
<td>2 Million</td>
<td>3 Million</td>
</tr>
<tr>
<td>Others</td>
<td>5</td>
<td>2 Million</td>
<td>3 Million</td>
</tr>
</tbody>
</table>

Note: In case of cooperation with large-sized enterprise, only one SME is enough to meet program conditions.

### Project Partnership Model

<table>
<thead>
<tr>
<th>Technology Area of the Project</th>
<th>Minimum Number of SMEs</th>
<th>Upper Support Limit for Each Project Partner(TL)</th>
<th>Total Upper Limit (TL)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Non-reimbursable</td>
<td>Reimbursable</td>
</tr>
<tr>
<td>High</td>
<td>2</td>
<td>1 Million</td>
<td>1 Million</td>
</tr>
<tr>
<td>Middle-High</td>
<td>3</td>
<td>500 Thousand</td>
<td>500 Thousand</td>
</tr>
<tr>
<td>Others</td>
<td>5</td>
<td>250 Thousand</td>
<td>500 Thousand</td>
</tr>
</tbody>
</table>

Note: In case of cooperation with large-sized enterprise, only one SME is enough to meet program conditions.
**Project Issues To Be Supported**

Cooperation projects which are between SME or between SMEs and large-sized enterprises on the subjects of:

- Co-manufacturing to increase capacity, efficiency, product variety and quality;
- Co-development of product and service and co-designing to meet demand of customer and market;
- Co-laboratory to increase quality of product and service;
- Co-marketing to increase market sharing and to create brand image and;
- Cooperation to develop capability and to participate to value chain are supported.

8. **Duration of the subsidy and/or any other time limits attached to it, including date of inception/commencement**

The Support Program comes into force with the decision of the KOSGEB Executive Committee. Support Program will be in force until the KOSGEB Executive Committee decision for changing it.

9. **Statistical data permitting an assessment of the trade effects of the subsidy. The specific nature and scope of such statistics is left to the judgement of the notifying Member. To the extent possible, relevant and/or determinable, however, it is desirable that such information include statistics of production, consumption, imports and exports of the subsidized product(s) or sector(s):**

(a) for the three most recent years for which statistics are available;
(b) for a previous representative year, which, where possible and meaningful, should be the latest year preceding the introduction of the subsidy or preceding the last major change in the subsidy.

The available statistics about the support program are provided in the table including the previous years of notification.

**The Amount of Support Provided by Years**

<table>
<thead>
<tr>
<th>Cooperation Support Programme</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>5.132.103 TL</td>
<td>9.079.029 TL</td>
<td>9.488.250 TL</td>
</tr>
</tbody>
</table>

7 **CREDIT INTEREST SUPPORT PROGRAMME**

1. **Title of the subsidy programme, if relevant, or brief description or identification of the subsidy**

Credit Interest Support Programme.

2. **Period covered by the notification. The period to be covered by the notification should be the most recently completed calendar or fiscal year. In the latter case, the start and end dates of the fiscal year should be specified**

This notification relates to the support program provided during the period of 2016-2018.

3. **Policy objective and/or purpose of the subsidy**

Support is given to enterprises to provide cash loans from public banks, private banks, participation banks under appropriate conditions in order to increase the share and efficiency of small and medium-sized enterprises in meeting the economic and social needs of the country, to increase their competitiveness, and to realize industrial integration in accordance with economic developments.

4. **Background and authority for the subsidy (including identification of the legislation under which it is granted)**

This program is based on the KOSGEB SME Loan Interest Support Regulation entered into force after published in the Official Gazette dated 19/09/2009 and numbered 27354.
5. **Form of the subsidy (i.e., grant, loan, tax concession, etc.)**

Loan.

6. **To whom and how the subsidy is provided (whether to producers, to exporters, or others; through what mechanism; whether a fixed or fluctuating amount per unit; if the latter, how determined)**

The enterprises that are registered and active in the KOSGEB Database, the SME Information Declaration is updated and defined in the Program can benefit from KOSGEB Loan Interest Support.

7. **Subsidy per unit, or in cases where this is not possible, the total amount or the annual amount budgeted for that subsidy (indicating, if possible, the average subsidy per unit in the previous year). Where provision of per unit subsidy information (for the year covered by the notification, for the previous year, or both) is not possible, a full explanation**

The support budget of the KOSGEB Presidency is an integrated budget and there are no separate support budgets on a program basis. SMEs are supported in line with the appropriations allocated under the central government budget.

8. **Duration of the subsidy and/or any other time limits attached to it, including date of inception/commencement**

The Support Program comes into force with the decision of the KOSGEB Executive Committee. Support Program will be in force until the KOSGEB Executive Committee decision for changing it.

9. **Statistical data permitting an assessment of the trade effects of the subsidy. The specific nature and scope of such statistics is left to the judgement of the notifying Member. To the extent possible, relevant and/or determinable, however, it is desirable that such information include statistics of production, consumption, imports and exports of the subsidized product(s) or sector(s):**

   (a) for the three most recent years for which statistics are available;
   (b) for a previous representative year, which, where possible and meaningful, should be the latest year preceding the introduction of the subsidy or preceding the last major change in the subsidy.

The available statistics about the support program are provided in the table including the previous years of notification.

**The Amount of Support Provided by Years**

<table>
<thead>
<tr>
<th>Credit Interest Support Programme</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>31,942,098 TL</td>
<td>739,411,350 TL</td>
<td>531,417,826 TL</td>
</tr>
</tbody>
</table>

**8 EMERGING COMPANIES MARKET SME SUPPORT PROGRAMME**

1. **Title of the subsidy programme, if relevant, or brief description or identification of the subsidy**

Emerging Companies Market SME Support Programme.

2. **Period covered by the notification. The period to be covered by the notification should be the most recently completed calendar or fiscal year. In the latter case, the start and end dates of the fiscal year should be specified**

This notification relates to the support program provided during the period of 2016-2018.

3. **Policy objective and/or purpose of the subsidy**

The purpose of this program; to increase access to finance for small and medium sized enterprises with growth and growth potential by supporting the stock trading of SME’s in the Emerging Companies Market.
4. **Background and authority for the subsidy (including identification of the legislation under which it is granted)**

This program is based on the Regulation on KOSGEB Support Programs entered into force after published in the Official Gazette dated 15/06/2010 and numbered 27612.

5. **Form of the subsidy (i.e., grant, loan, tax concession, etc.)**

Grant.

6. **To whom and how the subsidy is provided (whether to producers, to exporters, or others; through what mechanism; whether a fixed or fluctuating amount per unit; if the latter, how determined)**

The enterprise that wishes to benefit from the program must apply to the relevant Implementation Unit, the applicant company must be joint stock company and registered and active in the KOSGEB Database.

7. **Subsidy per unit, or in cases where this is not possible, the total amount or the annual amount budgeted for that subsidy (indicating, if possible, the average subsidy per unit in the previous year). Where provision of per unit subsidy information (for the year covered by the notification, for the previous year, or both) is not possible, a full explanation**

The support budget of the KOSGEB Presidency is an integrated budget and there are no separate support budgets on a program basis. SMEs are supported in line with the appropriations allocated under the central government budget.

Detailed information about the Support Program is given below:

<table>
<thead>
<tr>
<th>Support Elements</th>
<th>Support Payments Upper Limit (TL)</th>
<th>Support Ratio (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Market advisor consultancy service cost</td>
<td>100,000</td>
<td>75</td>
</tr>
<tr>
<td>The brokerage commission to be paid to the brokerage house</td>
<td>300,000</td>
<td>75</td>
</tr>
<tr>
<td>Independent Audit Service Cost</td>
<td>80,000</td>
<td>75</td>
</tr>
<tr>
<td>Lawyer Report Costs</td>
<td>10,000</td>
<td>75</td>
</tr>
<tr>
<td>CMB Board Registration Fee</td>
<td>10,000</td>
<td>100</td>
</tr>
<tr>
<td>Central Registry Agency costs</td>
<td>10,000</td>
<td>100</td>
</tr>
</tbody>
</table>

The total upper limit of the support provided under the program is 500,000 TL.

8. **Duration of the subsidy and/or any other time limits attached to it, including date of inception/commencement**

The Support Program comes into force with the decision of the KOSGEB Executive Committee. Support Program will be in force until the KOSGEB Executive Committee decision for changing it.

9. **Statistical data permitting an assessment of the trade effects of the subsidy. The specific nature and scope of such statistics is left to the judgement of the notifying Member. To the extent possible, relevant and/or determinable, however, it is desirable that such information include statistics of production, consumption, imports and exports of the subsidized product(s) or sector(s):**

   (a) for the three most recent years for which statistics are available;
   (b) for a previous representative year, which, where possible and meaningful, should be the latest year preceding the introduction of the subsidy or preceding the last major change in the subsidy.

The available statistics about the support program are provided in the table including the previous years of notification.
The Amount of Support Provided by Years

<table>
<thead>
<tr>
<th>Emerging Companies Market SME Support Programme</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>80,512 TL</td>
<td>0 TL</td>
<td>72,126 TL</td>
</tr>
</tbody>
</table>

9 ENTREPRENEURSHIP SUPPORT PROGRAMME

1. Title of the subsidy programme, if relevant, or brief description or identification of the subsidy

   Entrepreneurship Support Programme.

2. Period covered by the notification. The period to be covered by the notification should be the most recently completed calendar or fiscal year. In the latter case, the start and end dates of the fiscal year should be specified.

   This notification relates to the support program provided during the period 2016-2018.

3. Policy objective and/or purpose of the subsidy

   The main purpose of this program is to support entrepreneurship, which is the main factor in the solution of economic development and employment problems, and to establish successful enterprises.

4. Background and authority for the subsidy (including identification of the legislation under which it is granted)

   This program is based on the Regulation on KOSGEB Support Programs entered into force after published in the Official Gazette dated 15/06/2010 and numbered 27612.

5. Form of the subsidy (i.e., grant, loan, tax concession, etc.)

   Grant and reimbursable.

6. To whom and how the subsidy is provided (whether to producers, to exporters, or others; through what mechanism; whether a fixed or fluctuating amount per unit; if the latter, how determined)

   The enterprises established by entrepreneurs who have completed the Applied Entrepreneurship Training can apply.

7. Subsidy per unit, or in cases where this is not possible, the total amount or the annual amount budgeted for that subsidy (indicating, if possible, the average subsidy per unit in the previous year). Where provision of per unit subsidy information (for the year covered by the notification, for the previous year, or both) is not possible, a full explanation

   The support budget of the KOSGEB Presidency is an integrated budget and there are no separate support budgets on a program basis. SMEs are supported in line with the appropriations allocated under the central government budget.
Detailed information about the Support Program is given below:

<table>
<thead>
<tr>
<th>SUPPORT ELEMENT</th>
<th>TOP LIMIT (TL)</th>
<th>SUPPORT RATE (%) (1st and 2nd Region)</th>
<th>SUPPORT RATIO (%) (3rd, 4th, 5th and 6th Region)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Establishment Support</td>
<td>2.000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Establishment Period Machinery, Equipment, Office Hardware and Software Support</td>
<td>18.000</td>
<td>60 Women Entrepreneur, Ghazi, First degree martyr relatives or disabled entrepreneurs 80% applied.</td>
<td>70 Women Entrepreneur, Ghazi, First degree martyr relatives or disabled entrepreneurs 90% applied.</td>
</tr>
<tr>
<td>Operating Expenses Support</td>
<td>30.000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>TOTAL GRANT</td>
<td>50.000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fixed Investment Support</td>
<td>Reimbursable</td>
<td>100.000</td>
<td></td>
</tr>
</tbody>
</table>

8. **Duration of the subsidy and/or any other time limits attached to it, including date of inception/commencement**

Support Programs come into force with the decision of the KOSGEB Executive Committee. Entrepreneurship Support Program, which was put into effect in 2010, was abolished as of the end of 2018.

9. **Statistical data permitting an assessment of the trade effects of the subsidy. The specific nature and scope of such statistics is left to the judgement of the notifying Member. To the extent possible, relevant and/or determinable, however, it is desirable that such information include statistics of production, consumption, imports and exports of the subsidized product(s) or sector(s):**

   (a) for the three most recent years for which statistics are available;
   (b) for a previous representative year, which, where possible and meaningful, should be the latest year preceding the introduction of the subsidy or preceding the last major change in the subsidy.

The available statistics about the support program are provided in the table including the previous years of notification.

**The Amount of Support Provided by Years**

<table>
<thead>
<tr>
<th>Entrepreneurship Support Programme</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>240,655,517 TL</td>
<td>443,419,627 TL</td>
<td>596,332,602 TL</td>
</tr>
</tbody>
</table>

10 **KOBIGEL–SME DEVELOPMENT SUPPORT PROGRAMME**

1. **Title of the subsidy programme, if relevant, or brief description or identification of the subsidy**

KOBIGEL – SME Development Support Programme.

2. **Period covered by the notification. The period to be covered by the notification should be the most recently completed calendar or fiscal year. In the latter case, the start and end dates of the fiscal year should be specified**

This notification relates to the support program provided during the period of 2016-2018.

3. **Policy objective and/or purpose of the subsidy**

In line with the national and international targets of the country, increasing the shares and activities of small and medium-sized enterprises in the economy.

Supporting the projects that SMEs will prepare for the purpose of increasing the competitive power and the added value they provide.
4. **Background and authority for the subsidy (including identification of the legislation under which it is granted)**

This program is based on the Regulation on KOSGEB Support Programs entered into force after published in the Official Gazette dated 15/06/2010 and numbered 27612.

5. **Form of the subsidy (i.e., grant, loan, tax concession, etc.)**

Grant and Reimbursable.

6. **To whom and how the subsidy is provided (whether to producers, to exporters, or others; through what mechanism; whether a fixed or fluctuating amount per unit; if the latter, how determined)**

The enterprises which are registered and active in the KOSGEB Database and which are the real or legal persons defined in the Turkish Commercial Code may apply.

7. **Subsidy per unit, or in cases where this is not possible, the total amount or the annual amount budgeted for that subsidy (indicating, if possible, the average subsidy per unit in the previous year). Where provision of per unit subsidy information (for the year covered by the notification, for the previous year, or both) is not possible, a full explanation**

The support budget of the KOSGEB Presidency is an integrated budget and there are no separate support budgets on a program basis. SMEs are supported in line with the appropriations allocated under the central government budget.

Detailed information about the Support Program is given below.

The support elements will be amended by considering the specificity of the subject in the context of the Call for Proposals.

<table>
<thead>
<tr>
<th>Project Duration</th>
<th>At least 6 Months</th>
<th>Up to 36 Months</th>
<th>(+6) Months</th>
</tr>
</thead>
<tbody>
<tr>
<td>Support Upper Limit</td>
<td>Grant - Up to 300,000 TL</td>
<td>Interest free Loan - Up to 700,000 TL</td>
<td></td>
</tr>
<tr>
<td>Project Support Rate</td>
<td>60%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

8. **Duration of the subsidy and/or any other time limits attached to it, including date of inception/commencement**

The Support Program comes into force with the decision of the KOSGEB Executive Committee. Support Program will be in force until the KOSGEB Executive Committee decision for changing it.

9. **Statistical data permitting an assessment of the trade effects of the subsidy. The specific nature and scope of such statistics is left to the judgement of the notifying Member. To the extent possible, relevant and/or determinable, however, it is desirable that such information include statistics of production, consumption, imports and exports of the subsidized product(s) or sector(s):**

   (a) for the three most recent years for which statistics are available;
   (b) for a previous representative year, which, where possible and meaningful, should be the latest year preceding the introduction of the subsidy or preceding the last major change in the subsidy.

The available statistics about the support program are provided in the table including the previous years of notification.
The Amount of Support Provided by Years

<table>
<thead>
<tr>
<th>KOBIGEL – SME Development Support Programme</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>30.763.201 TL</td>
<td>149.751.672 TL</td>
<td>257.364.661 TL</td>
</tr>
</tbody>
</table>

11 INTERNATIONAL ACCELERATOR SUPPORT PROGRAMME

1. **Title of the subsidy programme, if relevant, or brief description or identification of the subsidy**
   International Accelerator Support Programme.

   This program consists of two sub-programs:
   
   (a) International Incubation Center Building Program.
   (b) International Accelerator Program:
       • The Organizational International Acceleration Programme;
       • The International Accelerator Programme for Individual Participation.

2. **Period covered by the notification. The period to be covered by the notification should be the most recently completed calendar or fiscal year. In the latter case, the start and end dates of the fiscal year should be specified**

   This notification relates to the support program provided during the period of 2017-2018.

3. **Policy objective and/or purpose of the subsidy**

   The purpose of this program; R&D and innovation activities are to support the establishment of an international incubation center and participation of companies in the acceleration programs in order to take place in the international markets, to increase the exportation and to take place in the advanced entrepreneurship ecosystems of domestic technology intensive start-ups.

4. **Background and authority for the subsidy (including identification of the legislation under which it is granted)**

   This program is based on the Regulation on KOSGEB Support Programs entered into force after published in the Official Gazette dated 15/06/2010 and numbered 27612.

5. **Form of the subsidy (i.e., grant, loan, tax concession, etc.)**

   Grant

6. **To whom and how the subsidy is provided (whether to producers, to exporters, or others; through what mechanism; whether a fixed or fluctuating amount per unit; if the latter, how determined)**

   A) INTERNATIONAL INCUBATION CENTER BUILDING PROGRAM
   The company shall be established in the status of a limited or joint stock company specified in the Turkish Commercial Code and in partnership with the applicants.

   B) INTERNATIONAL ACCELERATOR PROGRAM
   • The Organizational International Acceleration Programme:
     The support provided for individual or joint participation in the international accelerator programmes to be organized solely or jointly with:
     ✓ KOSGEB departments;
     ✓ Universities;
     ✓ Technopolls;
     ✓ Technology Transfer Offices;
     ✓ Private Incubation Centers/Accelerators.
The International Accelerator Programme for Individual Participation:
The individual participation of enterprises, which are supported and achieved in success
by using public resources for R&D and/or innovation projects in the international
accelerator programme, shall be supported. The individual participant enterprises in the
international accelerator programme shall be determined by the relevant department of
KOSGEB and published at [www.kosgeb.gov.tr](http://www.kosgeb.gov.tr).

7. Subsidy per unit, or in cases where this is not possible, the total amount or the annual
amount budgeted for that subsidy (indicating, if possible, the average subsidy per unit in the
previous year). Where provision of per unit subsidy information (for the year covered by the
notification, for the previous year, or both) is not possible, a full explanation.

The support budget of the KOSGEB Presidency is an integrated budget and there are no separate
support budgets on a program basis. SMEs are supported in line with the appropriations allocated
under the central government budget.

Detailed information about the Support Program is given below:

A) INTERNATIONAL INCUBATION CENTER BUILDING PROGRAM:
1. Institution and Equipment Support:
   Business Establishment Costs;
   Building Renovation;
   Infrastructure;
   Office Equipment;
   Software Costs;
   Certified Public Accountant;
   Transportation Costs.

   Support Upper Limit: USD 100,000

2. Operational Costs Support:
   Incubation Center Rent;
   Operating Costs;
   Promotion Activities;
   Training, Consultancy, Mentoring, Business Management, Law, Intellectual and Industrial
   Property Rights Services and Organizations to be Received.

   Support Upper Limit: USD 3,750,000

B) INTERNATIONAL ACCELERATOR PROGRAM:
1. Accelerator Office Lease Costs;
2. Education Costs;
3. Consulting Costs;
4. Mentoring Costs;
5. Business Management Costs;
6. Legal Costs;
7. Intellectual and Industrial Property Costs;
8. Transportation Costs;
9. Accommodation Costs;
10. Sworn Financial Consultancy Services Costs;

   **Support Upper Limit**: USD 15,000 is given to SME’s for participating an accelerator program, with
   a support upper limit of USD 60,000.

8. Duration of the subsidy and/or any other time limits attached to it, including date of
   inception/commencement

The Support Program comes into force with the decision of the KOSGEB Executive Committee.
Support Program will be in force until the KOSGEB Executive Committee decision for changing it.
9. **Statistical data permitting an assessment of the trade effects of the subsidy.** The specific nature and scope of such statistics is left to the judgement of the notifying Member. To the extent possible, relevant and/or determinable, however, it is desirable that such information include statistics of production, consumption, imports and exports of the subsidized product(s) or sector(s):

   (a) for the three most recent years for which statistics are available;
   
   (b) for a previous representative year, which, where possible and meaningful, should be the latest year preceding the introduction of the subsidy or preceding the last major change in the subsidy.

The available statistics about the support program are provided in the table including the previous years of notification.

### The Amount of Support Provided by Years

<table>
<thead>
<tr>
<th>International Accelerator Support Programme</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>3,088,101 TL</td>
<td>4,320,409 TL</td>
</tr>
</tbody>
</table>

### 12 R&D, INNOVATION AND INDUSTRIAL APPLICATION SUPPORT PROGRAMME

1. **Title of the subsidy programme, if relevant, or brief description or identification of the subsidy**

R&D, Innovation and Industrial Application Support Programme.

This program consists of two sub-programs:

- R & D and Innovation Program;
- Industrial Application Support Program.

2. **Period covered by the notification.** The period to be covered by the notification should be the most recently completed calendar or fiscal year. In the latter case, the start and end dates of the fiscal year should be specified.

This notification relates to the support program provided during the period 2016-2018.

3. **Policy objective and/or purpose of the subsidy**

**R & D and Innovation Program:** The purpose of the R & D and Innovation Programme is to develop small and medium sized enterprises and entrepreneurs with new ideas and inventions based on science and technology and to support the projects about development of new products, new processes, information and / or services.

**Industrial Application Support Programme:** Scope of Industrial Application Program; KOSGEB supports projects designed to produce new products, increase quality, bring cost-effective new techniques and commercialize products or processes suitable for the market.

4. **Background and authority for the subsidy (including identification of the legislation under which it is granted)**

This program is based on the Regulation on KOSGEB Support Programs entered into force after published in the Official Gazette dated 15/06/2010 and numbered 27612.

5. **Form of the subsidy (i.e., grant, loan, tax concession, etc.)**

Grant and reimbursable

6. **To whom and how the subsidy is provided (whether to producers, to exporters, or others; through what mechanism; whether a fixed or fluctuating amount per unit; if the latter, how determined)**

Entrepreneurs who wish to benefit from the program and the entities defined as real or legal persons defined in the Turkish Commercial Code should apply to the relevant Implementation Unit. It is
essential that the enterprises that apply for the project are registered and active in the KOSGEB Database.

7. **Subsidy per unit**, or in cases where this is not possible, the total amount or the annual amount budgeted for that subsidy (indicating, if possible, the average subsidy per unit in the previous year). Where provision of per unit subsidy information (for the year covered by the notification, for the previous year, or both) is not possible, a full explanation is required.

The support budget of the KOSGEB Presidency is an integrated budget and there are no separate support budgets on a program basis. SMEs are supported in line with the appropriations allocated under the central government budget.

Detailed information about the Support Program is given below:

**R & D and Innovation Program**

<table>
<thead>
<tr>
<th>Supported Project Costs</th>
<th>Support Upper Limit (TL)</th>
<th>Support Rate (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Workshop Support</td>
<td>Workshops are for free</td>
<td></td>
</tr>
<tr>
<td>Rent Support</td>
<td>30,000</td>
<td>75</td>
</tr>
<tr>
<td></td>
<td>(In Technopark)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>24,000</td>
<td>75</td>
</tr>
<tr>
<td>(Out of Technopark)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Machinery-Equipment, Hardware, Raw Materials, Software and Service Procurement Costs Support</td>
<td>150,000</td>
<td>75</td>
</tr>
<tr>
<td>Machinery-Equipment, Hardware, Raw Materials, Software and Service Procurement Costs Support (Interest Free Loan)</td>
<td>300,000</td>
<td>75</td>
</tr>
<tr>
<td>Staff Cost Support</td>
<td>150,000</td>
<td>75</td>
</tr>
<tr>
<td>Start-up Capital Support</td>
<td>20,000</td>
<td>100</td>
</tr>
<tr>
<td>Project Consultancy Support</td>
<td>25,000</td>
<td>75</td>
</tr>
<tr>
<td>Training Support</td>
<td>10,000</td>
<td></td>
</tr>
<tr>
<td>Industrial and Intellectual Property Support</td>
<td>20,000</td>
<td></td>
</tr>
<tr>
<td>Project Promotion Support</td>
<td>5,000</td>
<td></td>
</tr>
<tr>
<td>Domestic - Overseas Congress / Conference / Exhibition Visit / Technological Cooperation Visit Support</td>
<td>15,000</td>
<td></td>
</tr>
<tr>
<td>Testing, Analysis, Certification Support</td>
<td>25,000</td>
<td></td>
</tr>
</tbody>
</table>

**Industrial Application Support Programme**

<table>
<thead>
<tr>
<th>Supported Project Costs</th>
<th>Support Upper Limit (TL)</th>
<th>Support Rate (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rent Support</td>
<td>18,000</td>
<td>75</td>
</tr>
<tr>
<td>Machine-Equipment, Hardware, Consumables, Software and Design Costs Support</td>
<td>150,000</td>
<td>75</td>
</tr>
<tr>
<td>Machine-Equipment, Hardware, Supplies, Software and Design Costs Support (Payback)</td>
<td>500,000</td>
<td>75</td>
</tr>
<tr>
<td>Staff Cost Support</td>
<td>150,000</td>
<td>75</td>
</tr>
</tbody>
</table>

8. **Duration of the subsidy and/or any other time limits attached to it, including date of inception/commencement**

The Support Program comes into force with the decision of the KOSGEB Executive Committee. Support Program will be in force until the KOSGEB Executive Committee decision for changing it.

9. **Statistical data permitting an assessment of the trade effects of the subsidy.** The specific nature and scope of such statistics is left to the judgement of the notifying Member. To the extent possible, relevant and/or determinable, however, it is desirable that such information include statistics of production, consumption, imports and exports of the subsidized product(s) or sector(s):

   (a) for the three most recent years for which statistics are available;
for a previous representative year, which, where possible and meaningful, should be the latest year preceding the introduction of the subsidy or preceding the last major change in the subsidy.

The available statistics about the support program are provided in the table including the previous years of notification.

The Amount of Support Provided by Years

<table>
<thead>
<tr>
<th>R&amp;D, Innovation and Industrial Application Support Programme</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>49,896,284 TL</td>
<td>58,767,148 TL</td>
<td>71,370,036 TL</td>
</tr>
</tbody>
</table>

13 SME DEVELOPMENT SUPPORT PROGRAMME

1. **Title of the subsidy programme, if relevant, or brief description or identification of the subsidy**

SME Development Support Programme.

2. **Period covered by the notification. The period to be covered by the notification should be the most recently completed calendar or fiscal year. In the latter case, the start and end dates of the fiscal year should be specified**

This notification relates to the support program provided during 2018.

3. **Policy objective and/or purpose of the subsidy**

The purpose of this program is to increase the competitiveness, institutionalization-branding levels and share of the economy in small and medium sized enterprises, to develop their capacities and to meet their priority needs.

4. **Background and authority for the subsidy (including identification of the legislation under which it is granted)**

This program is based on the Regulation on KOSGEB Support Programs entered into force after published in the Official Gazette dated 15/06/2010 and numbered 27612.

5. **Form of the subsidy (i.e., grant, loan, tax concession, etc.)**

Grant.

6. **To whom and how the subsidy is provided (whether to producers, to exporters, or others; through what mechanism; whether a fixed or fluctuating amount per unit; if the latter, how determined)**

The enterprises which are registered and active in the KOSGEB Database and which are the real or legal persons defined in the Turkish Commercial Code may apply.

7. **Subsidy per unit, or in cases where this is not possible, the total amount or the annual amount budgeted for that subsidy (indicating, if possible, the average subsidy per unit in the previous year). Where provision of per unit subsidy information (for the year covered by the notification, for the previous year, or both) is not possible, a full explanation**

The support budget of the KOSGEB Presidency is an integrated budget and there are no separate support budgets on a program basis. SMEs are supported in line with the appropriations allocated under the central government budget.
Detailed information about the Support Program is given below.

<table>
<thead>
<tr>
<th>Business Development Support Program Support</th>
<th>Support Upper Limit (TL)</th>
<th>Support Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Domestic Fair Support</td>
<td>50,000</td>
<td>60</td>
</tr>
<tr>
<td>Overseas Business Trip Support</td>
<td>20,000</td>
<td>60</td>
</tr>
<tr>
<td>Qualified Staff Employment Support (*)</td>
<td>50,000</td>
<td>60</td>
</tr>
<tr>
<td>Training Support</td>
<td>20,000</td>
<td>60</td>
</tr>
<tr>
<td>Energy Efficiency Support</td>
<td>35,000</td>
<td>60</td>
</tr>
<tr>
<td>Design Support</td>
<td>25,000</td>
<td>60</td>
</tr>
<tr>
<td>Industrial Property Rights Support (***)</td>
<td>30,000</td>
<td>60</td>
</tr>
<tr>
<td>Certification Support (***)</td>
<td>30,000</td>
<td>60</td>
</tr>
<tr>
<td>Test and Analysis Support</td>
<td>30,000</td>
<td>60</td>
</tr>
</tbody>
</table>

Within the scope of KOSGEB SME and Entrepreneurship Awards, finalists determined annually are supported 100% for their one international business trip costs without considering the upper limits from the international business trip program organized by KOSGEB.

(*) Personnel to be employed within the scope of Qualified Staff Employment Support; If entrepreneur is a new graduate form a university, female, disabled, first degree relative of a martyr, or a veteran, The Extra 20% (twenty) is added to the support rate.

(**) The documents to be obtained from TSE and TURKPATENT are 100% supported.

8. **Duration of the subsidy and/or any other time limits attached to it, including date of inception/commencement**

The Support Program comes into force with the decision of the KOSGEB Executive Committee. Support Program will be in force until the KOSGEB Executive Committee decision for changing it.

9. **Statistical data permitting an assessment of the trade effects of the subsidy. The specific nature and scope of such statistics is left to the judgement of the notifying Member. To the extent possible, relevant and/or determinable, however, it is desirable that such information include statistics of production, consumption, imports and exports of the subsidized product(s) or sector(s):**

(a) for the three most recent years for which statistics are available;

(b) for a previous representative year, which, where possible and meaningful, should be the latest year preceding the introduction of the subsidy or preceding the last major change in the subsidy.

The available statistics about the support program are provided in the table including the previous years of notification.

**The Amount of Support Provided by Years**

<table>
<thead>
<tr>
<th>SME Development Support Programme</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>311,897 TL</td>
</tr>
</tbody>
</table>

**14 SME DEVELOPMENT SUPPORT PROGRAMME**

1. **Title of the subsidy programme, if relevant, or brief description or identification of the subsidy**

SME Technological Product Investment Support Programme.

2. **Period covered by the notification. The period to be covered by the notification should be the most recently completed calendar or fiscal year. In the latter case, the start and end dates of the fiscal year should be specified**

This notification relates to the support program provided during 2018.

3. **Policy objective and/or purpose of the subsidy**

The purpose of the programme is to increase export by supporting investments which purpose production and commercialization of new product/products resulting from R&D or innovation activities, for providing value added to economy.
4. **Background and authority for the subsidy (including identification of the legislation under which it is granted)**

This program is based on the Regulation on KOSGEB Support Programs entered into force after published in the Official Gazette dated 15/06/2010 and numbered 27612.

5. **Form of the subsidy (i.e., grant, loan, tax concession, etc.)**

Grant and reimbursable

6. **To whom and how the subsidy is provided (whether to producers, to exporters, or others; through what mechanism; whether a fixed or fluctuating amount per unit; if the latter, how determined)**

Enterprises which:

1. Are operating for at least 1 year.

2. Have one of the following documents, indicating that R&D project completed up to 5 years ago:
   - resulting from a R&D and Innovation Projects which are supported by KOSGEB and other public institutions, law-established foundations or international funds;
   - being protected by a patent;
   - result from a doctoral study;
   - certificate of Technological Product Experience.

3. Complete prototyping.

7. **Subsidy per unit, or in cases where this is not possible, the total amount or the annual amount budgeted for that subsidy (indicating, if possible, the average subsidy per unit in the previous year). Where provision of per unit subsidy information (for the year covered by the notification, for the previous year, or both) is not possible, a full explanation**

The support budget of the KOSGEB Presidency is an integrated budget and there are no separate support budgets on a program basis. SMEs are supported in line with the appropriations allocated under the central government budget.

Detailed information about the Support Program is given below.

<table>
<thead>
<tr>
<th>Support Elements</th>
<th>Support Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Machinery-Equipment Support</td>
<td>%100 (%60 non-reimbursable+%40 reimbursable)</td>
</tr>
<tr>
<td>Production Line Design Costs Support</td>
<td>%60 (non-reimbursable)</td>
</tr>
<tr>
<td>Software Costs Support</td>
<td>%60 (non-reimbursable)</td>
</tr>
<tr>
<td>Staff Costs Support</td>
<td>%60 (non-reimbursable)</td>
</tr>
<tr>
<td>Training and Consultancy Support</td>
<td>%60 (non-reimbursable)</td>
</tr>
<tr>
<td>Promotion and Marketing Costs Support</td>
<td>%60 (non-reimbursable)</td>
</tr>
</tbody>
</table>

8. **Duration of the subsidy and/or any other time limits attached to it, including date of inception/commencement**

The Support Program comes into force with the decision of the KOSGEB Executive Committee. Support Program will be in force until the KOSGEB Executive Committee decision for changing it.
9. Statistical data permitting an assessment of the trade effects of the subsidy. The specific nature and scope of such statistics is left to the judgement of the notifying Member. To the extent possible, relevant and/or determinable, however, it is desirable that such information include statistics of production, consumption, imports and exports of the subsidized product(s) or sector(s):

(a) for the three most recent years for which statistics are available;
(b) for a previous representative year, which, where possible and meaningful, should be the latest year preceding the introduction of the subsidy or preceding the last major change in the subsidy.

The available statistics about the support program are provided in the table including the previous years of notification.

### The Amount of Support Provided by Years

<table>
<thead>
<tr>
<th>SME Technological Product Investment Support Programme</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>29,770,360 TL</td>
</tr>
</tbody>
</table>

### 15 TECHNOLOGIC PRODUCT PROMOTION AND MARKETING SUPPORT PROGRAMME

1. Title of the subsidy programme, if relevant, or brief description or identification of the subsidy:

   Technologic Product Promotion and Marketing Support Programme.

2. Period covered by the notification. The period to be covered by the notification should be the most recently completed calendar or fiscal year. In the latter case, the start and end dates of the fiscal year should be specified

   This notification relates to the support program provided during the period of 2017-2018.

3. Policy objective and/or purpose of the subsidy

   Purposes of programme are to increase competitive power of SMEs which are in the area of technology in international market; to meet need for support mechanism regarding commercialization of R&D and Innovation project outputs and to support promotion and marketing activities for technologic products.

4. Background and authority for the subsidy (including identification of the legislation under which it is granted)

   This program is based on the Regulation on KOSGEB Support Programs entered into force after published in the Official Gazette dated 15/06/2010 and numbered 27612.

5. Form of the subsidy (i.e., grant, loan, tax concession, etc.)

   Grant.

6. To whom and how the subsidy is provided (whether to producers, to exporters, or others; through what mechanism; whether a fixed or fluctuating amount per unit; if the latter, how determined)

   Enterprises having a technological product/ prototype which is obtained as a result of:

   - Successfully completed projects, whose R&D, innovation or design project is supported with public resources or enterprises,
   - Protected with a patent document,
   - Awarded a Technologic Product (TÜR) Experience Certificate
7. Subsidy per unit, or in cases where this is not possible, the total amount or the annual amount budgeted for that subsidy (indicating, if possible, the average subsidy per unit in the previous year). Where provision of per unit subsidy information (for the year covered by the notification, for the previous year, or both) is not possible, a full explanation.

The support budget of the KOSGEB Presidency is an integrated budget and there are no separate support budgets on a program basis. SMEs are supported in line with the appropriations allocated under the central government budget.

Detailed information about the Support Program is given below.

Within the scope of the programme, the upper limit of support is 150,000 (one hundred and fifty thousand) TL as non-reimbursable support:

- 100,000 TL for promotion and marketing activities abroad;
- 50,000 TL for promotion and marketing activities in Turkey.

8. Duration of the subsidy and/or any other time limits attached to it, including date of inception/commencement

The Support Program comes into force with the decision of the KOSGEB Executive Committee. Support Program will be in force until the KOSGEB Executive Committee decision for changing it.

9. Statistical data permitting an assessment of the trade effects of the subsidy. The specific nature and scope of such statistics is left to the judgement of the notifying Member. To the extent possible, relevant and/or determinable, however, it is desirable that such information include statistics of production, consumption, imports and exports of the subsidized product(s) or sector(s):

(a) for the three most recent years for which statistics are available;
(b) for a previous representative year, which, where possible and meaningful, should be the latest year preceding the introduction of the subsidy or preceding the last major change in the subsidy.

The available statistics about the support program are provided in the table including the previous years of notification.

**The Amount of Support Provided by Years**

<table>
<thead>
<tr>
<th>Technologic Product Promotion and Marketing Support Programme</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1,242,654 TL</td>
<td>2,566,760 TL</td>
</tr>
</tbody>
</table>


Exhibit CVD - TR - 3
Caution: The form, instruction, or publication you are looking for begins on the next page. But first see the important information below.

This 2018 form, instruction, or publication is being revised to reflect legislation enacted December 20, 2019. The updated revision will be posted here as soon as possible with a February or March 2020 revision date added to it. The most recently issued final revision that will soon be replaced begins on the next page.

Several provisions that had expired or did not apply for 2018, particularly those related to disasters, now apply for 2018 due to the December legislation. You may therefore want to amend your 2018 return. You may want to wait until after 2019 returns are due, April 15, 2020, to file an amended return for 2018. For more information, see IRS.gov/Extenders, IRS.gov/FormsUpdates, and IRS.gov/Forms.

Early release drafts of forms and instructions (and some pubs), including upcoming 2018 updated revisions, are posted before the final release at IRS.gov/DraftForms (note that they remain there after the final release is posted). The most recently issued final revision of forms, instructions, and publications is posted at IRS.gov/LatestForms, and at IRS.gov/AllForms, which has revisions for all years each form, instruction, or pub has been issued.

Almost every form and publication has a page on IRS.gov. For example, the Form 1040 page is at https://IRS.gov/form1040; the Pub. 501 page is at IRS.gov/Pub501; the Form W-4 page is at IRS.gov/W4; and the Schedule A (Form 1040 or 1040-SR) page is at IRS.gov/ScheduleA. (If typing in a link above instead of clicking on it, be sure to type the link into the address bar of your browser, not a Search box.) Note that instructions and publications are available from these pages in PDF for printing, HTML for viewing online, and in many cases, in eBook format for mobile viewing (see IRS.gov/eBook for details).

If you wish, you can submit comments to the IRS about draft or final forms, instructions, or publications at IRS.gov/FormComments. All information about forms, instructions, and pubs is at IRS.gov/Forms.
The type and rule above prints on all proofs including departmental reproduction proofs. MUST be removed before printing.

To learn more about how to depreciate property, refer to Publication 946, How To Depreciate Property. This publication covers topics such as Section 179 Deduction, Special Depreciation Allowance, MACRS, and Listed Property.

For use in preparing 2018 Returns, you can find the latest information on the IRS website at:
- IRS.gov
- IRS.gov/Spanish
- IRS.gov/Chinese
- IRS.gov/Korean
- IRS.gov/Russian
- IRS.gov/Vietnamese

Get forms and other information faster and easier at:
- IRS.gov (English)
- IRS.gov/Spanish (Español)
- IRS.gov/Korean (한국어)
- IRS.gov/Russian (Русский)
- IRS.gov/Vietnamese (Tiếng Việt)

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Future Developments

For the latest information about developments related to Pub. 946, such as legislation enacted after this publication was published, go to IRS.gov/Pub946.

What’s New for 2018

Increased section 179 deduction dollar limits. The maximum you can elect to deduct for most section 179 property you placed in service in tax years beginning in 2018 is $1,000,000. This limit is reduced by the amount by which the cost of section 179 property placed in service during the tax year exceeds $2,500,000. See Dollar Limits in chapter 2.

Qualified section 179 real property. For property placed in service in tax years beginning after 2017, qualified section 179 real property is qualified improvement property (as defined in section 168(e)(6)), and certain specified improvements to nonresidential real property placed in service after the nonresidential real property was first placed in service.

Computers and related peripheral equipment. Computers and related peripheral equipment placed in service after 2017, in tax years ending after 2017, are no longer treated as listed property.

Electing real property trade or business and electing farm business. An electing real property trade or business (as defined in section 163(j)(7)(B)) and electing farming business (as defined in section 163(j)(7)(C)) are required to use the alternative depreciation system for certain property to figure depreciation under MACRS for tax years beginning after 2017.

Recovery period for residential rental property. For the property placed in service after 2017, the alternative depreciation system (ADS) recovery period for residential rental property has been shortened from 40 years to 30 years.

Depreciation limits on business vehicles. The total section 179 deduction and depreciation you can deduct for a passenger automobile, including a truck or van, you use in your business and first placed in service in 2018 is $10,000, if the special depreciation allowance does not apply. See Maximum Depreciation Deduction in chapter 5.

What’s New for 2019

Section 179 deduction dollar limits. The maximum amount you can deduct for most section 179 property you placed in service in tax years beginning in 2019 is $1,020,000. This limit is reduced by the amount by which the cost of section 179 property placed in service during the tax year exceeds $2,550,000.

Also, the maximum section 179 expense deduction for sport utility vehicles placed in service in tax years beginning in 2019 is $25,500.

Reminders

Photographs of missing children. The Internal Revenue Service is a proud partner with the National Center for Missing & Exploited Children® (NCMEC). Photographs of missing children selected by the Center may appear in this publication on pages that would otherwise be blank. You can help bring these children home by looking at the photographs and calling 1-800-THE-LOST (1-800-843-5678) if you recognize a child.

Introduction

This publication explains how you can recover the cost of business or income-producing property through deductions for depreciation (for example, the special depreciation allowance and deductions under the Modified Accelerated Cost Recovery System (MACRS)). It also explains how you can elect to take a section 179 deduction, instead of depreciation deductions, for certain property, and the additional rules for listed property.

The depreciation methods discussed in this publication generally do not apply to property placed in service before 1987. For more information, see Pub. 534, Depreciating Property Placed in Service Before 1987.

Definitions. Many of the terms used in this publication are defined in the Glossary near the end of the publication. Glossary terms used in each discussion under the major headings are listed before the beginning of each discussion throughout the publication.
## Table of Class Lives and Recovery Periods

<table>
<thead>
<tr>
<th>Asset class</th>
<th>Description of assets included</th>
<th>Class Life (in years)</th>
<th>GDS (MACRS)</th>
<th>ADS</th>
</tr>
</thead>
<tbody>
<tr>
<td>00.11</td>
<td>Office Furniture, Fixtures, and Equipment: Includes furniture and fixtures that are not a structural component of a building. Includes such assets as desks, files, safes, and communications equipment. Does not include communications equipment that is included in other classes.</td>
<td>10</td>
<td>7</td>
<td>10</td>
</tr>
<tr>
<td>00.12</td>
<td>Information Systems: Includes computers and their peripheral equipment used in administering normal business transactions and the maintenance of business records, their retrieval and analysis. Information systems are defined as: 1) Computers: A computer is a programmable electronically activated device capable of accepting information, applying prescribed processes to the information, and supplying the results of these processes with or without human intervention. It usually consists of a central processing unit containing extensive storage, logic, arithmetic, and control capabilities. Excluded from this category are adding machines, electronic desk calculators, etc., and other equipment described in class 00.13. 2) Peripheral equipment consists of the auxiliary machines which are designed to be placed under control of the central processing unit. Nonlimiting examples are: Card readers, card punches, magnetic tape feeds, high speed printers, optical character readers, tape cassettes, mass storage units, paper tape equipment, keypunches, data entry devices, teleprinters, terminals, tape drives, disc drives, disc files, disc packs, visual image projector tubes, card sorters, plotters, and collators. Peripheral equipment may be used on-line or off-line. Does not include equipment that is an integral part of other capital equipment that is included in other classes of economic activity, i.e., computers used primarily for process or production control, switching, channeling, and automating distributive trades and services such as point of sale (POS) computer systems. Also, does not include equipment of a kind used primarily for amusement or entertainment of the user.</td>
<td>6</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>00.13</td>
<td>Data Handling Equipment; except Computers: Includes only typewriters, calculators, adding and accounting machines, copiers, and duplicating equipment.</td>
<td>6</td>
<td>5</td>
<td>6</td>
</tr>
<tr>
<td>00.21</td>
<td>Airplanes (airframes and engines), except those used in commercial or contract carrying of passengers or freight, and all helicopters (airframes and engines)</td>
<td>6</td>
<td>5</td>
<td>6</td>
</tr>
<tr>
<td>00.22</td>
<td>Automobiles, Taxis</td>
<td>3</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>00.23</td>
<td>Buses</td>
<td>9</td>
<td>5</td>
<td>9</td>
</tr>
<tr>
<td>00.241</td>
<td>Light General Purpose Trucks: Includes trucks for use over the road (actual weight less than 13,000 pounds)</td>
<td>4</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>00.242</td>
<td>Heavy General Purpose Trucks: Includes heavy general purpose trucks, concrete ready mix-trucks, and ore trucks, for use over the road (actual unloaded weight 13,000 pounds or more)</td>
<td>6</td>
<td>5</td>
<td>6</td>
</tr>
<tr>
<td>00.25</td>
<td>Railroad Cars and Locomotives, except those owned by railroad transportation companies</td>
<td>15</td>
<td>7</td>
<td>15</td>
</tr>
<tr>
<td>00.26</td>
<td>Tractor Units for Use Over-The-Road</td>
<td>4</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>00.27</td>
<td>Trailers and Trailer-Mounted Containers</td>
<td>6</td>
<td>5</td>
<td>6</td>
</tr>
<tr>
<td>00.28</td>
<td>Vessels, Barges, Tugs, and Similar Water Transportation Equipment, except those used in marine construction</td>
<td>18</td>
<td>10</td>
<td>18</td>
</tr>
<tr>
<td>00.3</td>
<td>Land Improvements: Includes improvements directly to or added to land, whether such improvements are section 1245 property or section 1250 property, provided such improvements are depreciable. Examples of such assets might include sidewalks, roads, canals, waterways, drainage facilities, sewers (not including municipal sewers in Class 51), wharves and docks, bridges, fences, landscaping shrubbery, or radio and television transmitting towers. Does not include land improvements that are explicitly included in any other class, and buildings and structural components as defined in section 1.48-1(e) of the regulations. Excludes public utility initial clearing and grading land improvements as specified in Rev. Rul. 72-403, 1972-2 C.B. 102.</td>
<td>20</td>
<td>15</td>
<td>20</td>
</tr>
<tr>
<td>00.4</td>
<td>Industrial Steam and Electric Generation and/or Distribution Systems: Includes assets, whether such assets are section 1245 property or 1250 property, providing such assets are depreciable, used in the production and/or distribution of electricity with rated total capacity in excess of 500 Kilowatts and/or assets used in the production and/or distribution of steam with rated total capacity in excess of 12,500 pounds per hour for use by the taxpayer in its industrial manufacturing process or plant activity and not ordinarily available for sale to others. Does not include buildings and structural components as defined in section 1.48-1(e) of the regulations. Assets used to generate and/or distribute electricity or steam of the type described above, but of lesser rated capacity, are not included, but are included in the appropriate manufacturing equipment classes elsewhere specified. Also includes electric generating and steam distribution assets, which may utilize steam produced by a waste reduction and resource recovery plant, used by the taxpayer in its industrial manufacturing process or plant activity. Steam and chemical recovery boiler systems used for the recovery and regeneration of chemicals used in manufacturing, with rated capacity in excess of that described above, with specifically related distribution and return systems are not included but are included in appropriate manufacturing equipment classes elsewhere specified. An example of an excluded steam and chemical recovery boiler system is that used in the pulp and paper manufacturing classes elsewhere specified. An example of an excluded steam and chemical recovery boiler system is that used in the pulp and paper manufacturing industry.</td>
<td>22</td>
<td>15</td>
<td>22</td>
</tr>
</tbody>
</table>
### Table B-2. Table of Class Lives and Recovery Periods

<table>
<thead>
<tr>
<th>Asset class</th>
<th>Description of assets included</th>
<th>Class Life (in years)</th>
<th>GDS (MACRS)</th>
<th>ADS</th>
</tr>
</thead>
<tbody>
<tr>
<td>01.1</td>
<td><strong>Agriculture:</strong> Includes machinery and equipment, grain bins, and fences but no other land improvements, that are used in the production of crops or plants, vines, and trees; livestock; the operation of farm dairies, nurseries, greenhouses, sod farms, mushroom cellars, cranberry bogs, apiaries, and fur farms; the performance of agriculture, animal husbandry, and horticultural services.</td>
<td>10</td>
<td>7</td>
<td>10</td>
</tr>
<tr>
<td>01.11</td>
<td><strong>Cotton Ginning Assets</strong></td>
<td>12</td>
<td>7</td>
<td>12</td>
</tr>
<tr>
<td>01.21</td>
<td><strong>Cattle, Breeding or Dairy</strong></td>
<td>7</td>
<td>5</td>
<td>7</td>
</tr>
<tr>
<td>01.221</td>
<td><strong>Any breeding or work horse that is 12 years old or less at the time it is placed in service</strong></td>
<td>10</td>
<td>7</td>
<td>10</td>
</tr>
<tr>
<td>01.222</td>
<td><strong>Any breeding or work horse that is more than 12 years old at the time it is placed in service</strong></td>
<td>10</td>
<td>7</td>
<td>10</td>
</tr>
<tr>
<td>01.223</td>
<td><strong>Any race horse that is more than 2 years old at the time it is placed in service</strong></td>
<td>*</td>
<td>3</td>
<td>12</td>
</tr>
<tr>
<td>01.224</td>
<td><strong>Any horse that is more than 12 years old at the time it is placed in service and that is neither a race horse nor a horse described in class 01.222</strong></td>
<td>*</td>
<td>3</td>
<td>12</td>
</tr>
<tr>
<td>01.225</td>
<td><strong>Any horse not described in classes 01.221, 01.222, 01.223, or 01.224</strong></td>
<td>*</td>
<td>7</td>
<td>12</td>
</tr>
<tr>
<td>01.23</td>
<td><strong>Hogs, Breeding</strong></td>
<td>3</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>01.24</td>
<td><strong>Sheep and Goats, Breeding</strong></td>
<td>5</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>01.3</td>
<td><strong>Farm buildings except structures included in Class 01.4</strong></td>
<td>25</td>
<td>20</td>
<td>25</td>
</tr>
<tr>
<td>01.4</td>
<td><strong>Single purpose agricultural or horticultural structures (within the meaning of section 168(i)(13) of the Code)</strong></td>
<td>15</td>
<td>10***</td>
<td>15</td>
</tr>
<tr>
<td>10.0</td>
<td><strong>Mining:</strong> Includes assets used in the mining and quarrying of metallic and nonmetallic minerals (including sand, gravel, stone, and clay) and the milling, beneficiation and other primary preparation of such materials.</td>
<td>10</td>
<td>7</td>
<td>10</td>
</tr>
<tr>
<td>13.0</td>
<td><strong>Offshore Drilling:</strong> Includes assets used in offshore drilling for oil and gas such as floating, self-propelled and other drilling vessels, barges, platforms, and drilling equipment and support vessels such as tenders, barges, towboats and crewboats. Excludes oil and gas production assets.</td>
<td>7.5</td>
<td>5</td>
<td>7.5</td>
</tr>
<tr>
<td>13.1</td>
<td><strong>Drilling of Oil and Gas Wells:</strong> Includes assets used in the drilling of onshore oil and gas wells and the provision of geophysical and other exploration services; and the provision of such oil and gas field services as chemical treatment, plugging and abandoning wells and cementing or perforating well casings. Does not include assets used in the performance of any of these activities and services by integrated petroleum and natural gas producers for their own account.</td>
<td>6</td>
<td>5</td>
<td>6</td>
</tr>
<tr>
<td>13.2</td>
<td><strong>Exploration for and Production of Petroleum and Natural Gas Deposits:</strong> Includes assets used by petroleum and natural gas producers for drilling of wells and production of petroleum and natural gas, including gathering pipelines and related storage facilities. Also includes petroleum and natural gas offshore transportation facilities used by producers and others consisting of platforms (other than drilling platforms classified in Class 13.0), compression or pumping equipment, and gathering and transmission lines to the first onshore transshipment facility. The assets used in the first onshore transshipment facility are also included and consist of separation equipment (used for separation of natural gas, liquids, and in Class 49.23), and liquid holding or storage facilities (other than those classified in Class 49.25). Does not include support vessels.</td>
<td>14</td>
<td>7</td>
<td>14</td>
</tr>
<tr>
<td>13.3</td>
<td><strong>Petroleum Refining:</strong> Includes assets used for the distillation, fractionation, and catalytic cracking of crude petroleum into gasoline and its other components.</td>
<td>16</td>
<td>10</td>
<td>16</td>
</tr>
<tr>
<td>15.0</td>
<td><strong>Construction:</strong> Includes assets used in construction by general building, special trade, heavy and marine construction contractors, operative and investment builders, real estate subdividers and developers, and others except railroads.</td>
<td>6</td>
<td>5</td>
<td>6</td>
</tr>
<tr>
<td>20.1</td>
<td><strong>Manufacture of Grain and Grain Mill Products:</strong> Includes assets used in the production of flours, cereals, livestock feeds, and other grain and grain mill products.</td>
<td>17</td>
<td>10</td>
<td>17</td>
</tr>
<tr>
<td>20.2</td>
<td><strong>Manufacture of Sugar and Sugar Products:</strong> Includes assets used in the production of raw sugar, syrup, or finished sugar from sugar cane or sugar beets.</td>
<td>18</td>
<td>10</td>
<td>18</td>
</tr>
<tr>
<td>20.3</td>
<td><strong>Manufacture of Vegetable Oils and Vegetable Oil Products:</strong> Includes assets used in the production of oil from vegetable materials and the manufacture of related vegetable oil products.</td>
<td>18</td>
<td>10</td>
<td>18</td>
</tr>
<tr>
<td>20.4</td>
<td><strong>Manufacture of Other Food and Kindred Products:</strong> Includes assets used in the production of foods and beverages not included in classes 20.1, 20.2 and 20.3.</td>
<td>12</td>
<td>7</td>
<td>12</td>
</tr>
<tr>
<td>20.5</td>
<td><strong>Manufacture of Food and Beverages—Special Handling Devices:</strong> Includes assets defined as specialized materials handling devices such as returnable pallets, palletized containers, and fish processing equipment including boxes, baskets, carts, and flaking trays used in activities as defined in classes 20.1, 20.2, 20.3 and 20.4. Does not include general purpose small tools such as wrenches and drills, both hand and power-driven, and other general purpose equipment such as conveyors, transfer equipment, and materials handling devices.</td>
<td>4</td>
<td>3</td>
<td>4</td>
</tr>
</tbody>
</table>

* Property described in asset classes 01.223, 01.224, and 01.225 are assigned recovery periods but have no class lives.

** A horse is more than 2 (or 12) years old after the day that is 24 (or 144) months after its actual birthdate.

*** 7 if property was placed in service before 1989.
<table>
<thead>
<tr>
<th>Asset class</th>
<th>Description of assets included</th>
<th>Class Life (in years)</th>
<th>Recovery Periods (in years)</th>
</tr>
</thead>
<tbody>
<tr>
<td>21.0</td>
<td>Manufacture of Tobacco and Tobacco Products: Includes assets used in the production of cigarettes, cigars, smoking and chewing tobacco, snuff, and other tobacco products.</td>
<td>15</td>
<td>7</td>
</tr>
<tr>
<td>22.1</td>
<td>Manufacture of Knitted Goods: Includes assets used in the production of knitted and netted fabrics and lace. Assets used in yarn preparation, bleaching, dyeing, printing, and other similar finishing processes, texturing, and packaging, are elsewhere classified.</td>
<td>7.5</td>
<td>5</td>
</tr>
<tr>
<td>22.2</td>
<td>Manufacture of Yarn, Thread, and Woven Fabric: Includes assets used in the processing of spun yarns including the preparing, blending, spinning, and twisting of fibers into yarns and threads, the preparation of yarns such as twisting, warping, and winding, the production of covered elastic yarn and thread, cordage, woven fabric, tire fabric, braided fabric, twisted jute for packaging, mattresses, pads, sheets, and industrial belts, and the processing of textile mill waste to recover fibers, fleeces, and shoddy. Assets used to manufacture carpets, man-made fibers, and nonwovens, and assets used in texturing, bleaching, dyeing, printing, and other similar finishing processes, are elsewhere classified.</td>
<td>11</td>
<td>7</td>
</tr>
<tr>
<td>22.3</td>
<td>Manufacture of Carpets and Dyeing, Finishing, and Packaging of Textile Products and Manufacture of Medical and Dental Supplies: Includes assets used in the production of carpets, rugs, mats, woven carpet backing, chenille, and other tufted products, and assets used in the joining together of backing with carpet yarn or fabric. Includes assets used in washing, scouring, bleaching, dyeing, printing, drying, and similar finishing processes applied to textile fabrics, yarns, threads, and other textile goods. Includes assets used in the production and packaging of textile products, other than apparel, by creasing, forming, trimming, cutting, and sawing, such as the preparation of carpet and fabric samples, or similar joining together processes (other than the production of scrim reinforced paper products and laminated paper products) such as the sewing and folding of hosery and panty hose, and the creasing, folding, trimming, and cutting of fabrics to produce nonwoven products, such as disposable diapers and sanitary products. Also includes assets used in the production of medical and dental supplies other than drugs and medicines. Assets used in the manufacture of nonwoven carpet backing, and hard surface floor covering such as tile, rubber, and cork, are elsewhere classified.</td>
<td>9</td>
<td>5</td>
</tr>
<tr>
<td>22.4</td>
<td>Manufacture of Textile Yarns: Includes assets used in the processing of yarns to impart bulk and/or stretch properties to the yarn. The principal machines involved are false twisting, draw, beam-to-beam, and stuffer box texturing equipment and related highspeed twisters and winders. Assets, as described above, which are to further process man-made fibers are elsewhere classified when located in the same plant in an integrated operation with man-made fiber producing assets. Assets used to manufacture man-made fibers and assets used in bleaching, dyeing, printing, and other similar finishing processes, are elsewhere classified.</td>
<td>8</td>
<td>5</td>
</tr>
<tr>
<td>22.5</td>
<td>Manufacture of Nonwoven Fabrics: Includes assets used in the production of nonwoven fabrics, felt goods including felt hats, padding, batting, wadding, oakum, and fillings, from new materials and from textile mill waste. Nonwoven fabrics are defined as fabrics (other than reinforced and laminated composites consisting of nonwovens and other products) manufactured by bonding natural and/or synthetic fibers and/or filaments by means of induced mechanical interlocking, fluid entanglement, chemical adhesion, thermal or solvent reaction, or by combination thereof. Bonding of such products occurs with natural cellulose fibers. Such means include resin bonding, web bonding, and melt bonding. Specifically includes assets used to make frocked and needle punched products other than carpets and rugs. Assets, as described above, which are to manufacture nonwovens are elsewhere classified when located in the same plant in an integrated operation with man-made fiber producing assets. Assets used to manufacture man-made fibers and assets used in bleaching, dyeing, printing, and other similar finishing processes, are elsewhere classified.</td>
<td>10</td>
<td>7</td>
</tr>
<tr>
<td>23.0</td>
<td>Manufacture of Apparel and Other Finished Products: Includes assets used in the production of clothing and fabricated textile products by the cutting and sewing of woven fabrics, other textile products, and furs; but does not include assets used in the manufacture of apparel from rubber and leather.</td>
<td>9</td>
<td>5</td>
</tr>
<tr>
<td>24.1</td>
<td>Cutting of Timber: Includes logging machinery and equipment and roadbuilding equipment used by logging and sawmill operators and pulp manufacturers for their own account.</td>
<td>6</td>
<td>5</td>
</tr>
<tr>
<td>24.2</td>
<td>Sawing of Dimensional Stock from Logs: Includes machinery and equipment installed in permanent or well established sawmills.</td>
<td>10</td>
<td>7</td>
</tr>
<tr>
<td>24.3</td>
<td>Sawing of Dimensional Stock from Logs: Includes machinery and equipment in sawmills characterized by temporary foundations and a lack, or minimum amount, of lumberhandling, drying, and residue disposal equipment and facilities.</td>
<td>6</td>
<td>5</td>
</tr>
<tr>
<td>24.4</td>
<td>Manufacture of Wood Products, and Furniture: Includes assets used in the production of plywood, hardboard, flooring, veneers, furniture, and other wood products, including the treatment of poles and timber.</td>
<td>10</td>
<td>7</td>
</tr>
<tr>
<td>26.1</td>
<td>Manufacture of Pulp and Paper: Includes assets used in the pulp materials handling and storage, pulp mill processing, bleach processing, paper and paperboard manufacturing, and on-line finishing. Includes pollution control assets and all land improvements associated with the factory site or production process such as effluent ponds and canals, provided such improvements are depreciable but does not include buildings and structural components as defined in section 1.48-1(e)(1) of the regulations. Includes steam and chemical recovery boiler systems, with any rated capacity, and regeneration of chemicals used in manufacturing. Does not include assets used either in pulpwood logging, or in the manufacture of hardboard.</td>
<td>13</td>
<td>7</td>
</tr>
</tbody>
</table>
Table B-2.  **Table of Class Lives and Recovery Periods**

<table>
<thead>
<tr>
<th>Asset class</th>
<th>Description of assets included</th>
<th>Class Life (in years)</th>
<th>Recovery Periods (in years)</th>
</tr>
</thead>
<tbody>
<tr>
<td>26.2</td>
<td><strong>Manufacture of Converted Paper, Paperboard, and Pulp Products:</strong> Includes assets used for modification, or remanufacture of paper and pulp into converted products, such as paper coated off the paper machine, paper bags, paper boxes, cartons and envelopes. Does not include assets used for manufacture of nonwovens that are elsewhere classified.</td>
<td>10</td>
<td>7</td>
</tr>
<tr>
<td>27.0</td>
<td><strong>Printing, Publishing, and Allied Industries:</strong> Includes assets used in printing by one or more processes, such as letter-press, lithography, gravure, or screen; the performance of services for the printing trade, such as bookbinding, typesetting, engraving, photo-engraving, and electrotyping; and the publication of newspapers, books, and periodicals.</td>
<td>11</td>
<td>7</td>
</tr>
<tr>
<td>28.0</td>
<td><strong>Manufacture of Chemicals and Allied Products:</strong> Includes assets used to manufacture basic organic and inorganic chemicals; chemical products to be used in further manufacture, such as synthetic fibers and plastics materials; and finished chemical products. Includes assets used to further process man-made fibers, to manufacture plastic film, and to manufacture nonwoven fabrics, when such assets are located in the same plant in an integrated operation with chemical products producing assets. Also includes assets used to manufacture photographic supplies, such as film, photographic paper, sensitized photographic paper, and developing chemicals. Includes all land improvements associated with plant site or production processes, such as effluent ponds and canals, provided such land improvements are depreciable but does not include buildings and structural components as defined in section 1.48-1(e) of the regulations. Does not include assets used in the manufacture of finished rubber and plastic products or in the production of natural gas products, butane, propane, and by-products of natural gas production plants.</td>
<td>9.5</td>
<td>5</td>
</tr>
<tr>
<td>30.1</td>
<td><strong>Manufacture of Rubber Products:</strong> Includes assets used for the production of products from natural, synthetic, or reclaimed rubber, gutta percha, balata, or gutta siak, such as tires, tubes, rubber footwear, mechanical rubber goods, heels and soles, flooring, and rubber sundries; and in the recapping, retreading, and rebuilding of tires.</td>
<td>14</td>
<td>7</td>
</tr>
<tr>
<td>30.11</td>
<td><strong>Manufacture of Rubber Products—Special Tools and Devices:</strong> Includes assets defined as special tools, such as jigs, dies, mandrels, molds, lasts, patterns, specialty containers, pallets, shells; and tire molds, and accessory parts such as rings and insert plates used in activities as defined in class 30.1. Does not include tire building drums and accessory parts and general purpose small tools such as wrenches and drills, both power and hand-driven, and other general purpose equipment such as conveyors and transfer equipment.</td>
<td>4</td>
<td>3</td>
</tr>
<tr>
<td>30.2</td>
<td><strong>Manufacture of Finished Plastic Products:</strong> Includes assets used in the manufacture of plastics products and the molding of primary plastics for the trade. Does not include assets used in the manufacture of basic plastics materials nor the manufacture of phonograph records.</td>
<td>11</td>
<td>7</td>
</tr>
<tr>
<td>30.21</td>
<td><strong>Manufacture of Finished Plastic Products—Special Tools:</strong> Includes assets defined as special tools, such as jigs, dies, fixtures, molds, patterns, gauges, and specialty transfer and shipping devices, used in activities as defined in class 30.2. Special tools are specifically designed for the production or processing of particular parts and have no significant utilitarian value and cannot be adapted to further or different use after changes or improvements are made in the model design of the particular part produced by the special tools. Does not include general purpose small tools such as wrenches and drills, both hand and power-driven, and other general purpose equipment such as conveyors, transfer equipment, and materials handling devices.</td>
<td>3.5</td>
<td>3</td>
</tr>
<tr>
<td>31.0</td>
<td><strong>Manufacture of Leather and Leather Products:</strong> Includes assets used in the tanning, currying, and finishing of hides and skins; the processing of fur pelts; and the manufacture of finished leather products, such as footwear, belting, apparel, and luggage.</td>
<td>11</td>
<td>7</td>
</tr>
<tr>
<td>32.1</td>
<td><strong>Manufacture of Glass Products:</strong> Includes assets used in the production of flat, blown, or pressed products of glass, such as float and window glass, glass containers, glassware and fiberglass. Does not include assets used in the manufacture of lenses.</td>
<td>14</td>
<td>7</td>
</tr>
<tr>
<td>32.11</td>
<td><strong>Manufacture of Glass Products—Special Tools:</strong> Includes assets defined as special tools such as molds, patterns, pallets, and specialty transfer and shipping devices such as steel racks to transport automotive glass, used in activities as defined in class 32.1. Special tools are specifically designed for the production or processing of particular parts and have no significant utilitarian value and cannot be adapted to further or different use after changes or improvements are made in the model design of the particular part produced by the special tools. Does not include general purpose small tools such as wrenches and drills, both hand and power-driven, and other general purpose equipment such as conveyors, transfer equipment, and materials handling devices.</td>
<td>2.5</td>
<td>3</td>
</tr>
<tr>
<td>32.2</td>
<td><strong>Manufacture of Cement:</strong> Includes assets used in the production of cement, but does not include assets used in the manufacture of concrete and concrete products nor in any mining or extraction process.</td>
<td>20</td>
<td>15</td>
</tr>
<tr>
<td>32.3</td>
<td><strong>Manufacture of Other Stone and Clay Products:</strong> Includes assets used in the manufacture of products from materials in the form of clay and stone, such as brick, tile, and pipe; pottery and related products, such as vitreous-china, plumbing fixtures, earthenware and ceramic insulating materials; and also includes assets used in manufacture of concrete and concrete products. Does not include assets used in any mining or extraction processes.</td>
<td>15</td>
<td>7</td>
</tr>
</tbody>
</table>
Table B-2. *Table of Class Lives and Recovery Periods*

<table>
<thead>
<tr>
<th>Asset class Description of assets included</th>
<th>Class Life (in years)</th>
<th>Recovery Periods (in years)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>33.2</strong> Manufacture of Primary Nonferrous Metals: Includes assets used in the smelting, refining, and electrolysis of nonferrous metals from ore, pig, or scrap, the rolling, drawing, and alloying of nonferrous metals; the manufacture of castings, forgings, and other basic products of nonferrous metals; and the manufacture of nails, spikes, structural shapes, tubing, wire, and cable.</td>
<td>14</td>
<td>7</td>
</tr>
<tr>
<td><strong>33.21</strong> Manufacture of Primary Nonferrous Metals—Special Tools: Includes assets defined as special tools such as dies, jigs, molds, patterns, fixtures, gauges, and drawings concerning such special tools used in the activities as defined in class 33.2. Manufacture of Primary Nonferrous Metals. Special tools are specifically designed for the production or processing of particular products or parts and have no significant utilitarian value and cannot be adapted to further or different use after changes or improvements are made in the model design of the particular part produced by the special tools. Does not include general purpose small tools such as wrenches and drills, both hand and power-driven, and other general purpose equipment such as conveyors, transfer equipment, and materials handling devices. Rolls, mandrels and refractories are not included in class 33.21 but are included in class 33.2.</td>
<td>6.5</td>
<td>5</td>
</tr>
<tr>
<td><strong>33.3</strong> Manufacture of Foundry Products: Includes assets used in the casting of iron and steel, including related operations such as molding and coremaking. Also includes assets used in the finishing of castings and patternmaking when performed at the foundry, all special tools and related land improvements.</td>
<td>14</td>
<td>7</td>
</tr>
<tr>
<td><strong>33.4</strong> Manufacture of Primary Steel Mill Products:</td>
<td>15</td>
<td>7</td>
</tr>
<tr>
<td>Includes assets used in the smelting, reduction, and refining of iron and steel from ore, pig, or scrap; the rolling, drawing and alloying of steel; the manufacture of nails, spikes, structural shapes, tubing, wire, and cable. Includes assets used in the founding of castings, forgings, and other basic products of steel; and the manufacture of other iron and steel products.</td>
<td>12</td>
<td>7</td>
</tr>
<tr>
<td><strong>34.0</strong> Manufacture of Fabricated Metal Products:</td>
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</tr>
<tr>
<td>Includes assets used in the production of metal cans, tinware, fabricated structural metal products, metal stampings, and other ferrous and nonferrous metal and wire products not elsewhere classified. Does not include assets used to manufacture non-electric heating apparatus.</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td><strong>34.01</strong> Manufacture of Fabricated Metal Products—Special Tools:</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Includes assets defined as special tools such as dies, jigs, molds, patterns, fixtures, gauges, and drawings concerning such special tools used in the activities as defined in class 34.0. Special tools are specifically designed for the production or processing of particular machine components, products, or parts, and have no significant utilitarian value and cannot be adapted to further or different use after changes or improvements are made in the model design of the particular part produced by the special tools. Does not include general small tools such as wrenches and drills, both hand and power-driven, and other general purpose equipment such as conveyors, transfer equipment, and materials handling devices.</td>
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<td>7</td>
</tr>
<tr>
<td><strong>35.0</strong> Manufacture of Electrical and Non-Electrical Machinery and Other Mechanical Products: Includes assets used to manufacture or rebuild finished machinery and equipment and replacement parts thereof such as machine tools, general industrial and special industry machinery, power generation, transmission, and distribution systems, space heating, cooling, and refrigeration systems, commercial and home appliances, farm and garden machinery, construction machinery, mining and oil field machinery, internal combustion engines (except those elsewhere classified), turbo machinery (except those that power airborne vehicles), batteries, lamps and lighting fixtures, carbon and graphite products, and electromechanical and mechanical products including business machines, instruments, watches and clocks, vending and amusement machines, photographic equipment, medical and dental equipment and appliances, and ophthalmic goods. Includes assets used by manufacturers or rebuilders of such finished machinery and equipment in activities elsewhere classified such as the manufacture of castings, forgings, rubber and plastic products, electronic subassemblies or other manufacturing activities if the interim products are used by the same manufacturer primarily in the manufacture, assembly, or rebuilding of such finished machinery and equipment. Does not include assets used in mining, assets used in the manufacture of primary ferrous and nonferrous metals, assets included in class 00.11 through 00.4 and assets elsewhere classified.</td>
<td>6</td>
<td>5</td>
</tr>
<tr>
<td><strong>36.0</strong> Manufacture of Electronic Components, Products, and Systems: Includes assets used in the manufacture of electronic communication, computation, instrumentation and control system, including airborne applications; also includes assets used in the manufacture of electronic products such as frequency and amplitude modulated transmitters and receivers, electronic switching stations, television cameras, video recorders, record players and tape recorders, computers and computer peripheral machines, and electronic instruments, watches, and clocks; also includes assets used in the manufacture of components, provided their primary use is products and systems defined above such as electronic tubes, capacitors, coils, resistors, printed circuit substrates, switches, harness cables, lasers, fiber optic devices, and magnetic media devices. Specifically excludes assets used to manufacture electronic products and components, photocopiers, typewriters, postage meters and other electromechanical and mechanical business machines and instruments that are elsewhere classified. Does not include semiconductor manufacturing equipment included in class 38.1.</td>
<td>6</td>
<td>5</td>
</tr>
<tr>
<td><strong>36.1</strong> Any Semiconductor Manufacturing Equipment</td>
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</tr>
</tbody>
</table>
### Table B-2. Table of Class Lives and Recovery Periods

<table>
<thead>
<tr>
<th>Asset class</th>
<th>Description of assets included</th>
<th>Class Life (in years)</th>
<th>Recovery Periods (in years)</th>
</tr>
</thead>
<tbody>
<tr>
<td>37.11</td>
<td><strong>Manufacture of Motor Vehicles:</strong> Includes assets used in the manufacture and assembly of finished automobiles, trucks, trailers, motor homes, and buses. Does not include assets used in mining, printing and publishing, production of primary metals, electricity, or steam, or the manufacture of glass, industrial chemicals, batteries, or rubber products, which are classified elsewhere. Includes assets used in manufacturing activities elsewhere classified other than those excluded above, where such activities are incidental to and an integral part of the manufacture and assembly of finished motor vehicles such as the manufacture of parts and subassemblies of fabricated metal products, electrical equipment, textiles, plastics, leather, and foundry and forging operations. Does not include any assets not classified in manufacturing activity classes, e.g., does not include any assets classified in asset guideline classes 00.11 through 00.4. Activities will be considered incidental to the manufacture and assembly of finished motor vehicles only if 75 percent or more of the value of the products produced under one roof are used for the manufacture and assembly of finished motor vehicles. Parts that are produced as a normal replacement stock complement in connection with the manufacture and assembly of finished motor vehicles are considered used for the manufacture and assembly of finished motor vehicles. Does not include assets used in the manufacture of component parts if these assets are used by taxpayers not engaged in the assembly of finished motor vehicles.</td>
<td>12 7 12</td>
<td></td>
</tr>
<tr>
<td>37.12</td>
<td><strong>Manufacture of Motor Vehicles—Special Tools:</strong> Includes assets defined as special tools, such as jigs, dies, fixtures, molds, patterns, gauges, and specialty transfer and shipping devices, owned by manufacturers of finished motor vehicles and used in qualified activities as defined in class 37.11. Special tools are specifically designed for the production or processing of particular motor vehicle components and have no significant utilitarian value, and cannot be adapted to further or different use, after changes or improvements are made in the model design of the particular part produced by the special tools. Does not include general purpose small tools such as wrenches and drills, both hand and power-driven, and other general purpose equipment such as conveyors, transfer equipment, and materials handling devices.</td>
<td>3 3 3</td>
<td></td>
</tr>
<tr>
<td>37.2</td>
<td><strong>Manufacture of Aerospace Products:</strong> Includes assets used in the manufacture and assembly of airborne vehicles and their component parts including hydraulic, pneumatic, electrical, and mechanical systems. Does not include assets used in the production of electronic airborne detection, guidance, control, radiation, computation, test, navigation, and communication equipment or the components thereof.</td>
<td>10 7 10</td>
<td></td>
</tr>
<tr>
<td>37.31</td>
<td><strong>Ship and Boat Building Machinery and Equipment:</strong> Includes assets used in the manufacture and repair of ships, boats, caissons, marine drilling rigs, and special fabrications not included in asset classes 37.32 and 37.33. Specifically includes all manufacturing and repairing machinery and equipment, including machinery and equipment used in the operation of assets included in asset class 37.32. Excludes buildings and their structural components.</td>
<td>12 7 12</td>
<td></td>
</tr>
<tr>
<td>37.32</td>
<td><strong>Ship and Boat Building Dry Docks and Land Improvements:</strong> Includes assets used in the manufacture and repair of ships, boats, caissons, marine drilling rigs, and special fabrications not included in asset classes 37.31 and 37.33. Specifically includes floating and fixed dry docks, ship basins, graving docks, shipways, piers, and all other land improvements such as water, sewer, and electric systems. Excludes buildings and their structural components.</td>
<td>16 10 16</td>
<td></td>
</tr>
<tr>
<td>37.33</td>
<td><strong>Ship and Boat Building—Special Tools:</strong> Includes assets defined as special tools such as dies, jigs, molds, patterns, fixtures, gauges, and drawings concerning such special tools used in the activities defined in classes 37.31 and 37.32. Special tools are specifically designed for the production or processing of particular machine components, products, or parts, and have no significant utilitarian value and cannot be adapted to further or different use, after changes or improvements are made in the model design of the particular part produced by the special tools. Does not include general purpose small tools such as wrenches and drills, both hand and power-driven, and other general purpose equipment such as conveyors, transfer equipment, and materials handling devices.</td>
<td>6.5 5 6.5</td>
<td></td>
</tr>
<tr>
<td>37.41</td>
<td><strong>Manufacture of Locomotives:</strong> Includes assets used in building or rebuilding railroad locomotives (including mining and industrial locomotives). Does not include assets of railroad transportation companies or assets of companies which manufacture components of locomotives but do not manufacture finished locomotives.</td>
<td>11.5 7 11.5</td>
<td></td>
</tr>
<tr>
<td>37.42</td>
<td><strong>Manufacture of Railroad Cars:</strong> Includes assets used in building or rebuilding railroad freight or passenger cars (including rail transit cars). Does not include assets of railroad transportation companies or assets of companies which manufacture components of railroad cars but do not manufacture finished railroad cars.</td>
<td>12 7 12</td>
<td></td>
</tr>
<tr>
<td>39.0</td>
<td><strong>Manufacture of Athletic, Jewelry, and Other Goods:</strong> Includes assets used in the production of jewelry; musical instruments; toys and sporting goods; motion picture and television films and tapes; and pens, pencils, office and art supplies, brooms, brushes, caskets, etc.</td>
<td>12 7 12</td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Railroad Transportation:</strong> Classes with the prefix 40 include the assets identified below that are used in the commercial and contract carrying of passengers and freight by rail. Assets of electrified railroads will be classified in a manner corresponding to that set forth below for railroads not independently operated electric lines. Excludes the assets included in classes with the prefix beginning 00.1 and 00.2 above, and also excludes any non-depreciable assets included in Interstate Commerce Commission accounts enumerated for this class.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Table B-2. **Table of Class Lives and Recovery Periods**

<table>
<thead>
<tr>
<th>Asset class</th>
<th>Description of assets included</th>
<th>Recovery Periods (in years)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Class Life</td>
</tr>
<tr>
<td>40.1</td>
<td><strong>Railroad Machinery and Equipment:</strong> Includes assets classified in the following Interstate Commerce Commission accounts: <strong>Roadway accounts:</strong></td>
<td>14</td>
</tr>
<tr>
<td></td>
<td>(16) Station and office buildings (freight handling machinery and equipment only)</td>
<td>10</td>
</tr>
<tr>
<td></td>
<td>(25) TOFC/COFC terminals (freight handling machinery and equipment only)</td>
<td>20</td>
</tr>
<tr>
<td></td>
<td>(26) Communication systems</td>
<td>28</td>
</tr>
<tr>
<td></td>
<td>(27) Signals and interlockers</td>
<td>28</td>
</tr>
<tr>
<td></td>
<td>(37) Roadway machines</td>
<td>8</td>
</tr>
<tr>
<td></td>
<td>(44) Shop machinery</td>
<td>20</td>
</tr>
<tr>
<td></td>
<td><strong>Equipment accounts:</strong></td>
<td>12</td>
</tr>
<tr>
<td></td>
<td>(52) Locomotives</td>
<td>6</td>
</tr>
<tr>
<td></td>
<td>(53) Freight train cars</td>
<td>22</td>
</tr>
<tr>
<td></td>
<td>(54) Passenger train cars</td>
<td>28</td>
</tr>
<tr>
<td></td>
<td>(57) Work equipment</td>
<td>20</td>
</tr>
<tr>
<td>40.2</td>
<td><strong>Railroad Structures and Similar Improvements:</strong> Includes assets classified in the following Interstate Commerce Commission road accounts:</td>
<td>30</td>
</tr>
<tr>
<td></td>
<td>(6) Bridges, trestles, and culverts</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(7) Elevated structures</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(13) Fences, snowsheds, and signs</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(16) Station and office buildings (stations and other operating structures only)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(17) Roadway buildings</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(18) Water stations</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(19) Fuel stations</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(20) Shops and enginehouses</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(25) TOFC/COFC terminals (operating structures only)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(31) Power transmission systems</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(35) Miscellaneous structures</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(39) Public improvements construction</td>
<td></td>
</tr>
<tr>
<td>40.3</td>
<td><strong>Railroad Wharves and Docks:</strong> Includes assets used in the urban and interurban commercial and contract carrying of passengers by road, except the transportation assets included in classes with the prefix 00.2.</td>
<td>20</td>
</tr>
<tr>
<td></td>
<td>(23) Wharves and docks</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(24) Coal and ore wharves</td>
<td></td>
</tr>
<tr>
<td>40.4</td>
<td><strong>Railroad Track</strong></td>
<td>10</td>
</tr>
<tr>
<td>40.51</td>
<td><strong>Railroad Hydraulic Electric Generating Equipment</strong></td>
<td>50</td>
</tr>
<tr>
<td>40.52</td>
<td><strong>Railroad Nuclear Electric Generating Equipment</strong></td>
<td>20</td>
</tr>
<tr>
<td>40.53</td>
<td><strong>Railroad Steam Electric Generating Equipment</strong></td>
<td>28</td>
</tr>
<tr>
<td>40.54</td>
<td><strong>Railroad Steam, Compressed Air, and Other Power Plan Equipment</strong></td>
<td>28</td>
</tr>
<tr>
<td>41.0</td>
<td><strong>Motor Transport—Passengers:</strong> Includes assets used in the urban and interurban commercial and contract carrying of passengers by road, except the transportation assets included in classes with the prefix 00.2.</td>
<td>8</td>
</tr>
<tr>
<td>42.0</td>
<td><strong>Motor Transport—Freight:</strong> Includes assets used in the commercial and contract carrying of freight by road, except the transportation assets included in classes with the prefix 00.2.</td>
<td>8</td>
</tr>
<tr>
<td>44.0</td>
<td><strong>Water Transportation:</strong> Includes assets used in the commercial and contract carrying of freight and passengers by water except the transportation assets included in classes with the prefix 00.2. Includes all related land improvements.</td>
<td>20</td>
</tr>
<tr>
<td>45.0</td>
<td><strong>Air Transport:</strong> Includes assets (except helicopters) used in commercial and contract carrying of passengers and freight by air. For purposes of section 1.167(a)-11(d)(2)(iv)(a) of the regulations, expenditures for “repair, maintenance, rehabilitation, or improvement,” shall consist of direct maintenance expenses (irrespective of airworthiness provisions or charges) as defined by Civil Aeronautics Board uniform accounts 5200, maintenance burden (exclusive of expenses pertaining to maintenance buildings and improvements) as defined by Civil Aeronautics Board accounts 5300, and expenditures which are not “excluded additions” as defined in section 1.167(a)-11(d)(2)(vii) of the regulations and which would be charged to property and equipment accounts in the Civil Aeronautics Board uniform system of accounts.</td>
<td>12</td>
</tr>
<tr>
<td>45.1</td>
<td><strong>Air Transport (restricted):</strong> Includes each asset described in the description of class 45.0 which was held by the taxpayer on April 15, 1976, or is acquired by the taxpayer pursuant to a contract which was, on April 15, 1976, and at all times thereafter, binding on the taxpayer. This criterion of classification based on binding contract concept is to be applied in the same manner as under the general rules expressed in section 49(b)(1), (4), (5) and (8) of the Code (as in effect prior to its repeal by the Revenue Act of 1978, section 312(c)(1), (d), 1978-3 C.B. 1, 60).</td>
<td>6</td>
</tr>
<tr>
<td>46.0</td>
<td><strong>Pipeline Transportation:</strong> Includes assets used in the private, commercial, and contract carrying of petroleum, gas and other products by means of pipes and conveyors. The trunk lines and related storage facilities of integrated petroleum and natural gas producers are included in this class. Excludes initial clearing and grading land improvements as specified in Rev. Rul. 72-403, 1972-2; C.B. 102, but includes all other related land improvements.</td>
<td>22</td>
</tr>
</tbody>
</table>
Table B-2. Table of Class Lives and Recovery Periods

<table>
<thead>
<tr>
<th>Asset class</th>
<th>Description of assets included</th>
<th>Recovery Periods (in years)</th>
<th>Class Life (in years)</th>
<th>GDS (MACRS)</th>
<th>ADS</th>
</tr>
</thead>
<tbody>
<tr>
<td>48.11</td>
<td>Telephone Communications: Includes the assets classified below and that are used in the provision of commercial and contract telephonic services such as:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Telephone Central Office Buildings: Includes assets intended to house central office equipment, as defined in Federal Communications Commission Part 31 Account No. 212 whether section 1245 or section 1250 property.</td>
<td>45</td>
<td>20</td>
<td>45</td>
<td></td>
</tr>
<tr>
<td>48.12</td>
<td>Telephone Central Office Equipment: Includes central office switching and related equipment as defined in Federal Communications Commission Part 31 Account No. 221. Does not include computer-based telephone central office switching equipment included in class 48.121. Does not include private branch exchange (PBX) equipment.</td>
<td>18</td>
<td>10</td>
<td>18</td>
<td></td>
</tr>
<tr>
<td>48.121</td>
<td>Computer-based Telephone Central Office Switching Equipment: Includes equipment whose functions are those of a computer or peripheral equipment (as defined in section 168(i)(2)(B) of the Code) used in its capacity as telephone central office equipment. Does not include private exchange (PBX) equipment.</td>
<td>9.5</td>
<td>5</td>
<td>9.5</td>
<td></td>
</tr>
<tr>
<td>48.13</td>
<td>Telephone Station Equipment: Includes such station apparatus and connections as teletypewriters, telephones, booths, private exchanges, and comparable equipment as defined in Federal Communications Commission Part 31 Account No. 231, 232, and 234.</td>
<td>10</td>
<td>7*</td>
<td>10*</td>
<td></td>
</tr>
<tr>
<td>48.2</td>
<td>Radio and Television Broadcastings: Includes assets used in radio and television broadcasting, except transmitting towers. Telegraph, Ocean Cable, and Satellite Communications (TOCSC) includes communications-related assets used to provide domestic and international radio-telegraph, wire-telegraph, ocean-cable, and satellite communications services; also includes related land improvements. If property described in Classes 48.31–48.45 is comparable to telephone distribution plant described in Class 48.14 and used for 2-way exchange of voice and data communication which is the equivalent of telephone communication, such property is assigned a class life of 24 years under this revenue procedure. Comparable equipment does not include cable television equipment used primarily for 1-way communication.</td>
<td>6</td>
<td>5</td>
<td>6</td>
<td></td>
</tr>
<tr>
<td>48.31</td>
<td>TOCSC—Electric Power Generating and Distribution Systems: Includes assets used in the provision of electric power by generation, modulation, rectification, channelization, control, and distribution. Does not include these assets when they are installed on customers premises.</td>
<td>19</td>
<td>10</td>
<td>19</td>
<td></td>
</tr>
<tr>
<td>48.32</td>
<td>TOCSC—High Frequency Radio and Microwave Systems: Includes assets such as transmitters and receivers, antenna supporting structures, antennas, transmission lines from equipment to antenna, transmitter cooling systems, and control and amplification equipment. Does not include cable and long-line systems.</td>
<td>13</td>
<td>7</td>
<td>13</td>
<td></td>
</tr>
<tr>
<td>48.33</td>
<td>TOCSC—Cable and Long-line Systems: Includes assets such as transmission lines, pole lines, ocean cables, buried cable and conduit, repeaters, repeater stations, and other related assets. Does not include high frequency radio or microwave systems.</td>
<td>26.5</td>
<td>20</td>
<td>26.5</td>
<td></td>
</tr>
<tr>
<td>48.34</td>
<td>TOCSC—Central Office Control Equipment: Includes assets for general control, switching, and monitoring of communications signals including electromechanical switching and channeling apparatus, multiplexing equipment, patching and monitoring facilities, in-house cabling, teleprinter equipment, and associated site improvements.</td>
<td>16.5</td>
<td>10</td>
<td>16.5</td>
<td></td>
</tr>
<tr>
<td>48.35</td>
<td>TOCSC—Computerized Switching, Channeling, and Associated Control Equipment: Includes central office switching computers, interfacing computers, other associated specialized control equipment, and site improvements.</td>
<td>10.5</td>
<td>7</td>
<td>10.5</td>
<td></td>
</tr>
<tr>
<td>48.36</td>
<td>TOCSC—Satellite Ground Segment Property: Includes assets such as fixed earth station equipment, antennas, satellite communications equipment, and interface equipment used in satellite communications. Does not include general purpose equipment or equipment used in satellite space segment property.</td>
<td>10</td>
<td>7</td>
<td>10</td>
<td></td>
</tr>
<tr>
<td>48.37</td>
<td>TOCSC—Satellite Space Segment Property: Includes satellites and equipment used for telemetry, tracking, control, and monitoring when used in satellite communications.</td>
<td>8</td>
<td>5</td>
<td>8</td>
<td></td>
</tr>
<tr>
<td>48.38</td>
<td>TOCSC—Equipment Installed on Customer’s Premises: Includes assets installed on customer’s premises, such as computers, terminal equipment, power generation and distribution systems, private switching center, teleprinters, facsimile equipment and other associated and related equipment.</td>
<td>10</td>
<td>7</td>
<td>10</td>
<td></td>
</tr>
<tr>
<td>48.39</td>
<td>TOCSC—Support and Service Equipment: Includes assets used to support but not engage in communications. Includes store, warehouse and shop tools, and test and laboratory assets.</td>
<td>13.5</td>
<td>7</td>
<td>13.5</td>
<td></td>
</tr>
</tbody>
</table>

* Property described in asset guideline class 48.13 which is qualified technological equipment as defined in section 168(i)(2) is assigned a 5-year recovery period.
<table>
<thead>
<tr>
<th>Asset class</th>
<th>Description of assets included</th>
<th>Class Life (in years)</th>
<th>Recovery Periods (in years)</th>
<th>Class Life (in years)</th>
<th>Recovery Periods (in years)</th>
</tr>
</thead>
<tbody>
<tr>
<td>48.41</td>
<td><strong>CATV—Headend:</strong> Includes assets such as towers, antennas, preamplifiers, converters, modulation equipment, and program non-duplication systems. Does not include headend buildings and program origination assets.</td>
<td>11</td>
<td>7</td>
<td>11</td>
<td></td>
</tr>
<tr>
<td>48.42</td>
<td><strong>CATV—Subscriber Connection and Distribution Systems:</strong> Includes assets such as trunk and feeder cable, connecting hardware, amplifiers, power equipment, passive devices, directional taps, pedestals, pressure taps, drop cables, matching transformers, multiple set connector equipment, and convertors.</td>
<td>10</td>
<td>7</td>
<td>10</td>
<td></td>
</tr>
<tr>
<td>48.43</td>
<td><strong>CATV—Program Origination:</strong> Includes assets such as cameras, film chains, video tape recorders, lighting, and remote location equipment excluding vehicles. Does not include buildings and their structural components.</td>
<td>9</td>
<td>5</td>
<td>9</td>
<td></td>
</tr>
<tr>
<td>48.44</td>
<td><strong>CATV—Service and Test:</strong> Includes assets such as oscilloscopes, field strength meters, spectrum analyzers, and cable testing equipment, but does not include vehicles.</td>
<td>8.5</td>
<td>5</td>
<td>8.5</td>
<td></td>
</tr>
<tr>
<td>48.45</td>
<td><strong>CATV—Microwave Systems:</strong> Includes assets such as towers, antennas, transmitting and receiving equipment, and broadband microwave assets is used in the provision of cable television services. Does not include assets used in the provision of common carrier services.</td>
<td>9.5</td>
<td>5</td>
<td>9.5</td>
<td></td>
</tr>
<tr>
<td>48.11</td>
<td><strong>Electric, Gas, Water and Steam, Utility Services:</strong> Includes assets used in the production, transmission and distribution of electricity, gas, steam, or water for sale including related land improvements.</td>
<td>50</td>
<td></td>
<td>50</td>
<td></td>
</tr>
<tr>
<td>49.12</td>
<td><strong>Electric Utility Nuclear Production Plant:</strong> Includes assets included in the nuclear power production and electricity for sale and related land improvements. Does not include nuclear fuel assemblies.</td>
<td>20</td>
<td>15</td>
<td>20</td>
<td></td>
</tr>
<tr>
<td>49.121</td>
<td><strong>Electric Utility Nuclear Fuel Assemblies:</strong> Includes initial core and replacement core nuclear fuel assemblies (i.e., the composite of fabricated nuclear fuel and container) when used in a boiling water, pressurized water, or high temperature gas reactor in the production of electricity. Does not include nuclear fuel assemblies used in breeder reactors.</td>
<td>5</td>
<td>5</td>
<td>5</td>
<td></td>
</tr>
<tr>
<td>49.13</td>
<td><strong>Electric Utility Steam Production Plant:</strong> Includes assets used in the steam power production of electricity for sale, combustion turbines operated in a combined cycle with a conventional steam unit and related land improvements. Also includes package boilers, electric generators and related assets such as electricity and steam distribution systems as used by a waste reduction and resource recovery plant if the steam or electricity is normally for sale to others.</td>
<td>28</td>
<td>20</td>
<td>28</td>
<td></td>
</tr>
<tr>
<td>49.14</td>
<td><strong>Electric Utility Transmission and Distribution Plant:</strong> Includes assets used in the transmission and distribution of electricity for sale and related land improvements. Excludes initial clearing and grading land improvements as specified in Rev. Rul. 72-403, 1972-2 C.B. 102.</td>
<td>30</td>
<td>20</td>
<td>30</td>
<td></td>
</tr>
<tr>
<td>49.15</td>
<td><strong>Electric Utility Combustion Turbine Production Plant:</strong> Includes assets used in the production of electricity for sale by the use of such prime movers as jet engines, combustion turbines, diesel engines, gasoline engines, and other internal combustion engines, their associated power turbines and/or generators, and related land improvements. Does not include combustion turbines operated in a combined cycle with a conventional steam unit.</td>
<td>20</td>
<td>15</td>
<td>20</td>
<td></td>
</tr>
<tr>
<td>49.21</td>
<td><strong>Gas Utility Distribution Facilities:</strong> Includes gas water heaters and gas conversion equipment installed by utility on customers’ premises on a rental basis.</td>
<td>35</td>
<td>20</td>
<td>35</td>
<td></td>
</tr>
<tr>
<td>49.221</td>
<td><strong>Gas Utility Manufactured Gas Production Plants:</strong> Includes assets used in the manufacture of gas having chemical and/or physical properties which do not permit complete interchangeability with domestic natural gas. Does not include gas-producing systems and related systems used in waste reduction and resource recovery plants which are elsewhere classified.</td>
<td>30</td>
<td>20</td>
<td>30</td>
<td></td>
</tr>
<tr>
<td>49.222</td>
<td><strong>Gas Utility Substitute Natural Gas (SNG) Production Plant (naphtha or lighter hydrocarbon feedstocks):</strong> Includes assets used in the catalytic conversion of feedstocks or naphtha or lighter hydrocarbons to a gaseous fuel which is completely interchangeable with domestic natural gas.</td>
<td>14</td>
<td>7</td>
<td>14</td>
<td></td>
</tr>
<tr>
<td>49.223</td>
<td><strong>Substitute Natural Gas—Coal Gasification:</strong> Includes assets used in the manufacture and production of pipeline quality gas from coal using the basic Lurgi process with advanced methanation. Includes all process plant equipment and structures used in this coal gasification process and all utility assets such as cooling systems, water supply and treatment facilities, and assets used in the production and distribution of electricity and steam for use by the taxpayer in a gasification plant and attendant coal mining site processes but not for assets used in the production and distribution of electricity and steam for sale to others. Also includes all other related land improvements. Does not include assets used in the direct mining and treatment of coal prior to the gasification process itself.</td>
<td>18</td>
<td>10</td>
<td>18</td>
<td></td>
</tr>
<tr>
<td>49.23</td>
<td><strong>Natural Gas Production Plant</strong></td>
<td>14</td>
<td>7</td>
<td>14</td>
<td></td>
</tr>
<tr>
<td>49.24</td>
<td><strong>Gas Utility Trunk Pipelines and Related Storage Facilities:</strong> Excluding initial clearing and grading land improvements as specified in Rev. Rul. 72-40.</td>
<td>22</td>
<td>15</td>
<td>22</td>
<td></td>
</tr>
<tr>
<td>49.25</td>
<td><strong>Liquefied Natural Gas Plant:</strong> Includes assets used in the liquefaction, storage, and regasification of natural gas including loading and unloading connections, instrumentation equipment and controls, pumps, vaporizers and condensers, tanks, and related land improvements. Also includes pipelines, interconnections with gas transmission lines and distribution systems and marine terminal facilities.</td>
<td>22</td>
<td>15</td>
<td>22</td>
<td></td>
</tr>
</tbody>
</table>
** 5 class life if no class life—12

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### Table B-2: Table of Class Lives and Recovery Periods

<table>
<thead>
<tr>
<th>Asset class</th>
<th>Description of assets included</th>
<th>Class Life (in years)</th>
<th>Recovery Periods (in years)</th>
</tr>
</thead>
<tbody>
<tr>
<td>49.3</td>
<td>Water Utilities: Includes assets used in the gathering, treatment, and commercial distribution of water.</td>
<td>50</td>
<td>20***</td>
</tr>
<tr>
<td>49.4</td>
<td>Central Steam Utility Production and Distribution: Includes assets used in the production and distribution of steam for sale. Does not include assets used in waste reduction and resource recovery plants which are elsewhere classified.</td>
<td>28</td>
<td>20</td>
</tr>
<tr>
<td>49.5</td>
<td>Waste Reduction and Resource Recovery Plants: Includes assets used in the conversion of refuse or other solid waste or biomass to heat or to a solid, liquid, or gaseous fuel. Also includes all process plant equipment and structures at the site used to receive, handle, collect, and process refuse or other solid waste or biomass in a waterwall, combustion system, oil or gas fueled system, or refuse derived fuel system to create hot water, gas, steam and electricity. Includes material recovery and support assets used in refuse or solid refuse or solid waste receiving, collecting, handling, sorting, shredding, classifying, and separation systems. Does not include any package boilers, or electric generators and related assets such as electricity, hot water, steam and manufactured gas production plants classified in classes 00.4, 49.13, 49.221, and 49.4. Does include, however, all other utilities such as water supply and treatment facilities, ash handling and other related land improvements of a waste reduction and resource recovery plant.</td>
<td>10</td>
<td>7</td>
</tr>
<tr>
<td>50.</td>
<td>Municipal Wastewater Treatment Plant</td>
<td>24</td>
<td>15</td>
</tr>
<tr>
<td>51.</td>
<td>Municipal Sewer</td>
<td>50</td>
<td>20***</td>
</tr>
<tr>
<td>57.0</td>
<td>Distributive Trades and Services: Includes assets used in wholesale and retail trade, and personal and professional services. Includes section 1245 assets used in marketing petroleum and petroleum products.</td>
<td>9</td>
<td>5</td>
</tr>
<tr>
<td>57.1</td>
<td>Distributive Trades and Services—Billboard, Service Station Buildings and Petroleum Marketing Land Improvements: Includes section 1250 assets, including service station buildings and depreciable land improvements, whether section 1245 property or section 1250 property, used in the marketing of petroleum and petroleum products, but not including any of these facilities related to petroleum and natural gas trunk pipelines. Includes car wash buildings and related land improvements, whether such assets are section 1245 property or section 1250 property. Excludes all other land improvements, buildings and structural components as defined in section 1.48-1(e) of the regulations. See Gas station convenience stores in chapter 3.</td>
<td>20</td>
<td>15</td>
</tr>
<tr>
<td>79.0</td>
<td>Recreation: Includes assets used in the provision of entertainment services on payment of a fee or admission charge, as in the operation of bowling alleys, billboard and pool establishments, theaters, concert halls, and miniature golf courses. Does not include amusement and theme parks and assets which consist primarily of specialized land improvements or structures, such as golf courses, sports stadiums, race tracks, ski slopes, and buildings which house the assets used in entertainment services.</td>
<td>10</td>
<td>7</td>
</tr>
<tr>
<td>80.0</td>
<td>Theme and Amusement Parks: Includes assets used in the provision of rides, attractions, and amusements in activities defined as theme and amusement parks, and includes appurtenances associated with a ride, attraction, amusement or theme setting within the park such as ticket booths, facades, shop interiors, and props, special purpose structures, and buildings other than warehouses, administration buildings, hotels, and motels. Includes all land improvements for or in support of park activities (e.g., parking lots, sidewalks, waterways, bridges, fences, landscaping, etc.), and support functions (e.g., food and beverage retailing, souvenir vending and other nonlodging accommodations) if owned by the park and provided exclusively for the benefit of park patrons. Theme and amusement parks are defined as combinations of amusements, rides, and attractions which are permanently situated on park land and open to the public for the price of admission. This guideline class is a composite of all assets used in this industry except transportation equipment (general purpose trucks, cars, airplanes, etc., which are included in asset guideline classes with the prefix 00.2), assets used in the provision of administrative services (asset classes with the prefix 00.1) and warehouses, administration buildings, hotels and motels.</td>
<td>12.5</td>
<td>7</td>
</tr>
</tbody>
</table>

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** Certain Property for Which Recovery Periods Assigned

A. Personal Property With No Class Life Section 1245 Real Property With No Class Life

<table>
<thead>
<tr>
<th>Recovery Periods (in years)</th>
</tr>
</thead>
<tbody>
<tr>
<td>7</td>
</tr>
<tr>
<td>7</td>
</tr>
<tr>
<td>40</td>
</tr>
</tbody>
</table>

B. Qualified Technological Equipment, as defined in section 168(i)(2).

<table>
<thead>
<tr>
<th>Recovery Periods (in years)</th>
</tr>
</thead>
<tbody>
<tr>
<td>**</td>
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<tr>
<td>5</td>
</tr>
<tr>
<td>5</td>
</tr>
<tr>
<td>class life if no class life—12</td>
</tr>
</tbody>
</table>

C. Property Used in Connection with Research and Experimentation referred to in section 168(e)(3)(B).

<table>
<thead>
<tr>
<th>Recovery Periods (in years)</th>
</tr>
</thead>
<tbody>
<tr>
<td>**</td>
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<tr>
<td>5</td>
</tr>
<tr>
<td>class life if no class life—12</td>
</tr>
</tbody>
</table>

D. Alternative energy property described in sections 48(i)(3)(A)(ix) (as in effect on the day before the date of enactment (11/5/90) of the Revenue Reconciliation Act of 1990).

<table>
<thead>
<tr>
<th>Recovery Periods (in years)</th>
</tr>
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<tbody>
<tr>
<td>**</td>
</tr>
<tr>
<td>5</td>
</tr>
<tr>
<td>class life if no class life—12</td>
</tr>
</tbody>
</table>

E. Biomass property described in section 48(i)(15) (as in effect on the day before the date of enactment (11/5/90) of the Revenue Reconciliation Act of 1990) and is a qualifying small production facility within the meaning of section 3(17)(c) of the Federal Power Act (16 U.S.C. 796(17)(C)), as in effect on September 1, 1986.

<table>
<thead>
<tr>
<th>Recovery Periods (in years)</th>
</tr>
</thead>
<tbody>
<tr>
<td>**</td>
</tr>
<tr>
<td>5</td>
</tr>
<tr>
<td>class life if no class life—12</td>
</tr>
</tbody>
</table>

F. Energy property described in section 48(a)(3)(A) (or would be described if “solar or wind energy” were substituted for “solar energy” in section 48(a)(3)(A)(ii)).

<table>
<thead>
<tr>
<th>Recovery Periods (in years)</th>
</tr>
</thead>
<tbody>
<tr>
<td>**</td>
</tr>
<tr>
<td>5</td>
</tr>
<tr>
<td>class life if no class life—12</td>
</tr>
</tbody>
</table>

---

* Any high technology medical equipment as defined in section 168(iii)(2) which is described in asset guideline class 57.0 is assigned a 5-year recovery period for the alternate MACRS method.

** The class life (if any) of property described in classes B, C, D, E, or F is determined by reference to the asset guideline classes. If an item of property described in paragraphs B, C, D, E, or F is not described in any asset guideline class, such item of property has no class life.

*** Use straight line over 25 years if placed in service after June 12, 1996, unless placed in service under a binding contract in effect before June 10, 1996, and at all times until placed in service.
Exhibit CVD - TR - 4
EXHIBIT 17

Article 40/1 of Income Tax Law No. 193
GELİR VERGİSİ KANUNU

Madde 40- Safi kazancın tespit edilmesi için, aşağıdaki giderlerin indirilmesi kabul edilir:


INCOME TAX LAW

Article 40: For determining net income, deduction of the following expenses is accepted.

1. The general expenses for earning and maintaining the commercial profit. (The provision added by the Article 19 of Law No. 4108. Valid: January 1, 1995, Effective: June 2, 1995.) (The taxpayers having export, construction, maintenance, assembly and transportation activities abroad, can deduct the expenses calculated as lump-sum as return for expenses related to such works abroad in addition to the expenses written in this paragraph, provided that such amounts do not exceed 0.5 % of the foreign exchange revenue obtained from such activities.)
Exhibit CVD - TR - 5
April 23, 2018

Wilbur L. Ross, Jr.
Secretary of Commerce
AD/CVD Operations
Import Administration
International Trade Administration
U.S. Department of Commerce
14th Street and Constitution Avenue, NW
Washington, DC 20230

Attn: Elizabeth Eastwood
Program Manager
AD/CVD Operations, Office II

RE: Response of the Government of Turkey in Countervailing Duty Investigation on Large Diameter Welded Pipe from the Republic of Turkey

Dear Mr. Secretary,

We, the Government of the Republic of Turkey (GOT), submit herewith its response to the Questionnaire in the Countervailing Duty (CVD) Investigation on Large Diameter Welded Pipe from the Republic of Turkey.
We request that certain information contained in the response to be accorded proprietary treatment pursuant to 19. C.F.R. §§351.304; since this information relates to specific usage of the GOT support programs by respondent companies and other information that is not publicly available. The public disclosure of this proprietary information would cause substantial harm to the competitive positions of the respondents. The GOT enclosed all such proprietary information within single brackets ("[")).

Pursuant to 19 C.F.R. 351.303(b), the GOT will serve a copy of the APO version of this response to parties on the attached APO service list and will serve the public version to parties on the public service list.

Please contact the undersigned should you require clarification of any aspects of this submission.

Respectfully submitted,

Aytaç YENAL
On Behalf of the Minister
Deputy Director General
Directorate General for Exports
GOVERNMENT CERTIFICATION

I, Aytaç YENAL, currently employed by Ministry of Economy of the Government of Turkey, certify that I prepared or otherwise supervised the preparation of the attached submission of response of the Government of Turkey (GOT) dated April 23, 2018 pursuant to the Countervailing Duty Investigation of Large Diameter Welded Pipe from Turkey (C-489-834). I certify that the information contained in this submission is accurate and complete to the best of my knowledge. I am aware that the information contained in this submission may be subject to verification or corroboration (as appropriate) by the U.S. Department of Commerce. I am also aware that U.S. law (including, but not limited to, 18 U.S.C. 1001) imposes criminal sanctions on individuals who knowingly and willfully make material false statements to the U.S. Government. In addition, I am aware that, even if this submission may be withdrawn from the record of the AD/CVD proceeding, the Department may preserve this submission, including a business proprietary submission, for purposes of determining the accuracy of this certification. I certify that I am filing a copy of this signed certification with this submission to the U.S. Department of Commerce and that I will retain the original for a five-year period commencing with the filing of this document. The original will be available for inspection by U.S. Department of Commerce officials.

Signature: [signature]

Date: April 23, 2018
CERTIFICATE OF SERVICE

I, Aytaç YENAL, hereby certify that a copy of the foregoing submission on behalf of the Ministry of Economy of the Government of Turkey, dated April 23, 2018, was served by electronic mail on the following parties:

Omur Demir Kizilarslan  
Embassy of the Republic of Turkey  
2525 Massachusetts Avenue, NW  
Washington, DC 20008  
Phone/Fax: 202-612-6780 / 202-238-0629  
Email: kizilarslano@economy.gov.tr

Fehmi Baskut  
HDM Celik Boru Sanayi ve Ticaret AS  
Zumrutevler Mah. Hanimeli Cad.  
No: 2/2 34852  
Maltepe/ Istanbul/Turkey  
Phone/Fax: 90 216 442 2626 / 90 216 442 2026  
Email: baskut@hdm.com.tr

Julie C. Mendoza, Esq.  
Representative of Borusan Mannesmann  
Boru Sanayi ve Ticaret A.S. and Borusan  
İstikbal Ticaret  
Morris, Manning & Martin, LLP  
1401 I Street, NW  
Suite 600  
Washington, DC 20005  
Phone/Fax: 202-408-5153 / 202-408-5146  
Email: tradeservice@mmmlaw.com

Timothy C. Brightbill, Esq.  
Representative of American Line Pipe  
Producers Association, whose member companies are Berg Steel Pipe Corp., Berg  
Spiral Pipe Corp., Dura-Bond Industries, Stupp Corporation, American Cast Iron Pipe  
Company and Skyline Steel  
Wiley Rein LLP  
1776 K Street, NW  
Washington, DC 20006  
Phone/Fax: 202-719-7000 / 202-719-7049  
Email: trade@wileyrein.com

Aytaç YENAL
be obtained from respondent companies.

M. Describe any anticipated changes in the program. Provide documentation substantiating your answer. If the program is being terminated, state the last date that a company could apply for or claim benefits under the program. When is the last date that a company could receive benefits under the program? If the program has been terminated and replaced by a similar type of program, please provide a discussion of the replacement program to include the purpose of the program and the date it was established.

**ANSWER:**

There are no anticipated changes in the program.

*Tax Program Appendix*

If any of the mandatory respondent companies under investigation used this program to take deductions from taxable income, to receive credit towards taxes payable, to take exemptions from taxes owed, to reduce the tax rate, to defer payment of taxes, to carry forward losses from previous tax years, to use accelerated depreciation, or to benefit from other tax advantages on the tax return filed during the POI, please respond to the following questions.

A. Explain whether the assistance is a deduction from taxable income, a credit towards taxes payable, an exemption from taxes owed, a reduction in the tax rate, a deferral of taxes, a loss carry-forward from previous tax years, accelerated depreciation, or other tax benefit.

**ANSWER:**

The program represents a deduction from gross income. This amount of deduction is limited to 0.5% of the hard currency income earned from exports, construction, maintenance, assembly and transportation activities abroad.

B. How do companies using this program calculate the tax benefit they claim? Please be specific and provide a sample calculation using a blank tax form.

**ANSWER:**

*Example:*

Hard currency gross income from export, construction, repair, installation and transportation = 600,000

Expenditures without receipt = 4,500 (600,000 x 0.005 = 3,000) is the maximum lump-sum
deductible amount)

Expenditures with receipts = 2.500

Total expenditures = 7.000

Deductible expenditures (with receipt + lump-sum expenditure) = 2.500 + 3.000 = 5.500

Net income = 600.000 – 5.500 = 594.500

Without the deduction, the taxpayer pays (597.500 * Corporate tax rate). With the deduction, the taxpayer pays (594.500 * Corporate tax rate). So the net benefit from this pays (597.500 * Corporate tax rate) - (594.500 * Corporate tax rate) which is equal to (3.000 * Corporate tax rate).

C. If the company carried forward a loss from prior years and used that loss to offset taxes due on the tax return filed during the POI, demonstrate that this loss was not generated by use of any countervailable tax program.

ANSWER:

The company can carry forward the losses for 5 years as defined in Article 9, Paragraph 1 of Corporate Tax Law No. 5520 that is effective from the date of January 1, 2006. See Exhibit 18.

D. If the program involves a deferral of taxes owed, please provide the amount and length of the deferral, and the details of any interest charged on the deferral.

ANSWER:

This is not a tax deferral.

E. If the tax assistance results in negative income for tax purposes, for example through accelerated depreciation, is the company able to carry forward this loss?

ANSWER:

See response to the question C above.

F. For a program that provides a reduction in the tax rate or an exemption from taxes payable, please report the tax rate that was paid under the program and the tax rate that
would have applied in absence of the program.

**ANSWER:**

This program does not provide a reduction in the tax rate; however, it provides a deduction from the gross income which is subject to taxation.

**B. Investment Encouragement Program Customs Duty and Value Added Tax (VAT) Exemptions**

1. Please respond to all items in the **Standard Questions Appendix.**

   **Standard Questions Appendix**

   **A.** Provide a description of the program, including the purpose of the program, and the date it was established.

   **ANSWER:**

   Investment Encouragement Program (IEP) is designed and implemented by the Ministry of Economy (MoE) and is currently based on the provisions of the Council of Ministers’ Decree No. 2012/3305 which has been in force since June 15, 2012.

   The government policy behind IEP is to steer savings into high added value investments, to boost production and employment, to encourage regional, large scale and strategic investments with high research and development content for increasing international competitiveness, to increase foreign direct investments, to reduce regional development disparities, to promote investments for clustering, environment protection and R&D.

   The imports of the machinery and equipment, which are used in the investment within the scope of the investment incentive certificate issued by MoE, are exempted from customs duty. Likewise, the imports and domestic purchases of machinery and equipment within the scope of the investment incentive certificate are also exempted from the VAT.

   **B.** Provide the name and address of each of the government agencies or authorities responsible for administering the program. Please be specific in identifying the level of government that has the authority to approve the assistance, and the level of government responsible for administering the distribution of assistance.

   **ANSWER:**
The authority responsible for administering the IEP is Ministry of Economy, which is a national government agency. It is located at Inonu Bulvari No: 36 06510 Emek/ ANKARA.

The implementation of the customs duty exemption is carried out by Ministry of Customs and Trade, which is also a national government agency. It is located at Dumlupınar Bulvari No: 151 Eskisehir Yolu 9. Km. 06530 /ANKARA.

C. Please indicate which of the companies under investigation (including all cross-owned companies and any trading companies exporting subject merchandise into the United States) applied for, accrued, or received benefits under the program during the POI.

If any of the companies under investigation, including all cross-owned companies (see 19 CFR 351.523) and any trading companies, whether or not-cross-owned, through which a company under investigation exported subject merchandise to the United States during the POI (see 19 CFR 351.523), applied for, received, claimed, accrued or used assistance under this program during the period designated, you must reply to the remaining questions in this Appendix for the period designated. If none of these companies applied for, received, claimed, accrued or used assistance under this program during the period designated, you need not reply to all of the remaining questions in this Appendix. Please note that if this program has been terminated but there are residual benefits or a replacement program has been put into place (see 19 CFR 351.524), and the companies under investigation are still receiving, claiming or using assistance under the program or if they have applied for, received, claimed, accrued or used assistance under the replacement program, you must respond to all of the remaining questions for residual assistance or replacement programs.

**ANSWER:**

HDM Çelik Boru San. ve Tic. A.Ş. has an investment incentive certificate which was effective during the POI under the Decree No. 2012/3305. The investment incentive certificate allow the company to use following measures: (1) VAT Exemption and (2) Customs Duty Exemption.

D. Provide translated copies of the laws and regulations relating to the program and any internal or external reports pertaining to the program that were applicable during the POI.

**ANSWER:**

The Decree No. 2012/3305 which regulates Customs Duty Exemption and VAT Exemption is attached at **Exhibit 19**.
governments (e.g., accounting records, company-specific files, databases, budget authorizations, etc.) regarding the program.

**ANSWER:**

No specific records are maintained by Government regarding this program.

**F.** Please identify all instances in which assistance under the program was provided to any mandatory respondent (including all responding cross-owned companies and any trading company) during the POI.

**ANSWER:**

HDM Çelik Boru San. ve Tic. A.Ş. was issued an investment certificate on [ ].

**G.** Please explain whether the assistance under the program was provided to the mandatory respondent(s) pursuant to a statute, regulation, decree or other legal measure/instrument that establishes the conditions and guidelines governing the operation of the program, such as eligibility criteria, amounts, etc.

**ANSWER:**

The customs duty exemption and VAT exemption were provided pursuant to Decree No: 2012/3305 Concerning State Incentives to Investments.

**H.** To the extent they are different from the entity (entities) identified in response to Question B, above, please provide the name(s) of the entity (entities) that provided each instance of assistance under the program to the mandatory respondent(s) described in response to under Question F, above.

**ANSWER:**

The only responsible entities for providing the assistance are Ministry of Economy and Ministry of Customs and Trade (in customs duty exemption) as responded to the Question B above.

**I.** Please specify if the entity (entities) listed in response to Question H, above, is a national, state or local government entity, e.g., a government ministry, department, agency, office, etc.

**ANSWER:**

See response to the question H above.
J. If the assistance under the program was provided by an entity other than a national, state or local government entity, please respond to the following questions:

1. What is the legal status of the entity (entities), e.g., is it a separately incorporated entity and/or a government corporation, government lending institution, commercial entity?

2. Please explain how the entity (entities) was established and whether the entity operates pursuant to statutes, decrees, and/or regulations. Please explain the relevant statute, decrees and regulations under which the entity was established and operates.

3. What is the legal basis that governs the entity’s provision of assistance under the program? Please provide translated copies of the relevant legal measures.

4. Has the entity (entities) listed above received any direct or indirect funding or support from a government entity? Please specify if the government provided any such direct or indirect funding for the purpose of providing assistance under this program.

5. Did the entity (entities) listed above provide assistance under the program pursuant to specific guidelines and/or criteria under this program? Please describe those guidelines and/or criteria.

6. Please provide the ownership structure of each such entity and specify the amount of any direct or indirect government ownership during the POI (and for each year in which the assistance was provided).

7. Please provide the translated annual report(s) during the POI (and for each year in which the assistance was provided) for each such entity.

8. What are the core activities and functions of each entity that provided the assistance under the program?

9. Explain why the assistance under this program was provided by this entity (entities) rather than directly by the government.

**ANSWER:**

See response to the question H above.

K. Describe the application process for assistance under the program and provide a blank copy of the application form (translated, if necessary). After an application is submitted, please describe the procedures by which an application is analyzed and eventually approved or rejected. Please provide for each company under investigation a copy of at least one completed application and approval package (and provide translations of headings and any summaries and of the exact reason(s) for the application and the exact reason(s) for approving the assistance).

**ANSWER:**
Companies apply to the Ministry of Economy (MoE) with required documents for the issuance of investment incentive certificate. There is no separate application process for the Customs Duty Exemption or VAT Exemption. After the evaluation, the company, which meets the criteria, is issued an incentive certificate and approved machinery and equipment lists. The incentive certificate is valid for a certain period of time which is prescribed by MoE.

In terms of customs duty exemption; the company applies to related Customs Authority with the investment incentive certificate to import the machinery and equipment within prescribed time. The Customs Authority does not charge customs duty for that specific machinery and equipment.

In terms of VAT exemption; for domestic machinery and equipment purchases, the vendor does not charge VAT to the company with an investment incentive certificate. Similarly, for imports, Customs Authority does not charge VAT to the company with an investment incentive certificate. See Exhibit 20 for the copy of investment incentive certificate.

L. Please answer the following questions regarding eligibility for and actual use of the assistance provided under this program.

1. Describe the criteria governing the eligibility for and receipt of any assistance under this program. Please also describe the criteria for determining the amount of the assistance provided. Provide a copy of any law, regulation or other official document detailing these criteria. As part of your response, please also address the following questions:

ANSWER:

Investment areas which are not listed in excluded list pursuant to the Annex IV of the Decree No. 2012/3305 and meet the criteria on minimum fixed investment amount (See Article 5 of the Decree No. 2012/3305) can be eligible to use this assistance regardless of the location of the investment.

(f) Is the actual export performance or export potential of an applicant or recipient taken into account in any way in determining eligibility for or receipt of any assistance under this program? Please explain. If eligibility for, or actual use of, this program is contingent upon export performance, whether solely or as one of several other conditions, you need not respond to the remaining questions under section L.

ANSWER:
No, this program is not contingent upon export performance.

(g) Is the use of domestic goods or the creation of domestic value added by an applicant or recipient taken into account in any way in determining eligibility for or receipt of any assistance under this program? Please explain. If eligibility for this program is contingent upon the use of domestic over imported goods, you need not respond to the remaining questions under section L.

ANSWER:

No, this program is not contingent upon the use of domestic over imported goods or the creation of domestic value added by an applicant or recipient.

(h) Is eligibility for the subsidy limited to enterprises or industries located within designated geographical regions within the jurisdiction that authorized the program? If so, please provide the criteria for eligibility and you need not respond to the remaining questions under section L.

ANSWER:

No, the eligibility for this program is not limited to the enterprises or industries located within designated regions.

(i) Is the industry or sector in which the applicant or recipient operates taken into account in any way, either under the law or through discretion exercised by the government agency or authority administering the program, in determining eligibility for or receipt of any assistance under this program? Please explain, and identify those industries or sectors that are eligible or otherwise receive special consideration for eligibility. If eligibility is limited, by law or in fact, to any enterprise or group of enterprises, or to any industry or group of industries, you need not respond to the remaining questions under section L.

ANSWER:

Investment areas which are not listed in excluded list pursuant to the Annex IV of the Decree No. 2012/3305 and meet the criteria on minimum fixed investment amount (See Article 5 of the Decree No. 2012/3305) can be eligible to use this assistance regardless of the location of the investment.

(j) With respect to the eligibility criteria and your administration of this program, please address the following, and provide documentation, if possible, to support your explanation:
i. If the eligibility criteria, as listed in the applicable law, regulation or other official documents are met, will an applicant always and automatically receive assistance, or is final approval by the government agency or authority which administers the program necessary?

**ANSWER:**

The companies which have approved applications to receive investment incentive certificates can benefit from this program. The certificates are valid for a certain period of time which is prescribed by Ministry of Economy.

kk. Is the amount of the assistance provided determined solely by established criteria found in the law, regulation or other official document, or is the amount ultimately determined by the government agency or authority which administers the program? If established by criteria, please provide all of the criteria.

**ANSWER:**

The assistance is provided according to the established criteria as stated in the Decree No. 2012/3305. The amount of the assistance depends on the total amount of imported machinery and equipment and the tariff rate applied to that machinery and equipment in terms of customs duty exemption. In terms of VAT exemption, the amount of benefit depends on the total amount of machinery and equipment and the VAT rate.

kkk. If the government agency or authority has any discretion that goes beyond the criteria laid out in the law, regulation or other official document, please explain the nature and extent of that discretion.

**ANSWER:**

None of government agencies or authorities has discretion that can go beyond the criteria laid out in the Decree No. 2012/3305.

iv. Explain how the companies under investigation who have applied for, claimed, received, accrued or used assistance under this program have met the eligibility criteria.

**ANSWER:**

A company which does not make an investment in an area which is listed in excluded
list pursuant to the Annex IV of the Decree No. 2012/3305 as well as meets the criteria on minimum fixed investment amount can use General Investment Incentive Scheme (GIIS).

(f) Is eligibility for the subsidy limited to small and medium-sized enterprises? If so, please define and document how the term “small and medium-sized enterprises” is defined under the program and on what basis the company(ies) being examined met the definition. If the program is not contingent on firms being small and medium-sized enterprises, then so state and skip this question.

ANSWER:
No.

2. Please provide the following information, in table form, regarding the number of recipient companies and industries and the amount of assistance approved under this program for the year in which any mandatory respondent company was approved for assistance, as well as each of the preceding three years (e.g., if a respondent was approved for assistance in 2010 and 2011, provide this information, by year, for 2007 through 2011). If this information is not available on the basis of year of approval, then provide the information based on the year of bestowal.

(a) The amount of assistance approved for each mandatory respondent company, including all cross-owned companies and trading companies that sell the subject merchandise to the United States.

ANSWER:
Information can be obtained from the respondent companies’ records.

(b) The total amount of assistance approved for all companies under the program.

ANSWER:
There is no specific record maintained by Government regarding this program.

(c) The total number of companies that were approved for assistance under this program.

ANSWER:
In POI, 3,005 companies got incentive certificate under General Investment Incentive Scheme.

(d) The total amount of assistance approved for the industry in which the mandatory respondent companies operate, as well as the totals for every
other industry in which companies were approved for assistance under this program. In identifying the industries, please use whatever resource or classification scheme your government normally relies upon to define industries and to classify companies within an industry. Please provide the relevant classification guidelines, and please ensure the list provided reflects consistent levels of industrial classification. Please clearly identify the industry in which the companies under investigation are classified.

**ANSWER:**

The records related with customs duty and VAT exemption are maintained by the companies.

(e) The total number of companies that applied for, but were denied, assistance under this program. Be sure that your response to question provides a complete discussion of the circumstances in which applications for assistance are denied.

**ANSWER:**

All companies that meet the eligibility criteria explained in the response to the question L.1 can automatically use this assistance. There is not any record on the number of denied companies kept by the Ministry.

M. Describe any anticipated changes in the program. Provide documentation substantiating your answer. If the program is being terminated, state the last date that a company could apply for or claim benefits under the program. When is the last date that a company could receive benefits under the program? If the program has been terminated and replaced by a similar type of program, please provide a discussion of the replacement program to include the purpose of the program and the date it was established.

**ANSWER:**

There are no anticipated changes in the program.

---------------------------------------

2. Please identify each tax exemption available to companies under the Investment Encouragement program. Also, for each type of tax that is exempted, please state the tax rate that would apply in the absence of the exemption and the basis (e.g., income, sales) against which that rate would be applied.

**ANSWER:**

Pursuant to the current Decree No. 2012/3005 IEP consists of 4 separate incentive
schemes: Regional Investment Incentive Scheme (RIIS), Large Scale Investment Incentive Scheme (LSIIS), Strategic Investment Incentive Scheme (SIIS) and General Investment Incentive Scheme (GIIS). \textit{(See Exhibit 19 for the Decree No. 2012/3305).} The scope of each scheme varies with different aspects of support measures which are provided in Table below:

<table>
<thead>
<tr>
<th>Program</th>
<th>Support Measures</th>
<th>General Investment Incentive Scheme</th>
<th>Regional Investment Incentive Scheme</th>
<th>Large Scale Investment Incentive Scheme</th>
<th>Strategic Investment Incentive Scheme</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Customs Duty Exemption</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>2</td>
<td>VAT Exemption</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>3</td>
<td>Interest Support</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Social Security Premium Support</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(Employer’s Share)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Tax Reduction</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>6</td>
<td>Land Allocation</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
</tbody>
</table>

The producers of subject merchandise, can only benefit from GIIS which covers only two support measures; “customs duty exemption” and “value-added tax (VAT) exemption”.

3. Please respond to all questions in the \textbf{Tax Program Appendix} with respect to income tax benefits provided to companies under the Investment Encouragement program.

\textbf{ANSWER:}

As clarified in the response to question 2 above the companies, having an investment incentive certificate regarding Regional, Large Scale and Strategic Investment Schemes under IEP, could benefit from corporate or income tax deduction (namely “tax reduction” in the above table). However, the producers of subject merchandise, can only benefit from GIIS which covers only two support measures; “customs duty exemption” and “value-added tax (VAT) exemption”. Therefore, there is not any income tax benefit under this program that is available to subject merchandise producers.

4. Please identify each customs duty exemption available to companies under this program. Specifically, please describe what types of imports (e.g., raw materials, spare parts and accessories, capital equipment) are eligible for duty exemptions. Also, please identify what types of duties would be applied absent the exemption.

\textbf{ANSWER:}

Please see answers provided under “I-Investment Encouragement Program Customs
Duty and VAT Exemptions”.

5. Please respond to all questions in the Allocation Appendix.

**ANSWER:**

N/A

C. **Investment Incentive Program**

A. Please respond to the following questions for this program under the following sub-programs.

**ANSWER:**

Investment Incentive Program (IEP) is designed and implemented by the Ministry of Economy (MoE) and is currently based on the provisions of the Council of Ministers’ Decree No. 2012/3305 which has been in force since June 15, 2012, which is provided in Exhibit 19.

The government policy behind IEP is to steer savings into high added value investments, to boost production and employment, to encourage regional, large scale and strategic investments with high research and development content for increasing international competitiveness, to increase foreign direct investments, to reduce regional development disparities, to promote investments for clustering, environment protection and R&D.

IEP consists of 4 separate incentive schemes: “Regional Investment Incentive Scheme” (RIIS), “Large Scale Investment Incentive Scheme” (LSIIS), “Strategic Investment Incentive Scheme” (SIIS) and “General Investment Incentive Scheme” (GIIS).

A company should have an investment incentive certificate granted by MoE to have a support under IEP. The data about all of the incentive encouragement certificates are stored by MoE.

The scope of each incentive scheme under the Decree No. 2012/3305 varies with different aspects of support measures which are provided in the table below:
ANSWER:

The total number of companies that were approved for assistance under this programme is [ ].

(i) The total amount of assistance approved for the industry in which the mandatory respondent companies operate, as well as the totals for every other industry in which companies were approved for assistance under this program. In identifying the industries, please use whatever resource or classification scheme your government normally relies upon to define industries and to classify companies within an industry. Please provide the relevant classification guidelines, and please ensure the list provided reflects consistent levels of industrial classification. Please clearly identify the industry in which the companies under investigation are classified.

ANSWER:

Please see Exhibit 22. The respondent companies are classified under NACE Code C 2420.

(j) The total number of companies that applied for, but were denied, assistance under this program. Be sure that your response to question provides a complete discussion of the circumstances in which applications for assistance are denied.

ANSWER:

There is no record kept by the GOT.

M. Describe any anticipated changes in the program. Provide documentation substantiating your answer. If the program is being terminated, state the last date that a company could apply for or claim benefits under the program. When is the last date that a company could receive benefits under the program? If the program has been terminated and replaced by a similar type of program, please provide a discussion of the replacement program to include the purpose of the program and the date it was established.

ANSWER:

There are no anticipated changes in the program.

ii. Inward Processing Regime

As the Department is well aware from previous CVD investigations and administrative reviews involving Turkey, Turkish companies can already freely import from EU countries and FTA partners without paying import duties. Besides, Turkish companies can also import from
all countries without paying customs duty and value added taxes (VAT) under Turkey’s Inward Processing Regime (IPR – duty drawback system). The Department has repeatedly investigated, verified and found that Turkey’s IPR is not countervailable\textsuperscript{3}. However, to be fully co-operative the Standard Questions Appendix is responded below.

**Standard Questions Appendix**

A. Provide a description of the program, including the purpose of the program, and the date it was established.

**ANSWER:**

IPR is a system allowing Turkish manufacturers/exporters to obtain raw materials, intermediate unfinished goods that are used in the production of the exported goods without paying customs duty including Value Added Tax and without being subject to commercial policy measures if any.

The government policy behind this program is to give the Turkish industry access to raw materials at the world market prices and the opportunity to compete in the international markets.

Following the Customs Union established between Turkey and the EU on January 1, 1996, Inward Processing Regime was introduced by Resolution No. 95/7615. Since then, this Resolution was replaced by Resolution No. 99/13819 and Resolution No. 2005/8391.

In IPR, two kinds of certificates, D1 and D3, are granted:

**D1 CERTIFICATES**

D1 Certificates allow manufacturer–exporters/exporters to obtain inputs that are used in the production of exported goods without paying any import duty and VAT. Inputs subject to relief could be either in the form of raw materials or intermediate unfinished final goods. Manufacturer-exporters or exporters initially apply for D1 Certificate to the Ministry of Economy by providing the information required to evaluate the case. Decisions (acceptance or

\textsuperscript{3} Please See Decision Memorandum for Final Results of Countervailing Duty Administrative Review 2015: Circular Welded Carbon Steel Pipes and Tubes from Turkey
rejection) are based on whether a set of possible legal conditions and economic criteria are fulfilled. Having been granted D1 Certificate by Ministry of Economy, the holder of the D1 Certificate can import goods stated on the certificate with the obligation to export the final goods within a certain time period stated on the certificate.

D3 CERTIFICATES

D3 Certificates can be used in some business activities realized in Turkey. In the implementation of D3 Certificates there is no need for export commitments. All of these business activities are defined as “domestic sales and deliveries deemed as exports”. Holder of the D3 Certificates can import goods without paying import duty but in this case, as it is mentioned above, holder makes domestic sales instead of export.

Inward Processing Regime can be classified into two main types of systems.

THE SUSPENSION SYSTEM

D1 CERTIFICATES

The Suspension System provides tax exemptions to Turkish manufacturer-exporters/exporters by permitting manufacturer-exporters/exporters to import raw materials which are used in the production process and export final goods without being subject to import duties and value added tax (VAT) during importation.

Under this system, beneficiary of IPR has to submit letter of guarantee or deposit money covering total amounts of all duties and VAT to the customs authorities at the importation.

D3 CERTIFICATES

D3 Certificates are used only in suspension system.

The Suspension System provides tax exemptions to the Turkish manufacturer-exporters/exporters by permitting manufacturer-exporters/exporters to import raw materials which are used in the production process and sell final goods for specific business activities without being subject to import duties during importation. For D3 Certificates, value added tax
(VAT) should be paid during importation.

Under this system, beneficiary of IPR has to submit letter of guarantee or deposit money covering total amounts of all duties to the customs authorities at the importation.

THE DRAWBACK SYSTEM

D1 CERTIFICATES

The import charges of the goods paid during importation can be subject to tax reimbursement after the export commitments are fulfilled. Under the drawback system, import duty and VAT have to be paid when the goods enter free circulation into Turkey. Reimbursement of VAT and import duty can be claimed when the compensating products are exported.

D3 CERTIFICATES

The implementation of Drawback System is not valid for D3 Certificates.

B. Provide the name and address of each of the government agencies or authorities responsible for administering the program. Please be specific in identifying the level of government that has the authority to approve the assistance, and the level of government responsible for administering the distribution of assistance.

ANSWER:

The granting authority of the Inward Processing Certificates (IPC) (both D1 and D3) is Ministry of Economy, which is a national agency. It is located at Söğütözü Mah. 2176. Cad. No:63  06530 Çankaya, Ankara/TURKEY. Implementation of the measure is carried out by Ministry of Customs and Trade, also a national agency. It is located at Dumlupınar Bulvari No: 151 Eskişehir Yolu 9. Km. 06800 Çankaya, Ankara/TURKEY.

C. Please indicate which of the companies under investigation (including all cross-owned companies and any trading companies exporting subject merchandise into the United States) applied for, accrued, or received benefits under the program during the POI.

If any of the companies under investigation, including all cross-owned companies (see 19 CFR 351.523) and any trading companies, whether or not cross-owned, through which a company under investigation exported subject merchandise to the United
States during the POI (see 19 CFR 351.523), applied for, received, claimed, accrued or used assistance under this program during the period designated, you must reply to the remaining questions in this Appendix for the period designated. If none of these companies applied for, received, claimed, accrued or used assistance under this program during the period designated, you need not reply to all of the remaining questions in this Appendix. Please note that if this program has been terminated but there are residual benefits or a replacement program has been put into place (see 19 CFR 351.524), and the companies under investigation are still receiving, claiming or using assistance under the program or if they have applied for, received, claimed, accrued or used assistance under the replacement program, you must respond to all of the remaining questions for residual assistance or replacement programs.

**ANSWER:**

The list of the Inward Processing Certificates of Borusan, which were effective during the POR are attached at **Exhibit 23.** HDM did not apply for or receive an inward processing certificate during the POI.

D. Provide translated copies of the laws and regulations relating to the program and any internal or external reports pertaining to the program that were applicable during the POI.

**ANSWER:**

Turkish and English version of the Resolution Concerning Inward Processing Regime (Resolution No. 2005/8391) are attached at **Exhibit 24.**

E. Identify and explain the types of records maintained by the relevant government or governments (e.g., accounting records, company-specific files, databases, budget authorizations, etc.) regarding the program.

**ANSWER:**

The Ministry of Economy keeps the application documents of the companies related to the Inward Processing Regime. Also, there is an electronic database on which the Inward Processing Certificates are evaluated.

F. Please identify all instances in which assistance under the program was provided to any mandatory respondent (including all responding cross-owned companies and any trading company) during the POI.

**ANSWER:**

Please see response to question C above.
G. Please explain whether the assistance under the program was provided to the mandatory respondent(s) pursuant to a statute, regulation, decree or other legal measure/instrument that establishes the conditions and guidelines governing the operation of the program, such as eligibility criteria, amounts, etc.

**ANSWER:**

Please see response to question A above.

H. To the extent they are different from the entity (entities) identified in response to Question B, above, please provide the name(s) of the entity (entities) that provided each instance of assistance under the program to the mandatory respondent(s) described in response to under Question F, above.

**ANSWER:**

N/A

I. Please specify if the entity (entities) listed in response to Question H, above, is a national, state or local government entity, e.g., a government ministry, department, agency, office, etc.

**ANSWER:**

N/A

J. If the assistance under the program was provided by an entity other than a national, state or local government entity, please respond to the following questions:

1. What is the legal status of the entity (entities), e.g., is it a separately incorporated entity and/or a government corporation, government lending institution, commercial entity?

2. Please explain how the entity (entities) was established and whether the entity operates pursuant to statutes, decrees, and/or regulations. Please explain the relevant statute, decrees and regulations under which the entity was established and operates.

3. What is the legal basis that governs the entity’s provision of assistance under the program? Please provide translated copies of the relevant legal measures.

4. Has the entity (entities) listed above received any direct or indirect funding or support from a government entity? Please specify if the government provided any such direct or indirect funding for the purpose of providing assistance under this program.

5. Did the entity (entities) listed above provide assistance under the program pursuant to specific guidelines and/or criteria under this program? Please describe those guidelines and/or criteria.
6. Please provide the ownership structure of each such entity and specify the amount of any direct or indirect government ownership during the POI (and for each year in which the assistance was provided).

7. Please provide the translated annual report(s) during the POI (and for each year in which the assistance was provided) for each such entity.

8. What are the core activities and functions of each entity that provided the assistance under the program?

9. Explain why the assistance under this program was provided by this entity (entities) rather than directly by the government.

**ANSWER:**

N/A

K. Describe the application process for assistance under the program and provide a blank copy of the application form (translated, if necessary). After an application is submitted, please describe the procedures by which an application is analyzed and eventually approved or rejected. Please provide for each company under investigation a copy of at least one completed application and approval package (and provide translations of headings and any summaries and of the exact reason(s) for the application and the exact reason(s) for approving the assistance).

**ANSWER:**

**D1 CERTIFICATE**

Applicant of the Inward Processing Certificate (IPC) has to submit documents including an application form, an input-output table, a capacity report providing information about the production facilities, information about the goods intended to be exported and information about the raw materials to be imported (appropriate to the kind and amount of the good to be exported). As the application is deemed appropriate, an IPC is issued, showing names, customs classifications, amounts and values of the good to be exported and the raw materials to be imported.

**D3 CERTIFICATE**

When a company applies to receive an Inward Processing Certificate (D3), a file is opened, including an application form, an input-output table, a capacity report providing information about the production facilities, about the good to be produced and the raw materials to be imported (appropriate to the kind and amount of the good to be sold in domestic market).
As the application is deemed appropriate, an Inward Processing Certificate is issued, showing names, customs classifications, amounts and values of the good to be sold in domestic market and the raw materials to be imported.

Please see Exhibit 25 for a copy of a complete Inward Processing Certificate [ ] dated [ ] of Borusan and screenshots of the related approval package.

L. Please answer the following questions regarding eligibility for and actual use of the assistance provided under this program.

1. Describe the criteria governing the eligibility for and receipt of any assistance under this program. Please also describe the criteria for determining the amount of the assistance provided. Provide a copy of any law, regulation or other official document detailing these criteria. As part of your response, please also address the following questions:

(a) Is the actual export performance or export potential of an applicant or recipient taken into account in any way in determining eligibility for or receipt of any assistance under this program? Please explain. If eligibility for, or actual use of, this program is contingent upon export performance, whether solely or as one of several other conditions, you need not respond to the remaining questions under section L.

ANSWER:

Any firm operating under Turkish Commercial Law can be eligible for use of the Regime. Once the IPC is issued, holder of the IPC can benefit from the Regime without expecting to satisfy any additional conditions other than export commitment.

(b) Is the use of domestic goods or the creation of domestic value added by an applicant or recipient taken into account in any way in determining eligibility for or receipt of any assistance under this program? Please explain. If eligibility for this program is contingent upon the use of domestic over imported goods, you need not respond to the remaining questions under section L.

ANSWER:

No.

(c) Is eligibility for the subsidy limited to enterprises or industries located within designated geographical regions within the jurisdiction that authorized the program? If so, please provide the criteria for eligibility and you need not respond to the remaining questions under section L.
ANSWER:

No.

(d) Is the industry or sector in which the applicant or recipient operates taken into account in any way, either under the law or through discretion exercised by the government agency or authority administering the program, in determining eligibility for or receipt of any assistance under this program? Please explain, and identify those industries or sectors that are eligible or otherwise receive special consideration for eligibility. If eligibility is limited, by law or in fact, to any enterprise or group of enterprises, or to any industry or group of industries, you need not respond to the remaining questions under section L.

ANSWER:

No.

(e) With respect to the eligibility criteria and your administration of this program, please address the following, and provide documentation, if possible, to support your explanation:

i. If the eligibility criteria, as listed in the applicable law, regulation or other official documents are met, will an applicant always and automatically receive assistance, or is final approval by the government agency or authority which administers the program necessary?

ii. Is the amount of the assistance provided determined solely by established criteria found in the law, regulation or other official document, or is the amount ultimately determined by the government agency or authority which administers the program? If established by criteria, please provide all of the criteria.

iii. If the government agency or authority has any discretion that goes beyond the criteria laid out in the law, regulation or other official document, please explain the nature and extent of that discretion.

iv. Explain how the companies under investigation who have applied for, claimed, received, accrued or used assistance under this program have met the eligibility criteria.

ANSWER:

Please see response to question A and responses to L.1.a through L.1.d above.

(f) Is eligibility for the subsidy limited to small and medium-sized enterprises? If so, please define and document how the term “small and medium-sized enterprises” is defined under the program and on what basis the
company(ies) being examined met the definition. If the program is not contingent on firms being small and medium-sized enterprises, then so state and skip this question.

**ANSWER:**

No.

2. Please provide the following information, in table form, regarding the number of recipient companies and industries and the amount of assistance approved under this program for the year in which any mandatory respondent company was approved for assistance, as well as each of the preceding three years (e.g., if a respondent was approved for assistance in 2010 and 2011, provide this information, by year, for 2007 through 2011). If this information is not available on the basis of year of approval, then provide the information based on the year of bestowal.

**ANSWER:**

The Inward Processing Certificate is not an assistance. Please see our response to Question A above.

(a) The amount of assistance approved for each mandatory respondent company, including all cross-owned companies and trading companies that sell the subject merchandise to the United States.

**ANSWER:**

Please see Borusan’s total IPR statistics at Exhibit 26.

(b) The total amount of assistance approved for all companies under the program.

**ANSWER:**

Please see the relevant information at Exhibit 26.

(c) The total number of companies that were approved for assistance under this program.

**ANSWER:**

No such data is available.

(d) The total amount of assistance approved for the industry in which the mandatory respondent companies operate, as well as the totals for every other industry in which companies were approved for assistance under this program.
iv. Corporate Tax Exemption in Free Zones

Standard Questions Appendix

A. Provide a description of the program, including the purpose of the program, and the date it was established.

ANSWER:

Free Zones Law No. 3218, which was published on Turkish Official Gazette on June 15, 1985, was launched in mid-1980s as part of the economic liberalization program pursued by GoT. There were 18 free zones in Turkey during POI. They are not established in a specific region, but located countrywide.

Real persons or legal entities who intend to engage in operations in the Free Zone may submit their Operating License Application Form which is provided in Exhibit 27 to the Ministry of Economy by way of the Zone Directorate in order to obtain an Operating License.

Operating License application is evaluated by taking into consideration the request of the applicant, the type of activity to be conducted, the amount of the investment.

According to the provisions of Provisional Article 3 of the Free Zones Law No. 3218, until the end of the taxation year including the date Turkey becomes a full member of the European Union, the earnings generated through the sales of the goods produced in the free zones by users holding an Operating License on production are exempt from income or corporate taxes.

For free zone users that obtained an Operating License for an activity other than production before February 6, 2004, the income or corporate tax exemption continues only until the end of the period specified on their Operating License as of February 6, 2004.

The purpose of the program is to encourage firms to operate in free zones.

B. Provide the name and address of each of the government agencies or authorities responsible for administering the program. Please be specific in identifying the level of government that has the authority to approve the assistance, and the level of government responsible for administering the distribution of assistance.
The administration of free zones is under the responsibility of Ministry of Economy (MoE). Implementation of the measure is carried out by the Ministry of Finance.

The address of MoE is Söğütözü Mah. 2176. Cad. No: 63, 06530 Çankaya/ANKARA, TURKEY. The address of Ministry of Finance is Dikmen Cad. No: 2 Dikmen, Ankara/TURKEY.

Please indicate which of the companies under investigation (including all cross-owned companies and any trading companies exporting subject merchandise into the United States) applied for, accrued, or received benefits under the program during the POI.

If any of the companies under investigation, including all cross-owned companies (see 19 CFR 351.523) and any trading companies, whether or not cross-owned, through which a company under investigation exported subject merchandise to the United States during the POI (see 19 CFR 351.523), applied for, received, claimed, accrued or used assistance under this program during the period designated, you must reply to the remaining questions in this Appendix for the period designated. If none of these companies applied for, received, claimed, accrued or used assistance under this program during the period designated, you need not reply to all of the remaining questions in this Appendix. Please note that if this program has been terminated but there are residual benefits or a replacement program has been put into place (see 19 CFR 351.524), and the companies under investigation are still receiving, claiming or using assistance under the program or if they have applied for, received, claimed, accrued or used assistance under the replacement program, you must respond to all of the remaining questions for residual assistance or replacement programs.

HDM ÇELİK BORU SAN. VE TİC. A.Ş. has had a branch in Mersin Free Zone with an Operating License since 2008. Therefore, this company may benefit from this program for its earnings generated through its activities in the free zone.

Provide translated copies of the laws and regulations relating to the program and any internal or external reports pertaining to the program that were applicable during the POI.

Turkish and English versions of Free Zones Law No. 3218 are provided at Exhibit 28.
E. Identify and explain the types of records maintained by the relevant government or governments (e.g., accounting records, company-specific files, databases, budget authorizations, etc.) regarding the program.

**ANSWER:**

There is no record kept by the GoT, but this is shown in taxpayer’s accounting records.

F. Please identify all instances in which assistance under the program was provided to any mandatory respondent (including all responding cross-owned companies and any trading company) during the POI.

**ANSWER:**

All companies with a valid Operating License for production in a free zone may use this program. Among the respondent companies, HDM ÇELİK BORU SAN. VE TİC. A.Ş. has a production facility in Mersin Free Zone and thus it may benefit from this exemption. On the other hand, there is no record kept by the Government regarding the usage of this program. The company-specific information can be obtained from the company’s records.

G. Please explain whether the assistance under the program was provided to the mandatory respondent(s) pursuant to a statute, regulation, decree or other legal measure/instrument that establishes the conditions and guidelines governing the operation of the program, such as eligibility criteria, amounts, etc.

**ANSWER:**

This program is implemented pursuant to Provisional Article 3 of the Free Zones Law No. 3218, which is provided in Exhibit 28.

H. To the extent they are different from the entity (entities) identified in response to Question B, above, please provide the name(s) of the entity (entities) that provided each instance of assistance under the program to the mandatory respondent(s) described in response to under Question F, above.

**ANSWER:**

N/A.

I. Please specify if the entity (entities) listed in response to Question H, above, is a national, state or local government entity, e.g., a government ministry, department,
agency, office, etc.

ANSWER:

N/A.

J. If the assistance under the program was provided by an entity other than a national, state or local government entity, please respond to the following questions:

ANSWER:

N/A.

1. What is the legal status of the entity (entities), e.g., is it a separately incorporated entity and/or a government corporation, government lending institution, commercial entity?

2. Please explain how the entity (entities) was established and whether the entity operates pursuant to statutes, decrees, and/or regulations. Please explain the relevant statute, decrees and regulations under which the entity was established and operates.

3. What is the legal basis that governs the entity’s provision of assistance under the program? Please provide translated copies of the relevant legal measures.

4. Has the entity (entities) listed above received any direct or indirect funding or support from a government entity? Please specify if the government provided any such direct or indirect funding for the purpose of providing assistance under this program.

5. Did the entity (entities) listed above provide assistance under the program pursuant to specific guidelines and/or criteria under this program? Please describe those guidelines and/or criteria.

6. Please provide the ownership structure of each such entity and specify the amount of any direct or indirect government ownership during the POI (and for each year in which the assistance was provided).

7. Please provide the translated annual report(s) during the POI (and for each year in which the assistance was provided) for each such entity.

8. What are the core activities and functions of each entity that provided the assistance under the program?

9. Explain why the assistance under this program was provided by this entity (entities) rather than directly by the government.

K. Describe the application process for assistance under the program and provide a blank copy of the application form (translated, if necessary). After an application is submitted, please describe the procedures by which an application is analyzed and
eventually approved or rejected. Please provide for each company under investigation a copy of at least one completed application and approval package (and provide translations of headings and any summaries and of the exact reason(s) for the application and the exact reason(s) for approving the assistance).

**ANSWER:**

There is no special application or approval process for this program for operating license holders acting under Provisional Article 3, paragraph 1, clause (a) and paragraph 2, clause (a). The operating license holder should apply to the registered tax office.

**L.** Please answer the following questions regarding eligibility for and actual use of the assistance provided under this program.

1. Describe the criteria governing the eligibility for and receipt of any assistance under this program. Please also describe the criteria for determining the amount of the assistance provided. Provide a copy of any law, regulation or other official document detailing these criteria. As part of your response, please also address the following questions:

**ANSWER:**

There are no specific criteria governing the eligibility for this program. Any company with a valid Operating License for production in a free zone may benefit from the corporate tax exemption. The use of this program is not contingent upon export performance or upon the use of domestic over imported goods. It is not limited to any enterprise or group of enterprises located in a geographical region, or to any industry or sector, or to small and medium sized enterprises.

(a) Is the actual export performance or export potential of an applicant or recipient taken into account in any way in determining eligibility for or receipt of any assistance under this program? Please explain. If eligibility for, or actual use of, this program is contingent upon export performance, whether solely or as one of several other conditions, you need not respond to the remaining questions under section L.

**ANSWER:**

No.

(b) Is the use of domestic goods or the creation of domestic value added by an applicant or recipient taken into account in any way in determining eligibility for or receipt of any assistance under this program? Please explain. If eligibility for this program is contingent upon the use of domestic over imported goods, you need not respond to the remaining questions under section L.
ANSWER:

No.

(c) Is eligibility for the subsidy limited to enterprises or industries located within designated geographical regions within the jurisdiction that authorized the program? If so, please provide the criteria for eligibility and you need not respond to the remaining questions under section L.

ANSWER:

No. Free zones are not established in a specific region, but located countrywide.

(d) Is the industry or sector in which the applicant or recipient operates taken into account in any way, either under the law or through discretion exercised by the government agency or authority administering the program, in determining eligibility for or receipt of any assistance under this program? Please explain, and identify those industries or sectors that are eligible or otherwise receive special consideration for eligibility. If eligibility is limited, by law or in fact, to any enterprise or group of enterprises, or to any industry or group of industries, you need not respond to the remaining questions under section L.

ANSWER:

No.

(e) With respect to the eligibility criteria and your administration of this program, please address the following, and provide documentation, if possible, to support your explanation:

i. If the eligibility criteria, as listed in the applicable law, regulation or other official documents are met, will an applicant always and automatically receive assistance, or is final approval by the government agency or authority which administers the program necessary?

ANSWER:

There are no specific criteria governing the eligibility for this program. Any company with a valid Operating License for production in a free zone may benefit from the corporate tax exemption.

ii. Is the amount of the assistance provided determined solely by established criteria found in the law, regulation or other official document, or is the amount ultimately determined by the government agency or authority which administers the program? If established by criteria, please provide all of the criteria.
ANSWER:

The amount of the assistance depends on the corporate tax, which was 20% during POI.

iii. If the government agency or authority has any discretion that goes beyond the criteria laid out in the law, regulation or other official document, please explain the nature and extent of that discretion.

ANSWER:

No government agency/authority has any discretion that goes beyond the criteria laid out in the law.

iv. Explain how the companies under investigation who have applied for, claimed, received, accrued or used assistance under this program have met the eligibility criteria.

ANSWER:

All companies with a valid Operating License for production in a free zone may use this program. Among the respondent companies, HDM ÇELİK BORU SAN. VE TİC. A.Ş. has a production facility in Mersin Free Zone.

(f) Is eligibility for the subsidy limited to small and medium-sized enterprises? If so, please define and document how the term “small and medium-sized enterprises” is defined under the program and on what basis the company(ies) being examined met the definition. If the program is not contingent on firms being small and medium-sized enterprises, then so state and skip this question.

ANSWER:

No.

2. Please provide the following information, in table form, regarding the number of recipient companies and industries and the amount of assistance approved under this program for the year in which any mandatory respondent company was approved for assistance, as well as each of the preceding three years (e.g., if a respondent was approved for assistance in 2010 and 2011, provide this information, by year, for 2007 through 2011). If this information is not available on the basis of year of approval, then provide the information based on the year of bestowal.

ANSWER:
There is no approval process to benefit from this program. Any company with a valid operating license for production in a free zone may benefit from this program. Hence, there is no record kept by the GoT. Thus, the remaining questions from (a) to (e) are not responded.

(a) The amount of assistance approved for each mandatory respondent company, including all cross-owned companies and trading companies that sell the subject merchandise to the United States.

(b) The total amount of assistance approved for all companies under the program.

(c) The total number of companies that were approved for assistance under this program.

(d) The total amount of assistance approved for the industry in which the mandatory respondent companies operate, as well as the totals for every other industry in which companies were approved for assistance under this program. In identifying the industries, please use whatever resource or classification scheme your government normally relies upon to define industries and to classify companies within an industry. Please provide the relevant classification guidelines, and please ensure the list provided reflects consistent levels of industrial classification. Please clearly identify the industry in which the companies under investigation are classified.

(e) The total number of companies that applied for, but were denied, assistance under this program. Be sure that your response to question provides a complete discussion of the circumstances in which applications for assistance are denied.

M. Describe any anticipated changes in the program. Provide documentation substantiating your answer. If the program is being terminated, state the last date that a company could apply for or claim benefits under the program. When is the last date that a company could receive benefits under the program? If the program has been terminated and replaced by a similar type of program, please provide a discussion of the replacement program to include the purpose of the program and the date it was established.

ANSWER:

There are no anticipated changes in the program.

Tax Program Appendix

If any of the mandatory respondent companies under investigation used this program to take deductions from taxable income, to receive credit towards taxes payable, to take exemptions from taxes owed, to reduce the tax rate, to defer payment of taxes, to carry forward losses from previous tax years, to use accelerated depreciation, or to benefit from other tax advantages on the tax return filed during the POI, please respond to the following questions.
A. Explain whether the assistance is a deduction from taxable income, a credit towards taxes payable, an exemption from taxes owed, a reduction in the tax rate, a deferral of taxes, a loss carry-forward from previous tax years, accelerated depreciation, or other tax benefit.

**ANSWER:**

The program is an exemption from income or corporate tax.

B. How do companies using this program calculate the tax benefit they claim? Please be specific and provide a sample calculation using a blank tax form.

**ANSWER:**

The exemption covers net earnings generated within free zones. The total amount of exemption from income or corporate tax is calculated by deduction of expenditures for free zone activities from proceeds generated from above mentioned free zone activities. The net amount is exempt from income or corporate tax. The corporate tax rate in Turkey was 20% during POI.

C. If the company carried forward a loss from prior years and used that loss to offset taxes due on the tax return filed during the POI, demonstrate that this loss was not generated by use of any countervailable tax program.

**ANSWER:**

This program does not affect tax loss situation.

D. If the program involves a deferral of taxes owed, please provide the amount and length of the deferral, and the details of any interest charged on the deferral.

**ANSWER:**

N/A.

E. If the tax assistance results in negative income for tax purposes, for example through accelerated depreciation, is the company able to carry forward this loss?

**ANSWER:**

N/A.

F. For a program that provides a reduction in the tax rate or an exemption from taxes payable, please report the tax rate that was paid under the program and the tax rate that
would have applied in absence of the program.

**ANSWER:**

The corporate tax rate was 20% in Turkey during POI.
Exhibit CVD - TR - 6
EXHIBIT 24

Resolution Concerning Inward Processing Regime

(Resolution No. 2005/8391)
Ekonomi Bakanlığından:

2005/8391 SAYILI DAHİLDE İŞLEME REJİMİ KARARI

BİRİNCİ BÖLÜM

AMAÇ, KAPSAM VE TANIMLAR

Amaç

Madde 1- Bu Karar; Dünya piyasa fiyatlarından hammadde temin etmek suretiyle ihracatı artırmak, ihracat ürünlerine uluslararası piyasalarda rekabet gücü kazandırmak, ihracat pazarlarını geliştirmek ve ihracat ürünlerini çeşitlendirmek amacıyla hazırlanmıştır.

Kapsam

Madde 2- Bu Karar; elde edilmesinde ithal girdi kullanılan işlem görmüş ürünün ihracı ile ihracat sayılan satış ve teslimlerin belirlenmesi, yönlendirilmesi ve geliştirilmesine ilişkin tedbirlerin düzenlenmesi ve yürütülmesini kapsar.

Tanımlar

Madde 3- Bu Kararda geçen;

- Bakanlık (Değişik: R.G.-04/05/2012-28282): Ekonomi Bakanlığı,
- Topluluk: Avrupa Topluluğunu,
- Üçüncü Ülke: Avrupa Topluluğuna üye ülkeler dışındaki ülkeleri,
- Serbest Bölgeler: Türkiye Gümrük Bölgesi üzerindeki serbest bölgeleri,
- Serbest Dolaşımında Bulunan Eşya: 4458 sayılı Gümrük Kanununun 18 inci maddesi hükmüne göre tümüyle Türkiye Gümrük Bölgesinde elde edilen ve bünyesinde Türkiye Gümrük Bölgesi dışındaki ülke veya topraklardan ithal edilen girdileri bulundurmayan veya şartlı muafiyet düzenlemelerine tabi tutulan eşyadan elde edilen ve tabi olduğu rejim hükümleri uyarınca özel ekonomik önem taşımadığı tespit edilen veya Türkiye Gümrük Bölgesi dışındaki ülke veya topraklardan serbest dolaşıma giriş rejimine tabi tutularak ithal edilen veya Türkiye Gümrük Bölgesinde yukarıda belirtilen eşyadan ayrı ayrı veya birlikte elde edilen veya üretilen eşya'yı,

- İşleme Faaliyeti: Eşyanın montajı, kurulması ve diğer eşya ile birleştirilmesi dahil olmak üzere işçiline tabi tutulması, işlenmesi, yenilenmesi, düzenli hale getirilmesi dahil olmak üzere tamir edilmesi ile işleme sırasında tamamen veya kısmen tüketilse de işlem görmüş ürünün bünyesinde bulunmayan ancak, bu ürünün üretilmesini sağlayan veya kolaylaştıran önceden belirlenmiş bazı eşyanın kullanılmasını,

- Elde Etmek: Eşyanın işleme faaliyetine tabi tutulmasını,
İşlem Görmüş Ürün: İşleme faaliyetleri sonucunda elde edilen asıl veya ikincil işlem görmüş ürünü,

Asıl İşlem Görmüş Ürün: Dahilde işleme rejimi kapsamında elde edilmesi amaçlanan ürünü,

İkincil İşlem Görmüş Ürün: İşleme faaliyetleri sonucunda elde edilen asıl işlem görmüş ürün dışındaki ürünü,

İthal Eşyası: İşlem görmüş ürünün elde edilmesinde kullanılan hammadde, yardımcı madde, yarı mamul, mamul ile işlem görmüş ürünün bünyesinde yer almamakla birlikte çalışmasını sağlayan madde (yakıt ve yağ dahil) ya da hizmetin devamını sağlayan madde (yedek parça, vb.), ambalaj ve işletme malzemesini,

İşletme Malzemesi(Değişik:R.G.-14/05/2010-27581): İşleme faaliyetleri sırasında tamamen veya kısmen tüketilmişler dahi, ihracı taahhüt edilen işlem görmüş ürünün elde edilmesinde kullanılan ancak ürünün bünyesinde yer almayan ve sabit tesislerin çalışabilir durumda olmasını temin eden (enerji ve yakıt hariç), yatırım malı makine ve teçhizat niteliğinde olmayan malzemeyi,

Değişmemiş Eşya: İşlem görmemiş ithal eşyasını,

Tarım Ürünleri: İthalat Rejimi Kararının ilgili listelerinde yer alan ve toprağa veya yeni üretim teknikleri ve teknolojileri kullanarak topraksız ortamda yetiştirilen bitkisel ürünler, hayvancılık, balıkçılık ile diğer su ürünleri ve bunların ilk işleme tabi tutulmuş şekillerini,

İşlenmiş Tarım Ürünleri: İthalat Rejimi Kararının ilgili listelerinde yer alan ve bünyesinde temel tarım ürünlerini (hububat, şeker ve süt) bulundurunan ürünleri,

Sanayi Ürünleri: Tarım Ürünleri ve işlenmiş tarım ürünleri dışındaki tüm ürünleri,

Fire: İşleme faaliyetleri sırasında özellikle kuruma, buharlaşma, sızmaya gaz kaçığı şeklinde yitirilen ve imha olan kısmın ekonomik değeri olmayan atıkları,

Verimlilik Oranı: Belirli miktardaki eşyanın işlenmesi sonucunda elde edilen işlem görmüş ürünün miktarı veya yüzde oranını,

Döviz Kullanım Oranı(Değişik:R.G.-22/08/2010-27680): Dahilde işleme izin belgesi/dahilde işleme izni kapsamında CIF ithal (yurt içi alımlar hariç) tutarının FOB ihraç tutarına (ikincil işlem görmüş ürünün serbest dolaşma giriş rejimi hükümlerine göre ithalatının yapılması halinde bu ürünün gümrük krymeti dahil) olan yüzde oranını,

Önceden İthalat: İşlem görmüş ürünün ihraçından önce bu ürünün elde edilmesinde kullanılacak eşyanın ithalini,
Önceden İhracat: İthal esyasinın şartlı muafiyet sisteminde ithal edilmesinden önce, eșdeğer esyadan elde edilmiş işlem görmüş ürünün ihraç edilmesini,

Eşdeğer Eşya: İşlem görmüş ürünün elde edilirsinde ithal esyasinın yerine kullanılan ve ithal esyası ile asgari 8 (sekiz)'li bazda gümrük tarife istatistik pozisyonu, ticari kalite ve teknik özellikleri itibarıyla aynı kalite ve nitelikleri taşıyan serbest dolaşımda bulunan eşayı,

Ticaret Politikası Önlemleri: İthalat Rejimi Kararının 4 üncü maddesinde belirtilen mevzuat çerçevesinde alınan önlemleri,

Vergi: Eşyanın ithali ve ihracında tahsili öngörülen vergi, resim, harç, fon ve benzeri-bütün mali yükleri,

Eşyanın Gümrükçe Onaylanmış Bir İşlem veya Kullanıma Tabi Tutulması: Eşyanın bir gümrük rejimine tabi tutulması, Türkiye Gümrük Bölgesi dışına yeniden ihracı veya serbest bölgelere ihracı, imhası veya gümrüğe terk edilmesini,

Gümrük Rejimi: Serbest dolaşıma girış rejimi, transit rejimi, gümrük antrepo rejimi, dahilde işleme rejimi, gümrük kontrolü altında işleme rejimi, geçici ithalat rejimi, hariçte işleme rejimi veya ihracat rejimini,

Dahilde İşleme İzni Belgesi: İhracat ile ihracat sayılan satış ve teslimlerde gümrük muafiyetli ithalat ve/veya yurt içi almılara imkan sağlayan Bakanlıkça düzenlenen belgeyi,

Belge: Dahilde işleme izin belgesini,

Belge Süresi: Dahilde işleme izin belgesi üzerinde kayıtlı bulunan ve belge kapsamında ithalat ve/veya ihracat işlemlerinin gerçekleştirileceği ve tüm istisnaların uygulanacağı dönemi,

Belge Süresi Sonu: Belge süresi bitimindeki rastlıdı ayna son gününün,

Dahilde İşleme İzni: İhrac amacıyla gümrük muafiyetli ithalata imkan sağlayan ve gümrük idaresince verilen izni,

İzin: Dahilde işleme iznini,

İzin Süresi: Dahilde işleme izni üzerinde kayıtlı bulunan ve izin kapsamında ithalat ve/veya ihracat işlemlerinin gerçekleştirilerek tüm istisnaların uygulanacağı dönemi,

İzin Süresi Sonu: İzin süresi bitiminin rastıdı ayna son gününün,

Onaylanmış Kişi Statü Belgesi: Gümrük mevzuatı çerçevesinde Gümrük ve Ticaret Bakanlığına verilen belgeyi,

A.TR Dolaşım Belgesi: Türkiye veya Toplulukta serbest dolaşımda bulunan eşyanın Katma Protokolde öngörülen tercihli rejimden yararlanabilmesini sağlamak üzere, ihracatçı ülke yetkili kuruluşlarınca düzenlenenip gümrük idaresince vize edilen belgeyi,
Menşe İspat Belgeleri(Değişik:R.G.-23/09/2006-26298): Türkiye’nin taraf olduğu anlaşmalar çerçevesinde tercihli rejimden yararlanmak üzere ihracatçı ülke yetkili kuruluşlarınca düzenlenen gümrük idaresince vize edilen ve malın menşesini belirleyen EUR.1 dolaşım sertifikası, EUR-MED dolaşım sertifikası, EUR-MED fatura beyanı veya fatura beyanını,

Pan-Avrupa Menşe Kümülasyonu: Avrupa’da, aynı menşe kurallarını havi Serbest Ticaret Anlaşmaları ile birbirlerine bağlanmış ülkeler arasında oluşturulan ve taraf ülkeler menşeli eşya kullanılarak elde edilen işlem görmüş ürünün Kümülasyona tabi bir diğer ülkeye tercihli rejim kapsamında ithaline imkan sağlayan ticaret sisteminin,


İmalatçı-Ihracatçı: İşlem görmüş ürünün tamamını veya bir kısmını üretten ve bu ürünün ihracatını kendisi ve/veya aracılı ihracatçı vasıtasıyla gerçekleştiren dahilde işleme izin belgesi/dahilde işleme izni sahibi firmayı,

İhracatçı: Yan sanayici firmaya ithal edilmiş henüz ürünü üretime ve bu ürünün ihracatını kendisi ve/veya aracılı ihracatçı vasıtasıyla gerçekleştiren imalatçı olmayan dahilde işleme izin belgesi/dahilde işleme izni sahibi firmayı,

Yan Sanayici: Dahilde işleme izin belgesinde/dahilde işleme izinde taahhüt edilen ihracat ürünün tamamını ya da bir kısmını üreten, belgende/izinde kayıtlı ancak belge/izin sahibi olmayan firmayı,

Aracı İhrazatçı: Dahilde işleme izin belgesinde/dahilde işleme izinde taahhüt edilen ihracat, belge/izin sahibi firmadan tedarik ettiği şekliyle gerçekleştiren belge/izin sahibi olmayan firmayı,

Başlamış İşlem(Değişik:R.G.-14/05/2010-27581): Dahilde işleme rejimi kapsamında ithalata ve ihracata ilişkin gümrük beyannamesinin tescil edilmiş olması,

kontrollerine ilişkin kolaylaştırmalardan yararlanmak üzere yetkilendirilen kişiler adına düzenlenenen sertifikayı, ifade eder.

İKİNCİ BÖLÜM
DAHİLDE İŞLEME TEDBİRLERİ

Dahilde İşleme Tedbirleri

Madde 4- Bu tedbirler:
- Şartlı Muafiyet Sistemi,
- Geri Ödeme Sistemi'nden oluşturur.

Şartlı Muafiyet Sistemi

Madde 5- Şartlı muafiyet sistemi; dahilde işleme izin belgesi dahilde işleme izni kapsamında ihracı taahhüt edilen işlem görmüş ürünün elde edilmesinde kullanılan ve serbest dolaşımda bulunmayan hammadde, yardımcı madde, mamul ile değişmemiş esya, ambalaj ve işletme malzemelerinin, Türkiye Gümrük Bölgesinde (serbest bölgeler hariç) yerleşik firmalarca, ticaret politikası önlemlerine tabi tutulmaksızın, vergisi teminata bağlanmak suretiyle ithal edilmesi ve ihracat taahhüdünün gerçekleşmesini müteakip, alınan teminatın iade edilmesidir. Bu kapsamda yapılacak işletme malzemesi ithalatında, katma değer vergisi ve özel tüketim vergisi tahsil edilir ve ticaret politikası önlemleri uygulanır.

Özel Tüketim Vergisi Kanunu hükümleri saklı kalmak kaydıyla) teminata bağlanır ve ticaret politikası önlemleri uygulanmaz. Önceden ihracat işleminden sonra buna tekabül eden oranda ithal edilen eşya, belge sahibi firma tarafından serbestçe kullanılabilir.

İşlem görmüş ürünün eşdeğer eşyadan elde edildiği durumlarda, gümrük işlemlerinde ithal eşyası eşdeğer eşya, eşdeğer eşya ise ithal eşyası olarak değerlendirilir. Önceden ihracat konusu işlem görmüş ürünün ihracat vergisine tabi eşdeğer eşyadan elde edilmesi halinde ise, bu eşyaya tekabül eden ithalatın yapılmasından sonra iade edilmek üzere ihracat vergisi kadar teminat alınır.

 Ayrıca, dahilde işleme izin belgesi kapsamında ihracı taahhüt edilen işlem görmüş ürünün elde edilmesinde kullanılan hammadde, yardımcı madde, yarı mamul, mamul, değişimmemiş eşya ve ambalaj malzemeleri birinci fıkra hükmüne göre ithal edilebileceği gibi, bu konuda yapılan düzenlemeler çerçevesinde yurt içinden de temin edilebilir. Dahilde işleme izin belgesi kapsamında ihracı edilen eşya, bu Kararın uygulanması bakımından (3065 sayılı Katma Değer Vergisi Kanunu ve 4760 sayılı Özel Tüketim Vergisi Kanunu hükümleri saklı kalmak kaydıyla) ithal eşyası gibi değerlendirilir.


Dahilde işleme izin belgesi kapsamında yurt içi alının, belge süresi içerisinde gerçekleştilmesi gereklidir. Ancak, bu Karara instaden yayımlanacak teblig hükümleri çerçevesinde işlem görmüş ürünün ihraçının gerçekleştilğini belgelenmesi kaydıyla, süresi sona erse dahil dahilde işleme izin belgesi kapsamında yurt içi almın yapılabilir ve bu alımlarda teminat aranmamayabilir. Ayrıca, belge kapsamında yurt içi alının yapılmasına imkan bulunmaktadır halinde, belgeye ek süre verilmek suretiyle ithalat yapılmasının izin verilebilir.

**Teminat ve İndirimli Teminat Uygulaması**

**Madde 6 -** Şartlı muafiyet sistemi kapsamında yapılacak ithalattan doğan vergi, 6183 sayılı Amme Alacakların Tahsil Usulü Hakında Kanununda belirtilen esaslар çerçevesinde teiminata tabidir.

(Değişik: R.G.-18/04/2014-28976) Ancak:
a) Yetkilendirilmiş yükümlü sertifikası veya A sınıfı onaylanmış kişi statü sahibi firmaların dahilinde işleme izin belgesi/dahilinde işleme izni kapsamında yapacakları ithalatta, bu ithalattan doğan verginin %1'inin,

b) B sınıfı onaylanmış kişi statü belgesi sahibi firmaların dahilinde işleme izin belgesi/dahilinde işleme izni kapsamında yapacakları ithalatta, bu ithalattan doğan verginin %5'inin,

c) C sınıfı onaylanmış kişi statü sahibi firmaların dahilinde işleme izin belgesi/dahilinde işleme izni kapsamında yapacakları ithalatta, bu ithalattan doğan verginin %10'unun,

d) Onaylanmış kişi statü belgesi sahibi olmayan dış ticaret sermaye şirketleri ile sektörel dış ticaret şirketlerinin belge/izin müracaat tarihinden önceki takvim yılı içerisinde gerçekleşтирildikleri ihraçat kadar dahilinde işleme izin belgesi/dahilinde işleme izni kapsamında yapacakları ithalatta, bu ithalattan doğan verginin %10'unun,

e) İmalatçı-ihracatçıların, belge/izin müracaat tarihinden önceki dört yıl içerisinde düzenlenmiş, ihraçat taahhüdü kapatılmış, dahilinde işleme izin belgeleri ve bu Kararın yayımı tarihinden sonra düzenlenen dahilinde işleme izinleri kapsamında sanayi ürünleri için toplam 1 (bir) Milyon ABD Dolarından, tarım ve işlenmiş tarım ürünleri için toplam 500 (beşyüz) Bin ABD Dolarından az olmamak kaydıyla gerçekleştirdikleri ihraçat kadar dahilinde işleme izin belgesi/dahilinde işleme izni kapsamında yapacakları ithalatta, bu ithalattan doğan verginin %10'unun,

f) Son üç takvim yılı itibariyle ihraçatı her bir yıl için 5 (beş) Milyon ABD Dolarını geçen veya son beş takvim yılı itibariyle ihraçatı her bir yıl için 1 (bir) Milyon ABD Dolarını geçen ihraçatçıların, belge/izin müracaat tarihinden önce dört yıl içerisinde düzenlenmiş, ihraçat taahhüdü kapatılmış, dahilinde işleme izin belgeleri ve bu Kararın yayımı tarihinden sonra düzenlenen dahilinde işleme izinleri kapsamında sanayi ürünleri için toplam 1 (bir) Milyon ABD Dolarından, tarım ve işlenmiş tarım ürünleri için toplam 500 (beşyüz) Bin ABD Dolarından az olmamak kaydıyla gerçekleşтирildikleri ihraçat kadar dahilinde işleme izin belgesi/dahilinde işleme izni kapsamında yapacakları ithalatta, bu ithalattan doğan verginin %10'unun,

teminat olarak yatırılması kaydıyla, gümrük idaresince ithalatın gerçekleştirilmesine izin verilir.

İndirimli teminat uygulamasının hesaplanmasına ilişkin usul ve esaslar, bu Karara istinaden yayılmacak teblig ile belirlenir.
Bu Karara istinaden yayımlanacak tebliğ hükümleri çerçevesinde dahilde işleme izin belgesi kapsamında işlem görmüş ürünün ihracının belgelenmesini müteakip bu ürünün elde edilmesinde kullanılan eşyaya ilişkin verginin %10'unun teminat olarak yatırılması kaydıyla, ithalatın gerçekleştirilmesine gümrük idaresince izin verilir.

İndirimli teminat uygulanmasından dobabilecek amme alacağı (yurt içi teslimleri yapan kamu kurum ve kuruluşlarının alacakları dahil) ilgili firmalardan 6183 sayılı Amme Alacaklarının Tahsil Usulü Hakkında Kanun hükümleri çerçevesinde tahs il edilir. Ayrıca, bu firmaların kamudan olan alacakları da teminat hükümündedir.

Şartlı muafiyet sistemi kapsamında yapılan ithalatta uygulanan teminat oranı Bakanlıkça (İhracat Genel Müdürlüğü), bu ithalattan doğan vergi tutarının 2 (iki) katına kadar artırılabilir.

(Ek:R.G.-04/12/2012-28487) İhracat sayılan satış ve teslimlere konu mamullerin üretiminde kullanılan ithali geçici veya kati anti-damping vergisi veya sübvansiyon vergisine tabi eşyanın ithalatında, geçici veya kati anti-damping vergisi veya sübvansiyon vergisi tahsil edilir.

Türkiye Gümrük Bölgesi Dışında veya Serbest Bölgelerde Yapılacak İşleme Faaliyeti

Madde 7- Şartlı muafiyet sistemi kapsamında, işlem görmüş ürünün veya değişmemiş eşyanın tamamı ya da bir kısmı, hariçette işleme rejimi hükümleri çerçevesinde daha ileri düzeyde işlenmek üzere Türkiye Gümrük Bölgesi dışına veya serbest bölgesere geçici olarak ihraç edilebilir. Bu kapsamda işlem görmüş ürünün ithaline, hariçette işleme rejimi hükümlerine göre tahsili gereken vergi kadar teminat alınarak izin verilir.

Geri Ödeme Sistemi


(Değişik:R.G.-8/10/2008-27018)Ancak, A.TR dolaşım belgesi eşliğinde Avrupa Topluluğuna üye ülkelerle ihraç edilecek işlem görmüş ürünün elde edilmesinde kullanılan hammaddede, yardımcı madde, yarı mamul, mamul ile değişimemiş eşyanın gümrük vergisi ile varsa toplu konut fonunun tahsili edilmesi ve diğer vergilerin teminata bağlanması suretiyle ithalatına izin verilebilir. Bu kapsamda yapılacak ithalat esnasında
ilgili gümrük idarelerince, sadece şartlı muafiyet sistemi çerçevesinde yapılan ithalatta aranan bilgi ve belgeler aranır.


a) İthali miktar kısıtlamalarına tabi olan,

b) Tercihli tarife ya da özel bir şartlı muafiyet düzenlemesinden kotalar dahilinde yararlanabilen,

c) Tarım politikası veya işlenmiş tarım ürünleriyle ilgili özel düzenlemeler çerçevesinde ithalat vergilerine tabi olan,

c) İthal eşyasının serbest dolaşıma giriş beyannının kabulü esnasında, işlem görmüş ürünlerden parasal ihraçat iadesine tabi olan,

esya yararlandırlmaz.


a) Bu maddenin ikinci fıkrası hükümü saklı kalmak kaydıyla, üçüncü ülke menşeli esya kullanılarak elde edilen işlem görmüş ürünün A.TR dolaşım belgesi eşliğinde Avrupa Topluluğu'na üye ülkelere,

b) Bu maddenin üçüncü fıkrası hükümü saklı kalmak kaydıyla, üçüncü ülke menşeli eşyadan elde edilen işlem görmüş ürünün menşe ispat belgeleri eşliğinde Avrupa Topluluğu'na üye ülkelere,
c) Bu maddenin üçüncü fıkrası hüküm saklı kalmak kaydıyla, Serbest Ticaret Anlaşması imzalanmış ülke menseli olmayan eşyadan elde edilen işlem görmüş ürünün menşe ispat belgeleri eşliğinde anlaşma imzalanmış ülkeye,

ç) Bu maddenin üçüncü fıkrası hüküm saklı kalmak kaydıyla, Pan-Avrupa Menşe Kümülasyonuna taraf ülkeler menseli olmayan eşyadan elde edilen Kümülasyona dahil işlem görmüş ürünün menşe ispat belgeleri eşliğinde Kümülasyona taraf ülklere,

d) Bu maddenin üçüncü fıkrası hüküm saklı kalmak kaydıyla, Pan-Avrupa-Akdeniz Menşe Kümülasyonuna taraf ülkeler menseli olmayan eşyadan elde edilen Kümülasyona dahil işlem görmüş ürünün menşe ispat belgeleri eşliğinde Kümülasyona taraf ülklere,

e) Serbest dolaşımda bulunan eşyadan üretilen işlem görmüş ürûnün serbest bölgelere (serbest bölgelerden belge/izin süresi bitiminden itibaren 3 (üç) ay içerisinde (a) ila (d) bentlerinde belirttiği ülkeler hariçinde bir ülkeye gerçekleştiyilen satışlar hariç), ihraç edilmesi halinde bu ihraçat, geri ödeme sisteminden yararlanılamaz.

ÜÇÜNCÜ BÖLÜM
GENEL HÜKÜMLER
Müracaatların Değerlendirilmesi ve Belge/İzin Düzenlenmesi

Madde 9- Türkiye Gümrük Bölgesinde (serbest bölgeler hariç) yerleşik firmaların, dahilde işleme rejiminden yararlanmak için bu Karara istinaden yayımlanacak teblig hükümleri çerçevesinde dahilde işleme izin belgesi dahilde işleme izni almaları gereklidir. Bu çerçevede ibraz edilen bilgi ve belgeler, aksi sabit oluncaya kadar doğru kabul edilir.

Dahilde işleme izin belgesine dahilde işleme iznine ilişkin müracaat;

a) İthal eşyasının işlem görmüş ürünün elde edilmesinde kullanıldığı tespitin mümkün olması,

b) Türkiye Gümrük Bölgesindeki (serbest bölgeler hariç) üreticilerin temel ekonomik çıkaran ile Türk mali imajını olumsuz etkilenmemesi,

c) İşleme faaliyetinin, katma değer yaratan ve kapasite kullanımını artıran bir faaliyet olması yanında, işlem görmüş ürünün rekabet gücünü ve ihraç potansiyelini artıran koşullar yaratıyor olması,

d) Firmaların dahilde işleme izin belgeleri dahilde işleme izinleri kapsamında performansları, kriterleri çerçevesinde değerlendirilir.

İkinci fıkrada belirtilen kriterlere göre yapılacak değerlendirme sonucunda: ithal esyaşısı ve işlem görmüş ürünün (asıl ve ikincil işlem görmüş ürünler) asgari 8 (sekiz)’li
bazda gümrük tarife istatistik pozisyonu, adı, verimlimilik oranına göre belirlenen miktarı, değeri, belge/izin süresi, döviz kullanım oranı ve varsa yan sanayici belirlenerek, proje bazında dahilde işleme izin belgesi/dahilde işleme izni düzenlenir veya talep reddedilir. 

Eşyanın fiyat, bulunabilirlik ve kalite yönünden yurt içinden temin edilmesinin mümkün olup olmaması dikkate alınarak, dahilde işleme izin belgesi kapsamındaki eşyanın kısmen veya tamamen ithalatına (yurt içi alımlar hariç) süresiz veya dönemsel olarak kısıtlama getirilebilir.

Dahilde işleme rejiminden yararlanılamayacak haller, bu Karara istinaden yayımlanacak tebliğ ile belirlenir.

(Değişik:R.G.-22/08/2010-27680) Döviz kullanım oranı;

a) Dahilde işleme izininde,

b) Bu Karara istinaden yayımlanacak tebliğ ile belirlenen bedelsiz ithalata ilişkin dahilde işleme izin belgesinde,

c) Dahilde işleme izin belgesi süresi sona erdikten veya ihracat taahhüdü kapatıldıkta sonra geri gelen işlem görmüş ürün için yeni bir dahilde işleme izin belgesi düzenlenmesi halinde yeni belgede,

d) Dahilde işleme izin belgesi kapsamındaki yurt içi alımlarda, aranmaz.


Dahilde işleme izin belgesi/dahilde işleme izin kapsamında ihracat taahhüdünün azami %1'i oranında değişimmemiş eşya ithalatına izin verilebilir. Ayrıca, belge/izin kapsamında ithaline izin verilecek işletme malzemesi değeri, ihracat taahhüdünün %2'sini geçemez. Ancak, doğal taşlar ile kıymetli maden ve taş ihraç taahhüdü içeren belgelerizinde, bu oran %10'a kadar tespit edilebilir.

Dahilde İşleme Rejimi Değerlendirme Kurulu

Maddesi 9/A- (Değişik:R.G.-04/05/2012-28282) (1) Dahilde İşleme Rejimi Değerlendirme Kurulu, Ekonomi Bakanlığı İhracat Genel Müdürlüğü’nün bağlı bulunduğu müsterşar yardımcısının başkanlığında Gıda, Tarım ve Hayvancılık Bakanlığı, Bilim, Sanayi ve Teknoloji Bakanlığı, Kalkınma Bakanlığı ile Gümrük ve Ticaret Bakanlığından genel müdür seviyesinde birer temsilci ve Ekonomi Bakanlığı İhracat, İthalat, Teşvük Uygulama ve Yabancı Sermaye genel müdürleri ile Gelir İdaresi Başkanlığından bir başkan yardımcı,
Türkiye Odalar ve Borsalar Birliği'nden bir başkan yardımcısı ve Türkiye İhracatçılar Meclisinden bir başkan vekilinden teşekkür eder.

(2) Kurul başkanı görüşülecek konuların niteliğine göre istişare mahiyette olmak üzere, Kurul toplantılara diğer bakanlık, kamu kurum ve kuruluşları ile sivil toplum örgütleri, meslek birlikleri ve özel sektör temsilcilerini davet edebilir. Bu kişiler oylamaya katılamazlar.

(3) Kurul, aşağıda belirtilen konular ile Kurul başkanı tarafından belirlenecek diğer konular hakkında istişare nitelikte görüş verir ve önerilerde bulunur.

a) Dahilde işleme rejiminden yararlanmayacak ürünler.

b) İndirimli teminat uygulamasındaki oranlar.

c) Sektör veya ürün bazında döviz kullanım oranları.

d) Sektör veya ürün bazında eşdeğer eşya kullanımı.

e) Dahilde işleme izin belgesi kapsamında tecil-terkin sistemi çerçevesinde yurtiçi alımlar.

(4) Kurulun çalışma usul ve esasları tebliğ ile belirlenir.

Belge/İzin Süreleri ve Ek Süreler

Madde 10- Dahilde işleme izin belgesinin/dahilde işleme izninin süresi sektörüne göre azami 12 (oniki) aya kadar tespit edilebilir.

Ancak, bu Karara istinaden yayımlanacak tebliğ ile belirlenen faaliyet ve/veya ürünlerin ihracına ilişkin düzenlene n belgelerin/izinlerin süresi, proje süresi kadar tespit edilebilir.

Sürenin başlangıcı, dahilde işleme izin belgesi/dahilde işleme izni tarihidir. Süre sonu ise, belge/izin süresi (ek süre, haklı ve mücbir sebep ile fevkalade hallere ilişkin süreler dahil) bitiminin rastladığı aynı son günüdür.


Haklı ve Mücbir Sebep ile Fevkalade Haller

Madde 11- Bu Karara istinaden yayımlanacak tebliğ ile belirlenen haklı ve mücbir sebep ile fevkalade hallerin belge/izin süresi içerisinde meydana gelmesi halinde, dahilde işleme izin belgesi dahilde işleme iznine ilave süre verilebilir. Haklı ve mücbir sebep ve
fevkalade hallere instaden belgeye/izne verilecek ilave süre, haklı ve mücbir sebep ile fevkalade hal süresi dikkate alınarak belirlenir.

Mücbir sebep ile fevkalade haller nedeniyle; dahilde işleme izin belgesi/dahilde işleme izni kapsamaında ihracat taahhüdü aranmayacak veya bu durumda yeni ithalata izin verilecek haller ile ithal edilen eşyanın dahilde işleme rejiminden yararlanma koşullarına sahip başka bir firma adına düzenlenen belgeye/izne devredilmesine ilişkin usul ve esaslar, bu Karara instaden yayımlanacak teblig ile belirlenir.

Şartlı muafiyet sistemi kapsamında haklı sebebe ilişkin verilecek ek süre içerisinde, belge/izin kapsamında alınacak teminat tutarı 2 (iki) katına kadar artırılabilir.

Belge/İzin Revizesi

Madde 12- Dahilde işleme izin belgesi/dahilde işleme izni, ilgili firma tarafından ilgili bilgi ve belgelerle müracaat edilmesi kaynağıyla, bu Karara instaden yayımlanacak teblig hükümleri çerçevesinde revize edilebilir.

İhracatın Gerçekleştirilmesi


Ancak, birinci fıkrar hükmüne instaden şartlı muafiyet sistemi çerçevesinde belge/izin süresi içerisinde serbest bölgelere gerçekleşirilen ihracata konu eşyanın, belge/izin süresi bitiminden itibaren 3 (üç) ay içerisinde serbest bölgelerden başka bir ülkeye satışıın yapıldığının, Yatırım Teşvik Belgesi veya bir başka belge/izin kapsamında Türkiye Gümrük Bölgesine ithalatinın yapıldığının, serbest bölgelerde bulunan tesislerin yapımında kullanıldığının, serbest bölgelerde bulunan tesislerde makine-teçhizat, demirbaşga kayıtlı eşya veya bunların parçası olarak kullanıldığının, serbest bölgelerde yerleşik gemi inşa faaliyetinde bulunan firmalara gemi inşasında kullanılmak üzere tesliminin yapıldığının, serbest bölgelerden gümrük hattı dışı eşya satış mağazalarına satışıın yapıldığının, serbest bölgelerden kara, deniz ve hava taşıtlarına kumanya olarak satışıın yapıldığının tevsiki kaydıyla, belge/izin ihracat taahhüdü kapatılır.

Ayrıca, birinci fıkrar hükmüne instaden geri ödeme sistemi çerçevesinde belge/izin süresi içerisinde serbest bölgelere gerçekleştirilen ihracata konu eşyanın, belge/izin süresi bitiminden itibaren 3 (üç) ay içerisinde serbest bölgelerden başka bir ülkeye satışıın yapıldığının (bu Kararın 8 inci maddesi hükümleri çerçevesinde), serbest bölgelerde bulunan tesislerin yapımında kullanıldığının, serbest bölgelerde bulunan tesislerde makine-
teçhizat, demirbaşa kayıtlı eşi veya bunların parçası olarak kullanılanın, serbest bölgelerde yerleşik gemi inşası faaliyetinde bulunan firmalara ve serbest bölgelerden hattı dışı eşya satış mağazalarına satışın yapıldığının ve serbest bölgelerden cara, deniz ve hava taşıtlarına kumanya olarak teslimin yapıldığının tevki kaydıyla, belge/izin ihraçat taahhüdü kapatılır.

İhraç bedellerinin yurda getirilmesine ilişkin esaslar kambiyo mevzuatı hükümlerine tabidir. İhraç bedelleri, döviz olarak veya mal olarak getirilebilir. Ancak, ihraç bedelinin mal olarak getirilmesi halinde, bu mallar döviz mevzuatı hükümlerine tabidir.

**Gümrük İdaresince Yapılacak İşlemler**

**Madde 14**- Gümrük idaresince, dahilde işleme izin belgesi/dahilde işleme izni kapsamındaki işlemler; bu Karar, bu Karara istinaden yayımlanacak tebliğler, genelgeler, talimatlar ve belgenin özel şartlar bölümünde belirtilen hususlar ile ihraçat rejimi ve gümrük mevzuatı hükümleri çerçevesinde gerçekleştirilir.

**Gözetim ve Korunma Önlemlerine Tabi Eşya**

**Madde 15**- Dahilde işleme izin belgesi/dahilde işleme izni kapsamında ithali gözetim ve korunma önlemlerine tabi eşiyanın serbest dolaşıma girebilmesi için, ithal tarihi itibarıyla yürürlükte bulunan gözetim ve korunma önlemlerinin uygulanması zorunludur. - Aksi takdirde, bu eşyadan elde edilen işlem görmüş ürünün, üçüncü ülkelere ihraçı ya da gümrük idaresi gözetiminde imhas gerekir.

Ancak, dahilde işleme izin belgesi/dahilde işleme izni kapsamında A.TR dolaşım belgesi eşliğinde Avrupa Topluluğuna üye ülkelerde ihraç edilen işlem görmüş ürünün elde edilmesinde kullanılan eşyannın bu ülkelerde gözetim ve korunma önlemlerine tabi olmaması halinde, bu eşya ile ilgili olarak gözetim ve korunma önlemleri uygulanmaz.

**Telafi Edici Verginin Ödenmesi**


(Değişik:R.G.-08/10/2008-27018) Şartlı muafiyet sistemi kapsamındaki işlenmiş tarım ürünlerinin A.TR dolaşım belgesi eşliğinde Avrupa Topluluğuna üye ülkelerle ihracatında, 1/2007 sayılı Türkiye-AT Ortaklık Konseyi Kararı hükümleri saklı kalmak kaydıyla, bu ürünlerin elde edilmesinde üçüncü ülke menseli sanayi ürününün kullanılma...
buna ilişkin vergi; işlenmiş tarım ürünü kullanılmış ise bu üründeki sanayi payına ilişkin vergi ödenir.


(Değişik: R.G. -08/04/2008-26841) Şartlı muafiyet sistemi kapsamında, işlem görmüş ürünlerin A.TR dolaşım belgesi eşliğinde veya menşe ispat belgeleri eşliğinde Avrupa Topluluğuna üye ülkelerle ihraçında; işlem görmüş ürünü elde edilmesinde kullanılan üçüncü ülke menşeli hammadde, yardımcı madde, yarı mamul, mamul ile değişmemiş eşyaya ilişkin verginin aynı ithal eşyası için Toplulukta uygulanan vergiden yüksek olması halinde, tarım ürünleri ile 1/95 sayılı Avrupa Topluluğu-Türkiye Ortaklık Konseyi Karan kapsamında ürünler hariç olmak üzere, Toplulukta uygulanan vergi ödenir.
Şartlı muafiyet sistemi kapsamında serbest bölgelere gerçekleştirilen ihracata konu eşyanın belge/izin süresi bitiminden itibaren 3 (üç) ay içerisinde serbest bölgelerden A.TR dolaşım belgesi eşliğinde Avrupa Topluluğuna üye ülkeler veya menşe ispat belgeleri eşliğinde Avrupa Topluluğuna üye ülkeler, Pan-Avrupa Menşe Kümülsasyonuna taraf ülkeler, Pan-Avrupa-Akdeniz Menşe Kümülsasyonuna taraf ülkeler veya Serbest Ticaret Anlaşması imzalanmış bir ülkeye satış halinde; birinci, ikinci, üçüncü, dördüncü ve beşinci fıkralardaki hükümler çerçevesinde telafi edici verginin tahsili aranır.

Bu madde hükmü çerçevesinde ödenmesi gereken vergi, serbest bölgelerden gerçekleştirilen satışlar dahil ihracata ilişkin gümrük beyannamesinin tescil tarihindeki Türkiye Cumhuriyet Merkez Bankası döviz satış kuru ve bu tarihte ithalat rejiminde belirtilen gümrük vergisi ve varsa toplu konut fonu üzerinden hesaplanarak ihracat esnasında ödenir. Ancak, belge kapsamında önceden ihraçat işleminden sonra ithalat yapılması durumunda, bu vergi serbest bölgelerden gerçekleştirilen satışlar dahil önceden ihraçata ilişkin gümrük beyannamesinin tescil tarihindeki Türkiye Cumhuriyet Merkez Bankası döviz satış kuru ve bu tarihte ithalat rejiminde belirtilen vergisi ve varsa toplu konut fonu üzerinden hesaplanarak, önceden ihraçata tekabül eden ithalatın yapılması esnasında ödenir. Tahsil edilen telafi edici vergi bütçeye irat kaydedilir.

İşlem görmüş ürünün elde edilmesinde kullanılan vergiyi konu eşyanın tespitinde firma beyanı esas alınır. Aksine bir durumun tespiti halinde, ödenmeyen ya da eksik ödenen telafi edici vergi, yedinci fıkra belirtilen ödenmenin yapılması gereken tarih itibariyla 6183 sayılı Amme Alacaklarının Tahsil Usulü Hakkında Kanun hükümlerine göre tahsil edilir.

Elde edilmesinde üçüncü ülke menşeli eşya kullanılan ve Avrupa Topluluğuna üye ülkelerde ihraç edilen her türlü harp araç, gereç, teçhizat, makine, cihaz ve sistemleri ile bunların yapım, bakım ve onarımında kullanılacak yedek parçalar için telafi edici vergi aranmaz.

Verginin Geri Verilmesi

Madde 17- Dahilde işleme izin belgesi dahilinde işleme izni kapsamında ödenmemesi gerektiğinde ödennemiş olduğu belirlenen vergi, ilgili firmanın talebi üzerine 4458 sayılı Gümrük Kanunu ve 3065 sayılı Katma Değer Vergisi Kanunu hükümleri çerçevesinde nakden geri verilir.
Kısmi Teminat İadesi

Maddde 18- Şartlı muafiyet sistemi kapsamında ithal edilen eşyadan elde edilen işlem görmüş ürünün ihraç edilmesi halinde, ilgili firmanın belge/izin süresi içerisindeki talebi üzerine, ithalat esnasında alınan teminatlar gerçekleşen ihraçta tekbül eden oranda iade edilir. Ancak, iade edilen teminat tutarı, belge/izin kapsamında alınması gereken toplam verginin %90'ını geçemez.

İhracat Taahhüdünün Kapatılması


(Değişik:R.G.-14/05/2010-27581) Dahilde işleme izin belgesi/dahilde işleme izni ihracat taahhüb, belgede/izinde belirtilen şartlar da dikkate alınmak suretiyle, dahilde işleme rejimi hükümleri çerçevesinde eşdeğer esya ve/veya ithal eşyasından elde edilen işlem görmüş ürün ile değişmemiş esyanın başlamış işlemleri dahil olmak üzere ihraç edildiğinin tespiti kaydıyla kapatılır.

Dahilde işleme izin belgesi/dahilde işleme izni ihracat taahhüb, belge/izin sahibi firma ve/veya aracı ihracatçı firma tarafından gerçekleştirlen ihracat ile kapatılır. Ancak, Bakanlıkça (İhracat Genel Müdürlüğü) aracı ihracatçı kullanımına kısıtlama getirilebilir.

(Değişik:R.G.-18/04/2014-28976) Şartlı muafiyet sistemi çerçevesinde dahilde işleme izin belgesi/dahilde işleme izni kapsamında ithal edilen esya, asıl işlem görmüş ürün ve/veya ithal edildiği şekilde belge/izin süresi içerisinde ticaret politikası önlemlerinin uygulanması, esyanın gümrük idaresince yerinde teşpi (esyanın muayenesine ilişkin gümrük mevzuatı hükümleri saklı kalmak kaydıyla, yetkilendirilmiş yükümlü sertifikasi ile A ve B sınıfı onaylanmış kişi statüsü belgesine sahip firmaların eşyaları hariç olmak üzere), esyanın ihatlı için öngörülen dış ticarette teknik düzenlemeler ve standardizasyon mevzuatı dahil diğer işlemlerin tamamlanması ve kanunun ödenmesi gereken vergilerin tahsili kaydıyla 4458 sayılı Gümrük Kanununun 114.ıncı maddesine göre serbest dolaşına girebilir. Bu durumda serbest dolaşma giren esyaya tekbül eden ihracatin gerçekleşmesi aranmaz.

(Değişik:R.G.-18/04/2014-28976) Dahilde işleme izin belgesi/dahilde işleme izni kapsamında ithal edilen esyanın veya asıl işlem görmüş ürünün, gümrük mevzuatı...
çercevesinde gümrük idaresi gözetiminde imhası, gümrüğe terk edilmesi veya mahrecine iadesi hallerinde, bu esyaya tekbül eden ihracatın gerçekleştirilmesi aranmaz.

(Ek: R.G.-18/04/2014-28976) Şartlı muafiyet sistemi çerçevesinde, dahilde işleme izni belgesi/dahilde işleme izni kapsamında ihraç edilen asıl işlemin asıl işlem görmüş ürünün, herhangi bir sebeple belge/izin süresi içerisinde geri getirilmesi halinde, geri gelen asıl işlem görmüş ürün belge/izin süresi içerisinde ticaret politikası önlemlerinin uygulanması, esyannın ithalı için öngörülen dış ticarette teknik düzenlemeler ve standardizasyon mevzuatı dahil diğer işlemlerin tamamlanması ve kanunun önemi gereken vergilerin tahsili kaydıyla 4458 sayılı Gümrük Kanununun 170 inci maddesi ile 207 nci maddesi hükmüne göre serbest dolaşıma girebilir. Bu durumda serbest dolaşıma giren ithal esyaya tekbül eden ihracatın gerçekleştirilmesi aranmaz.

Dahilde işleme izni belgesi/dahilde işleme izni kapsamında ihat edilen esyadan elde edilen ikincil işlem görmüş ürünün, belge/izin ihracat taahhüdünün kapatılması ve bu ürünün, çıkış hükümüne göre teslimi veya serbest dolaşıma giriş rejimine göre ithali hallerinde, bu ürünün ihracatının gerçekleştirilmesi aranmaz. İkincil işlem görmüş ürünün, serbest dolaşıma giriş rejimine göre ithaline ilişkin usul ve esaslar, bu Karara istinaden yayımlanacak tebliğle belirlenir.


geri gelen eşyaya ilişkin gümrük beyannamesi dikkate alınmadığı durumda uygulanacak bir müeyyide yoksa taahhüt kapatma işlemi müeyyide uygulanmaksızın tekemmül ettirilir.

(Ek: R.G.-18/04/2014-28976) Dahilde işleme izin belgesi/dahilde işleme izni kapsamında ihraç edilen ancak, belge/izin süresi sona erdikten veya ihraçat taahhüdü kapatılduktan sonra herhangi bir sebeple geri getirilen ve belge/izin sahibi firma tarafından yeniden ihraç edilecek işlem görmüş ürünün, yeni bir belge/izin kapsamında ayniyet tespiti ve ihraçat nedeniyle varsa yararlanılan hak ve menfaatlerin bu Kararın 6 numaralı maddesi hükmüne göre teminatının alınFromClass olan tevki kaydıyla, ilgili gümrük idaresince ithalatına müsaade edilir.

(Ek: R.G.-18/04/2014-28976) İhracat taahhüdü kapatılmış dahilde işleme izin belgesi/dahilde işleme izni kapsamında ihraç edilen işlem görmüş ürünün, herhangi bir sebeple geri getirilmesi ve belge/izin sahibi firma tarafından yeniden ihraçatının yapılmak istenmemesi halinde, bu durum taahhüt kapatma işleminin yeniden tekemmül ettirilmesini teminen ilgili ihraçatçı birlikleri genel sekreterliğine/gümrük idaresine bildirilir. Taahhüt kapatma işleminin yeniden tekemmül ettirilmesi aşamasında, bu madde çerçevesinde, ilgili dahilde işleme izin belgesi/dahilde işleme izni taahhüt kapatma işleminin ihraçatçı birlikleri genel sekreterliğince/gümrük idaresince geri alınması ve yapılan değerlendirme sonucunda, varsa bu ürünün elde edilmesinde kullanılan eşyanın ithalatında alınmayan verginin bu Kararın 22 numaralı maddesi çerçevesinde geri alındığının ve ihraçat nedeniyle yararlanılan hak ve menfaatlerin iade edildiğinin tevki kaydıyla, gümrük idaresince işlem görmüş ürünün ithalatına müsaade edilir. Bu çerçevede, yapılacak taahhüt kapatma işlemi, bu kapsamdaki geri gelen eşyaya ilişkin gümrük beyannamesi dikkate alınmak için ilgili dahilde işleme izin belgesinin dahilde işleme izninin ihraçat taahhüdüne sayılma koşullarına sahip mevcut gümrük beyannameleri (geri gelen eşyaya ilişkin gümrük beyannamesi ihraçat taahhüdünden çıkarılarak ilk kapatma işlemine esas teşkil eden gümrük beyannameleri) ile tekemmül ettirilir. Taahhüt hesabının kapatılması esnasında, ilgili dahilde işleme izin belgesi/dahilde işleme izni kapsamında geri gelen eşyaya ilişkin gümrük beyannamesi dikkate alınmadığı durumda uygulanacak bir müveyyide yoksa taahhüt kapatma işlemi müeyyide uygulanmaksızın tekemmül ettirilir.

(Değişik: R.G.-08/10/2008-27018) Şartlı muafiyet sistemi çerçevesindeki dahilde işleme izin belgesi/dahilde işleme izni kapsamında, A.TR dolaşım belgesi eşliğinde Avrupa Topluluğuna üye ülkeler ve menşe ispat belgeleri eşliğinde Avrupa Topluluğuna üye ülkeler, Pan-Avrupa Menşe Kümülüasyonu taraf ülkeler, Pan-Avrupa-

İhracat taahhüdünün kapatılması müteakip, dahilde işleme izni belgesi dahilde işleme izni kapsamında alınan teminat veya vergi, bu Karara istinaden yayımlanacak tebliğle belirlenen usul ve esaslar çerçevesinde ilgili firmaya geri verilir. 


(Ek:RG.-18/04/2014-28976) Ihracat taahhüdülü kapatılan dahilde işleme izin belgelerinin dahilde işleme izinlerinin taahhüt kapatma işlemlerini, Bakanlığın (İhracat Genel Müdürlüğü)/Gümrük ve Ticaret Bakanlığı'nın (Gümrükler Genel Müdürlüğü) uygun görüşüne istinaden kamu kurum ve kuruluşları ile ihraçatçı birlikleri genel sekreterliklerince yapılan maddi hatadan dolayı veya belge/izin kapsamında ihraç edilen işlem görmüş ürünün herhangi bir sebeple geri getirilmesinden dolayı geri alınabilir. Bu çerçevede, taahhüt kapatma işlemi geri alınan belge/izin kapsamında maddi hatanın giderilmesi veya geri gelen eşya ilişkin olarak bu maddede belirtilen işlemlerin tekemmül ettirilmesini müteakip taahhüt hesabı yeniden kapatılır. Ayrıca, maddi hatanın giderilmesini müteakip ortaya çıkan yeni durumla sınırlı kalmak kaydıyla yeni işlemler de tekemmül ettirilebilir.
(Ek:R.G.-19/08/2016-29806) Dahilde işleme izin belgesi/dahilde işleme izni sahibi firmalar, kendilerine tebliğ edilen taahhüt hesabı’nin müeyyideli kapatılması işlemine karşı tebliğ tarihinden itibaren 1 (bir) ay içerisinde Bakanlığa (İhracat Genel Müdürlüğü)/Gümrük ve Ticaret Bakanlığına (Gümrukler Genel Müdürlüğü) yazılı olarak itiraz edebilirler. İtiraz başvurusunda itiraza mesnet teşkil eden tüm bilgi ve belgeler ibraz edilir. İtirazın haklı bulunması durumunda, taahhüt kapatma işlemi Bakanlığı (İhracat Genel Müdürlüğü)/Gümrük ve Ticaret Bakanlığına (Gümrukler Genel Müdürlüğü) geri almak için ibraz edilen bilgi ve belgeler de göz önünde bulundurulmak suretiyle yeniden tekmemül edilir.

İhracatın Gerçekleştirilmesi

Madde 20 (Değişik:R.G.-23/09/2006-26298) Bu Kararın 15 inci maddesi hükümleri sahı sız kalmak kaydıyla, şartlı muafiyet sistemi kapsamında ithal edilen ancak belge/izin süresi içerisinde işlem görmüş ürünler olmak üzere belge/izin şartlarına uygun şekilde Türkiye Gümrük Bölgesi dışına veya serbest bölgelere (belge/izin süresi bitiminden itibaren 3 (üç) ay içerisinde serbest bölgeden başka bir ülkeye satışının yapıldığının, Yatırım Teşvik Belgesi veya bir başka belge/izin kapsamında Türkiye Gümrük Bölgesine ithalatının yapıldığının, serbest bölgede bulunan tesislerin temeli yapımında kullanıldığının, serbest bölgede bulunan tesislerin makine-teçhizat, demirbaşalı eşya veya bunların parçası olarak kullanıldığının, serbest bölgede yerleşik gevim işin faaliyetinde bulunan firmalara gemi inşasya ve üretime tam olarak kullanılamayın, serbest bölgeden gümrük hattı dışı esya satışı mağazalarına satışıının yapıldığının veya serbest bölgeden kara, deniz ve hava taşıtlarına kumanya olmak suretiyle serbest bölgeden gətirilmesi halinde) ihracatı gerçekleştirilememeyen ithal eşya sına ilişkin alınmayan vergi, 22 nci madde hükümlerine göre tahsil edilir.

Gerî ödeme sistemi kapsamında ithal edilen ancak belge/izin süresi içerisinde işlem görmüş ürün olarak belge/izin şartlarına uygun şekilde Türkiye Gümrük Bölgesi dışına veya serbest bölgede (belge/izin süresi bitiminden itibaren 3 (üç) ay içerisinde serbest bölgeden başka bir ülkeye satışının yapıldığının (bu Kararın 8 inci maddesi hükümleri çerçevesinde), serbest bölgede bulunan tesislerin temeli yapımında kullanıldığının, serbest bölgede bulunan tesislerde makine-teçhizat, demirbaşalı eşya veya bunların parçası olarak kullanılamayın, serbest bölgede yerleşik gevim işin faaliyetinde bulunan firmalara gemi inşasya ve üretime tam olarak kullanılamayın, serbest bölgeden gümrük hattı dışı esya satışı mağazalarına satışıının yapıldığının veya serbest bölgeden
kara, deniz ve hava taşıtlarına kumanya olarak tesliminin yapıldığının tevsik edilememesi halinde) ihracatı gerçekleştirilemeyen ithal eşyasına ilişkin alınan vergi iade edilmez.


Geri ödeme sistemi çerçevesinde düzenlenen dahilde işleme izni kapsamlında A.TR dolaşım belgesi eşliğinde Avrupa Topluluğu'na üye ülkelerde veya menşe ispat belgeleri eşliğinde Avrupa Topluluğuna üye ülkelerde, Pan-Avrupa Menşe Kümülsyonuna taraf ülkelerde, Pan-Avrupa-Akdeniz Menşe Kümülsyonuna taraf ülkelerde veya Serbest Ticaret Anlaşması imzalananmış bir ülkeye işlem görmüş ürün olarak ihraç edilmek üzere ithal edilen ancak süresi içerisinde ihraçatı gerçekleştirilmeyen eşyaya ilişkin daha önce alınmayan vergi, 22 nci madde hükümlerine göre tahsil edilir.

Belliğin/İzinin İptali

Madde 21(Değişik: R.G.-14/05/2010-27581): Firma'nın taleb etmesi halinde, kullanılmayan dahilde işleme izni belgesi/dahilde işleme izni kapsamında A.TR dolaşım belgesi eşliğinde Avrupa Topluluğu'na üye ülkelerde veya menşe ispat belgeleri eşliğinde Avrupa Topluluğuna üye ülkelerde, Pan-Avrupa Menşe Kümülsyonuna taraf ülkelerde, Pan-Avrupa-Akdeniz Menşe Kümülsyonuna taraf ülkelerde veya Serbest Ticaret Anlaşması imzalananmış bir ülkeye işlem görmüş ürün olarak ihraç edilmek üzere ithal edilen ancak süresi içerisinde ihraçatı gerçekleştirilmeyen eşyaya ilişkin daha önce alınmayan vergi, 22 nci madde hükümlerine göre tahsil edilir.

İptal edilen belge/izin ile ilgili olarak, 22 nci madde hükümlerine göre işlem yapılır.

Dahilde İşleme Tedbirlerine Uyulmaması
Madde 22(Değişik:R.G.-18/04/2014-28976): Dahilde işleme tedbirlerini, dahilde işleme rejimi ve belgede/izinde belirtilen esas ve şartlara uygun olarak yerine getirmeyenlerden:

a) Şartlı muafiyet sistemi kapsamında ithal edilen ve Türkiye Gümrük Bölgesi dışına veya serbest bölgelere ihraçatı gerçekleştirmeyen eşyanın ithalatı esnasında alınmayan vergi,

b) Şartlı muafiyet sistemi kapsamında ithal edilen ve serbest bölgelere gerçekleşen ihraçatı konu eşyanın, belge/izin süresi bitiminden itibaren 3 (üç) ay içerisinde başka bir ülkede satışının yapılmaması, Yatırım Teşvik Belgesi veya bir başka belge/izin kapsamında Türkiye Gümrük Bölgesine ithalatının yapılmaması, serbest bölgelerde bulunan tesislerin yapımında kullanılmasının, serbest bölgelerde bulunan tesislerde makine-teçhizat, demirbaşanya kayıtlı eya veya bunların parçası olarak kullanılmasının, serbest bölgede yerleşen gemi inşa faaliyetinde bulunan firmaları gemi inşasında kullanılmak üzere tesliminin yapılmaması, serbest bölgelerde yerleşik gemi inşas faaliyetinde bulunan firmalara gemi inşasında kullanılmak üzere tesliminin yapılmaması durumunda, bu kapsamda ithalat esnasında alınmayan vergi,

c) Belge/izin kapsamında izin verilen miktarın üzerinde ithalatı yapılmış halinde, bu kısma tekabül eden ithalatdan doğan vergi,

d) Belge/izin kapsamında ithal edilen işletme malzemesinin CIF ithal tutarının, gerçekleşen FOB ihraç tutarının %2 (doğal taşlar ile kıymetli maden ve taş ihraç taahhüdü içeren belgelerde %10)'sinden fazla olması halinde, bu oranı aşan kısma tekabül eden ithalatla ilgili alınmayan vergi,

e) Belge/izin kapsamında ithal edilen değişmemiş eşyanın CIF ithal tutarının, gerçekleşen FOB ihraç tutarının %1’inden fazla olması halinde, bu oranı aşan kısma tekabül eden ithalatla ilgili alınmayan vergi,

f) Geri ödeme sistemi çerçevesinde düzenlenen belge/izin kapsamında A.TR dolaşım belgesi eşliğinde Avrupa Topluluğuna üye ülkeler veya menşe ispat belgeleri eşliğinde Avrupa Topluluğuna üye ülkeler, Pan-Avrupa Menşe Kümülaşyonuna taraf ülkeler, Pan-
Avrupa-Akdeniz Menşe Kümülsasyonuna taraf ülkelerde veya Serbest Ticaret Anlaşması imzalanmış bir ülkeye işlem görmüş ürün olarak ihraç edilmek üzere ithal edilen ancak süresi içerisinde ihraçatı gerçekleştirelimeyen eşya ilişkin alınmayan vergi,

g) Dahilde işleme izin belgesinin dahilde işleme izinin iptal edilmiş halinde, belge/izin kapsamında varsa alınmayan vergi,

ğ) (13/04/2016 tarihli ve 29683 sayılı Resmi Gazete’de yayımlanan değişiklikle yürürlükten kaldırılmıştır.)


Birinci fıhra hükmü çerçevesinde vergisi ve cezaları ödenen eşyanın serbest dolaşına giriş rejimine tabi tutulması talep edilen, ticaret politikası önlemlerini uygulamaması ve eşyanın ithal edildiği için öngörülen dış ticarette teknik düzenlemeler ve standartizasyon mevzuatı dahil diğer işlemlerin tamamlanması şartı aranır. Aksi takdirde, bu eşyanın serbest dolaşma giriş rejimi dışındaki gümrükçe onaylanmış bir işlem veya kullanıma tabi tutulması gerekir.


Dahilde işleme izin belgesi/dahilde işleme izni kapsamında Türkiye gümrük bölgesinde getirilen eşyanın belge/izin süresinin bitimini takiben 1 (bir) ay içerisinde işlenmesi talep edilmesi halinde, ticaret politikası önlemlerinin uygulanması ve eşyanın ithali için öngörülen dış ticarette teknik düzenlemeler ve standartizasyon mevzuatı dahil diğer işlemlerin tamamlanması şartı aranır. Aksi takdirde, bu eşyanın serbest dolaşına giriş rejimi dışındaki gümrükçe onaylanmış bir işlem veya kullanıma tabi tutulması gerekir.

Dahilde İşleme Rejiminde Sağlanan Hakların Kötüye Kullanımı

Madde 23 (Değişik: R.G.-14/05/2010-27581): Diğer kamu kurum ve kuruluşlarının denetim birimleri ile Bakanlık ve Gümrük ve Ticaret Bakanlığına yapılan inceleme, denetim ve soruşturma sonucunda, gümrük beyannamesi ve eki belgelerin sahte olduğunun veya üzerinde tahrifat yapıldığının ya da gerçekle yansıtmadığının tespiti halinde;

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a) Bu gümrük beyannamesi dahilde işleme izin belgesi dahilde işleme izni ihracat taahhüdünün kapatılmasında kullanılmaz.

b) İhracat taahhüdünün kapatılmasında kullanılan olması veya kullanılmak üzere ibraz edilmesi halinde veya sahteciliğin belge ihracat taahhüdünün kapatma mürcacatından önce tespiti halinde bu beyannamede kapsamı ihraçata tekbür eden ithalata ilişkin vergi, bu Kararın 22 nci maddesi hükümleri çerçevesinde tahsil edilir ve ilgili firmanın kapatma müracaatından önce bu beyanname kapatırmaya teklife son halata ilişkin vergi, bu Kararın 22 nci maddesi hükümleri çerçevesinde tahsil edilir ve ilgili hakkında kanuni işlem yapılır.

c) Bu gümrük beyannamesinde kayıtlı dahilde işleme izin belgesi dahilde işleme izni sahibi firma adına ve/veya aracı ihraçatçı firma adına düzenlenmiş ve düzenlenecek olan belgeler/izinler kapsamında belirtilen tespitin Bakanlığa (İhracat Genel Müdürlüğü) intikalini müteakiben 1 (bir) yıl süreyle yapılacak tüm ithalat işlemlerinde (bu firmaların belirtilen tespitin yapıldığı tarihten sonra bir başka firmanın belgesine yan sanayici olarak eklenmesi dahil), bu Kararın 6 nci maddesinin dördüncü fıkrası hükümlerine karşılık, indirimli teminat uygulanmaz. Ayrıca; aracı ihraçatçı, beyannameden konusu işlem görmüş ürünün elde edilmişde kullanılan eşyanın ithalatı esnasında alınmayan ve rûgden, belge/izin sahibi firma ile birlikte müştereken ve müteselsilen sorumludur.

Ancak, gümrük beyannamesi ve eki belgeler üzerindeki tahrifatın belge/izin sahibi firma tarafından yapılmadığının kesinleşmiş mahkeme kararı ile tespiti halinde, bu işlemin dahilde işleme rejimi çerçevesinde fîrmaya herhangi bir menfaat sağlamadığı ve yapılan ihraçatin gerçek olduğunun tespiti halinde, birinci fıkrâ hükümlerine uymuyor.

Diğer kamu kurum ve kuruluşların denetim birimleri ile Bakanlık ve Gümrük ve Ticaret Bakanlığı'na yapılan incelemeler, denetim ve soruşturma sonucunda, dahilde işleme rejimi uyarınca firmannın veya yan sanayicisinin stoklarında bulunması gereken ithal eşyasının işlem görmüş ürün veya ithal edildiği şekliyle stoklarında bulunmadığının tespit edilmesi durumunda stokta bulunmayan eşya ile ilgili olarak 22 nci maddede hükümleri uygulanır ve ilgili firmanın kapatma müracaatından önce belgeler/izinler kapsamında belirtilen tespitin yapılmışını müteakiben 1 (bir) yıl süreyle yapılacak tüm ithalat işlemlerinde (bu firmanın belirtilen tespitin yapıldığı tarihten sonra bir başka firmanın belgesine yan sanayici olarak eklenmesi dahil), bu Kararın 6 nci maddesinin dördüncü fıkrası hükümlerine karşılık, indirimli teminat uygulanmaz.

Bu maddede belirtilden hakların kötüye kullanıldığına ilişkin hallerin tespiti durumunda, ilgili belgeye/izne herhangi bir ek süre verilmez.

**Denetim**

**Madde 24**- Tüm kamu kurum ve kuruluşları ile bankalar, dahilde işleme tedbirlerini, dahilde işleme rejimi ve belgeler/izinde belirtilen esas ve şartlara uygun olarak tatbik
ederler. Bakanlık, bu Kararda belirtilen tedbirlerin uygulanmasına ilişkin her türlü denetimi ve düzenlemeyi yapabilir, ilgili firma, kamu kurum ve kuruluşları ile bankalardan bilgi ve belge isteyebilir ve gerekli önlemleri alabilir.

DÖRDÜNCÜ BÖLÜM
ÇEŞİTLİ HÜKÜMLER

Uygulama

Madde 25- Bu Kararın yayımlandığı tarihten önceki Kararlara instinaden düzenlenen dahilde işleme izin belgeleri dahilde işleme izinleri kendi mevzuatı hükümlerine tabidir. Henüz ihracat taahhüdü kapatılmamış olan dahilde işleme izin belgeleri dahilde işleme izinlerine, bu Kararın lehe olan hükümleri uygulanır.

Yetki

Madde 26- Bakanlık bu Karar hükümlerine instinaden, dahilde işleme rejimi ile ilgili usul ve esaslarla ilişkin teblig ve genelgeler çıkarmaya, izin ve talimat vermeye, özel ve zorunlu durumları inceleyip sonuçlandırmaya ve uygulamada ortaya çıkacak ihtilafları idari yoldan çözümlemeye yetkilidir.

Bu Karar hükümlerine instinaden yapılacak tüm işlemler, bu Karara instinaden yayınlanacak teblig hükümleri çerçevesinde, bilgisayar veri işleme tekniği yoluya gerçekleştirilir.

(Değişik: R.G.-13/04/2016-29683) Dahilde işleme izin belgesinin taahhüt kapatma veya iptal işlemlerini geri almak Bakanlık (İhracat Genel Müdürlüğü); dahilde işleme izinin taahhüt kapatma veya iptal işlemlerini geri almak ise Gümrük ve Ticaret Bakanlığı yetkilidir. Taahhüt kapatma veya iptal işlemlerini geri almak belge/izin ihracat taahhütünün kapatılması durumunda; belge/izin kapsamında müeyyide uygulanmakla birlikte henüz taksilieri yapılanmış (amne alacağının asli ve/veya ferilerinin tahsil edilmemiş olması) kısmın için taksilvatı esnasında alan teminatlar ilgili gümrük idaresince belge/izin sahibi firmaya iade edilir, ancak belge/izin kapsamında müeyyide uygulanmış ve daha önce taksil edilmiş tutarlar (amne alacağının asli ve/veya ferilerinin tahsil edilmiş olması) taahhüt kapatma işlemi müteakip ilgili belge/izin sahibi firmaya iade edilmez. Ayrıca; iptal işlemlerini geri almak firmalar adına düzenlenmiş ve düzenlenecek olan dahilde işleme izin belgeleri kapsamında 6 (altı) ay süreyle yapılacak tüm taksiltarlar (bu firmaların geri alma işlemi tesis edilen dahilde işleme izin belgesi ve bu firmanın geri alma işleminden sonra bir başka firmanın belgesine yan sanayici olarak eklenmesi dahil), indirimli teminat uygulanmaz.

Dahilde işlemeizin belgelereinin revize edilmesi ve taahhüt hesabının kapatılması ile ilgili görev ve yetkiler Bakanlıkça kullanılabileceği gibi, bu Karara istinaden yayınlanacak tebliğ ile, diğer kamu kurumları ve/veya ihraçatçı birlikleri genel sekreterliklerine kısmen veya tamamen devredilebilir.


**Geçici Madde 1** Bu Kararın yayımı tarihinden önce düzenlenen dahilde işlemeizin belgeleri (müeyyide uygulanan ancak vergileri tahsil edilmeyen belgeler dahil) kapsamında yurt içinden alınan ve süresi içerisinde ihracı gerçekleştirilmeyen eşyaya ilişkin verginin, 6183 sayılı Amme Alacakların Tahsili Usulü Hakkında Kanun hükümlerine göre tahsili kaydıyla, belge ihraçat taahhütleri kapatılabilir.

**Geçici Madde 2** Bu Kararın yayımı tarihinden önce düzenlenen ve süresi sona eren dahilde işlemeizin belgesi/ihraçatı teşvik belgesi ihraçat taahhütleri, yan sanayici unvanı kayıtlı gümrük beyannameleriyle de kapatılabilir.

Ayrıca, bu Kararın yayımı tarihinden önce düzenlenen ve süresi sona eren dahilde işlemeizin belgesi/ihraçatı teşvik belgesi kapsamında ihraç taahhüt edilen işlem görmüş ürünün, belge sahibi firma ve/veya yan sanayici tarafından bir başka firma veya tevsi edilmiş ve bu firma ve/veya aracılıkta ihraçatının gerçekleştirildiğinin tespiti kaydıyla, bu gümrük beyannamesi ihraçat taahhüdüne sayılabilir.

**Geçici Madde 3** Dahilde işleme rejimi kapsamında ithal edilen gözle ve korunma önlemine tabi eşyadan elde edilen işlem görmüş ürünü A.TR dolaşım belgesi eşliğinde Avrupa Topluluğuna üye ülkelerle ihraç eden ancak, bu eşya ile ilgili olarak ithal lisansları

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ve/veya gözetim belgeleri (yan sanayici veya aracı ihracatçı adına olanlar dahil) bulunmayan firmalarla ait bu Kararın yayımı tarihinden önce düzenlenen ve süresi sona eren dahilde işleme izin belgelerinin dahilde işleme izinlerinin ihracat taahhütleri, ilgili mevzuat hükümleri çerçevesinde diğer şartların yerine getirilmesi kaydıyla, bu esya ile ilgili olarak ithal lisansları ve/veya gözetim belgeleri aranmaksızın kapatılır.

**Geçici Madde 4** - Bu Kararın yayımından önce düzenlenen, en geç 31/12/2004 tarihinde süresi sona eren ve aynı firmaya ait dahilde işleme izin belgeleri ihracat taahhütleri, belge süresinin birbirleri içersine girmesi kaydıyla birlikte kapatılabilir.


Bu kapsamda ek süre verilen dahilde işleme izin belgelerinin dahilde işleme izinlerinin ihracat taahhütleri, belge/izin sahibi firma ya da grup firmaları veya Tasarruf Mevduatı Sigorta Fonu ile yapılan sözleşmede belirtilen borçlar ve müşterek borçlu müteselsel kefiller tarafından yapılan ihracat ile kapatılabilir.

**Geçici Madde 6** - Henüz ihracat taahhüdü kapatılmamış olan dahilde işleme izin belgelerine dahilde işleme izinlerine, belgenin/izin kendi mevzuatında ve bu Kararda belirtilen müracaat süreleri dikkate alınarak, bu Kararın lehe hükümleri uygulanır.


**Geçici Madde 8** - Bu Kararın yayımı tarihinden önce düzenlenen dahilde işleme izin belgeleri kapsamında yurt içinden temin edilme imkanı bulunmayan hammadde, yarı mamul ve mamul madde için bu Kararın 9 uncu maddesinde belirtilen döviz kullanım oranının %10 (%90 döviz kullanım oranı) aşılması durumunda, ithal edilen esyanın işlem görmüş ürün olarak ihraç edildiğini tespiti ve Bakanlığın uygun görmesi şartıyla belge ihracat taahhüdü kapatılabilir.
Geçici Madde 9- Bu Kararın yayımı tarihinden önce özel fatura düzenleme yetkisi bulunmayan gümrük idarelerince tescil edilen ancak bu idarelerden teyidi alınmadığı için ihracat taahhüdüne saydırlamayan özel fatura ile ilgili dahilde işleme izin belgeleri (müeyyide uygulanan ancak vergileri tahsil edilmeyen belgeler dahil) ihracat taahhütleri, bu Kararın yayımı tarihinden itibaren 6 (altı) ay içerisinde yapılan ihracat ile kapatılır. Belge süresi sonu ile bu Kararın yayımı tarihi arasında gerçekleştişirilen ihracat da belge ihracat taahhüdüne sayılır.

Geçici Madde 10- Bu Kararın yayımı tarihinden önce düzenlenen ve süresi sona eren dahilde işleme izin belgesi kapsamında menşe ispat belgeleri eşliğinde Serbest Ticaret Anlaşması imzalanmış bir ülkeye ihracatı gerçekleştirdiilen işlem görmüş ürünün, bu ülkelerden tercihi tarife uygulanmasından yararlanmasızın başka bir ülkeye ihraç edildiğinin tevsiki halinde, ürünün elde edilmişesinde kullanılan hammadde, yardımcı madde, yarı mamul, mamul ile değişmemiş eşyaya ilişkin telafi edici verginin ödenmesi aranmaz.

Geçici Madde 11- Taahhüt hesapları kapatılmayan 1 ve 2 kodlu ihracatı teşvik belgeleri kapsamında ithal edilen esyanın işleme confident ürün olarak belge süresi içerisinde ihraç edildiğinin gümrük idaresince tespit edilmişesi ve ilgili ihracatçı birlikleri genel sekreterliğine bildirilmesini karşılıkta, belge ihracat taahhütleri bu ithalat tekbünün eden ithal edilmişesine müeyyide uygulanmaksızın, ihracatçı birliği general sekreterliği tarafından resen kapatılır.

Taahhüt hesapları kapatılmayan 3 kodlu ihracatı teşvik belgeleri kapsamında ithal edilen esyanın işleme confident ürün olarak belge süresi içerisinde ihraç edildiğinin gümrük idaresince tespit edilmişesi halinde, belge ihracat taahhütleri bu ithalat tekbünün eden ithal edilmişesine müeyyide uygulanmaksızın gümrük idaresi tarafından resen kapatılır.

Geçici Madde 12(Değişik:R.G.-06/08/2006-26251)– 27/1/2005 tarihinden önce, süresi içerisinde taahhüt kapatma müracaatı yapılmaması nedeniyle resen kapatılan veya iptal edilen ve bu surette uygulanan müeyyidenin kısmen tahsil edildiği dahilde işleme izin belgesi kapsamında ithal edilen esyanın işleme confident ürün olarak belge süresi içerisinde ihraç edildiğinin ilgili gümrük idaresinden tayyit edilmişesi ve resen kapatma veya iptal işleminin Bakanlık (İhracat Genel Müdürlüğü) tarafından geri alınması kaydıyla belge ihracat taahhütleri, bu ithalat tekbünün eden ithal edilmişesine müeyyide uygulanmaksızın, ilgili ihracatçı birlikleri genel sekreterliği tarafından kapatılır.

Birinci fıkra hükmü çerçevesinde ihracat taahhüdü kapatılan dahilde işleme izin belgesi kapsamında, henüz tahsilatı yapılmamış (amme alacağının asli ve ferilerinin tahsil
edilmemiş olması) kısmın için ithalat esnasında alınan teminatlar ilgili gümrük idaresince belge sahibi firmaya iade edilir. Ancak, belge kapsamında daha önce tahsil edilmiş tutarlar (ama aynı alacağının asli ve/veya ferilerinin tahsil edilmiş olması) taahhüt kapatma işlemini müteakip ilgili belge sahibi firmaya iade edilmez.


a) Dahilde işleme izin belgesinin düzenlenmesi ve/veya ihracat taahhütlerinin kapatılması için gerekli belgelerde yer alan miktar birimlerinden, ithalat ve ihracat listelerinde yer alan miktar birimleri esas alınarak suretiyle yapılacak sarfiyat hesabı üzerinden,

b) Belge kapsamında ithal edilen eşyanın tanıımı ile ihraç edilen işlem görmüş eşyanın tanımı ne İstatistik Pozisyonlarına Bölünmüş Türk Gümrük Tarife Cetveli tasnifine göre, aynı elyaf cinsi kapsamında kapatılır.

Geçici Madde 14(Değişik:R.G.-10/02/2009-27137) 27/12/2006 tarihli ve 5569 sayılı Kanun çerçevesindeki finansal yeniden yapılardırma sözleşmelerine göre borçları yeniden yapılardırılan ve yeni bir itfa plâna bağlılan borçlar adına 30/12/2006 tarihinden önce düzenlenecek dahilde işleme izin belgelerine dahilde işleme izinlerine (resen kapatulan, mütteyyideli olarak taahhüt kapatma işlemi yapılan veya iptal edilen belgeler/izinler dahil), belge/izin sahibi firmanın müracaat tarihinden itibaren onsekiz ayi aşmamak üzere sözleşme süresi kadar süre verilir.


kapatılmasına ilişkin diğer şartlar saklı kalmak kaydıyla, bu belgelerin üzerinde değişmemiş eşya olarak yer alan akaryakıtın ihraç edildiğine yönelik tespitin münhasıran belgenin düzenlenmesine esas teşkil eden akaryakıta yönelik hammadde sarfiyat hesabı dikkate alınmak suretiyle kapatılır.

**Geçici Madde 16(Değişik:R.G.-13/11/2010-27758)** – Bu maddenin yürürlüğe girdiği tarihten önce düzenlenmiş ve ihracat taahhüt hesabı kapatılmış dahilde işleme izin belgesi/dahilde işleme izni kapsamında ithal edilen esyadan elde ettiği ihracat taahhüt hesabının kapatılmasını müteakip anlasılan ikinci işlem görmüş ürünün, ilgili firma tarafından bu maddenin yürürlüğe girdiği tarihten itibaren 6 (altı) ay içerisinde Bakanlığa başvurulması, Bakanlıkta taahhüt kapatma işleminin münhasıran bu amaçla geri alması, ilgili belgede buna yönelik revize işlemi yapılması suretiyle ihracat taahhütüne ilave edilmiş ve bu ürünlik ilişkin ithalat vergilerinin, gümrük yükümlülüğünün başladığı tarihte geçerli olan vergi oranları ile belge/izinin revize edilen gerçekleşme oranları üzerinden hesaplanan miktar ve birim fiyat esas alınarak ödenmesi halinde, söz konusu dahilde işleme izin belgeleri/dahilde işleme izinlerine ilişkin taahhüt hesapları belge/izin kapsamında ikinci işlem görmüş ürün ile ilgili müeyyide uygulanarak kapatılır ve bu ürün ile ilgili olarak bu Kararın diğer hükümleri çerçevesinde yerine getirilmesi gereken yükümlülükler sona erer.

**Geçici Madde 17(Değişik:R.G.-04/12/2012-28487)** - Bu maddenin yürürlüğe girdiği tarihten önce düzenlenen dahilde işleme izin belgeleri (müeyyide uygulan ancak vergileri tahsil edilmeyen belgeler dahil) kapsamında eşdeğer esya olarak kullanılan tarım ürünlerine ilişkin işlemler, bu Kararın 5 inci maddesinde yer alan hüküm çerçevesinde yapılır.

**Geçici Madde 18(Ek:R.G.-18/04/2014-28976)** - Bu maddenin yürürlüğe girdiği tarihten önce düzenlenmiş, belge süresi bitmiş ve ihracat taahhüt hesabı henüz kapatılmamış dahilde işleme izin belgelerine, sadece 4458 sayılı Gümrük Kanunu’nun 241 inci maddesi çerçevesindeki işlemlerin yapılabilmesini teminen, bu maddenin yürürlüğe giriş tarihinden itibaren 3 (üç) ay içerisinde elektronik ortamda Bakanlığa müracaat edilmesi kaydyla, bu müracaatın uygun görüldüğü tarihe kadar süre verilir ve dahilde işleme izin belgesi kapsamında Türkiye gümrük bölgesine getirilen esyanın belge süresinin bitimini takiben 1 (bir) ay içerisinde rejimin gerektirdiği işlemlerin bitirilmesi, ihraç veya gümrükçe onaylanmış bir işlem veya kullanılma tabi tutulması halinde, bu işlemler belge kapsamında değerlendirilir ancak 4458 sayılı Gümrük Kanununun 241 inci maddesinin üçüncü fıkrası çerçevesinde usulsüzlik cezasının iki katı para cezası tahsil edilir. Dahilde işleme izin belgesi kapsamında Türkiye gümrük bölgesine getirilen esyanın belge süresinin
bitimini takiben 2 (iki) ay içerisinde rejimin gerektirdiği işlemlerin bitirilmesi, ihracı veya gümrükçe onaylanmış işlem veya kullanına tabi tutulması halinde, bu işlemler belge kapsamında değerlendirilir ancak 4458 sayılı Gümrük Kanununun 241 inci maddesinin dördüncü fıkrası çerçevesinde usulsüzlük cezasının dört katı para cezası tahsil edilir.

Geçici Madde 19 (Değişik: R.G.-05/07/2015-29407)‒ (1) Canlı hayvan ve hayvansal ürünler ile balkıçılık ve diğer su ürünlerinin ihracatına yönelik yetiştiricilik faaliyetlerine ilişkin olarak bu maddenin yürürlüğe girdiği tarihten önce düzenlenen ve öngörülen ithalatı tamamen veya kısmen gerçekleştilmiş olan dahilde işleme izin belgeleri kapsamında, önce ihracat sonra ithalat yapılması durumunda; ithal tarihi itibariyle 12’li (onikili) bazda gümrük tarife istatistik pozisyonu aynı olan serbest dolaşımdaki eşyadan elde edilmiş işlem görmüş ürünün belge sahibi firmanın stoklarında bulunduğu yerden yalnızca mali müşavir raporuya tevsik edilen işlem görmüş ürünün belge sahibi firmanın stoklarında bulunduğunun yeminli mali müşavir raporuya tespit edilen esya olarak kabul edilir.

(2) Bu maddenin yürürlüğe girdiği tarihten önce, müeyyide uygulanan ancak vergileri tahsil edilmeyen belgeler ile tahhüt hesabı kapatılmış olan belgelerde de bu maddenin herhangi bir hükümünün uygulanması aranır.

Resen kapatmanın geri alınmasına ilişkin geçici uygulama

(2) Resen kapatma işleminin geri alınmasından önce dâhilde işleme izin belgesi kapsamında uygulanan müeyyidenin tamamı veya bir kısmı tahsil edilmişse, resen kapatma işlemi geri alınan belgenin taahhüt hesabının kapatılmasını müteakip, müeyyidenin tahsil edilmiş olan kısmını ilgili belge sahibi firmaya iade edilmez. Bu husus hem resen kapatma işleminin geri alınmasının ilgili birimlere bildirilmesine ilişkin yazida hem de taahhüt hesabının kapatılmasına ilişkin yazida belirtilir.

(3) Bu maddenin yürürlüğe girdiği tarihten önce düzenlenen ve resen kapatılmış olan belgeleri sebebiyle indirimli teminat uygulaması dan yararlanamayan firmaların dahilde işleme rejimi kapsamında yaptıkları ithalat işlemlerinde, indirimli teminat uygulamasına ilişkin diğer hükümler saklı kalmak kaydıyla, indirimli teminat uygulanmaya devam edilir.

GEÇİCİ MADDE 21 (Değişik: R.G.-19/08/2016-29806) – Bu maddenin yürürlüğe girdiği tarihten önce düzenlenmiş ve ihracat taahhüt hesabı müeyyideli kapatılmış dahilde işleme izin belgesi/dahilde işleme izni kapsamında; belge/izin sahibi firmalar, anılan müeyyideye ilişkin tahsilatın henüz yapılmamış olması (amme alacağının asli ve/veya ferilerinin tahsil edilmemiş olması) durumunda bu maddenin yürürlüğe girdiği tarihten itibaren 1 (bir) ay içerisinde taahhüt hesabının kapatılması işlemine karşı Bakanlığa (İhracat Genel Müdürlüğü)/Gümrük ve Ticaret Bakanlığına (Gümrükler Genel Müdürlüğü) yazılı olarak itiraz edebilirler. İtiraz başvurusu, bu Kararın 19 uncu maddesinin onaltıncı fıkrası hükümleri çerçevesinde tekemmül ettirilir.

Yürürlükten Kaldırılan Hükümler

Yürürlük
Madde 28- Bu Karar yayımı tarihinde yürürlüge girer.

Yürütme
Madde 29- (Değişik:R.G.-04/05/2012-28282) Bu Karar hükümlerini Ekonomi Bakanı yürütür.
From the Ministry of Economy:

DECREE ON INWARD PROCESSING REGIME NO. 2005/8391
PART ONE
PURPOSE, SCOPE AND DEFINITIONS

Purpose

Article 1- This Decree has been issued for the purposes of increasing the export volume by means of providing raw materials at world market prices, rendering exported products competitive in the international markets, developing the export markets and diversifying the exported products.

Scope

Article 2- This Decree covers the regulation and implementation of the measures on the determination, direction and development of the exportation of the processed products during which production imported inputs are used and the sales and deliveries which are deemed to be exportation.

Definitions

Article 3- The following expressions used in this Decree have the meanings below:

Ministry (Amended:O.G.-04/05/2012-28282): The Ministry of Economy,
Community: The European Community,
Third Country: The countries apart from the member countries of the European Community,
Free Zones: Free zones on the Customs Territory of Turkey,
Goods Released for Free Movement: According to Article 18 of the Customs Law No. 4458, articles obtained in whole in Customs Territory of Turkey and do not contain inputs imported from the countries and territories outside Customs Territory of Turkey or obtained from the articles which are subject to conditional exemption regulations and which are deemed not to bear special economic importance pursuant to the regime provisions that they are subject to or imported subject to the regime of free movement from the countries and territories outside Customs Territory of Turkey or the articles obtained or produced separately or together with the articles mentioned above in Customs Territory of Turkey,

Processing Activity: Subjecting the article to labour, including its assembly, installation and combining with another article, the repair of the article including its regulation, and the use of certain articles which are not contained by the processed product although consumed completely or partially during the processing but which ensures or facilitates the production of this product,

To Obtain: Subjecting the article to a processing activity,
**Processed Product:** Product of primary or secondary processing obtained as a result of processing activities,

**Product of Primary Processing:** Product aimed to be obtained within the scope of the inward processing regime,

**Product of Secondary Processing:** Product apart from the product of primary processing obtained as a result of processing activities,

**Imported Article:** Raw materials, auxiliary products, semi-finished products, finished products used while obtaining the processed product, and materials ensuring the interworking of the processed product although not contained in it (including fuel and oil) or materials ensuring the continuation of its operation (spare parts etc.), packaging and operating materials,

**Operating Material (Amended: O.G.-14/05/2010-27581):** Materials which are not categorized as investment machinery and equipment, which are used while obtaining the processed product of which exportation is undertaken but not contained by the product and ensures that fixed facilities are in a working condition (except for energy and fuel), although they are consumed fully or partially during the processing activities,

**Unaltered Article:** Unprocessed imported articles,

**Agricultural Products:** Plant products cultivated on the land or soilless environments using new production techniques and technologies, farming, fishing and other aquaculture products and the initial processed forms thereof contained in the relevant lists of the Decree on Import Regime,

**Processed Agricultural Products:** Products contained in the relevant lists of the Decree on Import Regime and contain basic agricultural products (cereals, sugar and milk),

**Industrial Products:** All of the products apart from the Agricultural Products and processed agricultural products,

**Wastage:** The part lost or disposed especially due to drying, vaporisation, leakage or gas leak during the processing activities, and the waste which has no economical value,

**Rate of Productivity:** The amount or percentage of the processed product obtained as a result of processing articles of a certain amount,

**Exchange Utilization Rate (Amended: O.G.22/08/2010-27680):** The rate of CIF import (except for the domestic purchases) amount within the scope of the inward processing licence/inward processing permit to the FOB export amount (including the customs value, in case the product of secondary processing is imported in accordance with the provisions of the free movement regime),

**Pre-Import:** The import of the article to be used in the processed product, before this product is exported,
Pre-Export: The export of the processed product made of equivalent articles before the import of the imported article in the suspension system,

Equivalent Article: The article in free movement used in place of the imported article while obtaining the processed product and which has the same quality and features with the imported articles in terms of its minimum octal (8) basis customs tariff statistical position, commercial quality and technical specifications,

Commercial Policy Measures: The measures taken within the framework of the legislation specified in Article 4 of the Decree on Import Regime,

Tax: Taxes, duties, charges, funds and all other financial burdens of which collection is foreseen in the import and export of the article,

Subjecting the Article to a Process or Use Approved by the Customs: Subjecting the article to a customs regime, its re-export to outside the Customs Territory of Turkey or its export to the free zones, disposal or abandonment to customs,

Customs Regime: Release for free movement regime, transit regime, customs warehousing regime, inward processing regime, processing under customs control regime, temporary importation regime, outward processing regime or export regime,

Inward Processing Licence: The document issued by the Ministry, which enables duty free import and/or domestic purchases in the exports and sales and deliveries which are deemed to be export,

Licence: Inward processing licence,

Duration of the Licence: The period registered on the inward processing licence, during which the import and/or export processes within the scope of the licence can be realized and any exceptions will be implemented,

End of Duration of the Licence: The last day of the month which coincides the end of the duration of the licence,

Inward Processing Permit: The permit issued by the customs authority, enabling duty free import for the purpose of exportation,

Permit: Inward processing permit,

Duration of the Permit: The period registered on the inward processing permit, during which the import and/or export processes within the scope of the permit can be realized and any exceptions will be implemented,

End of Duration of the Permit: The last day of the month which coincides with the end of the duration of the permit,

Approved Person Status Document: The document issued by the Ministry of Customs and Trade within the framework of the customs legislation,

A.TR Certificate of Movement: The document issued by the authorised institutions of the exporting country and endorsed by the customs authority, in order to ensure that the article in free movement in Turkey or in the Community benefits from the preferential regime provided for in the Additional Protocol,
Certificates of Origin (Amended: O.G.-23/09/2006-26298): The EUR.1 movement certificate, EUR-MED movement certificate, EUR-MED invoice declaration or an invoice declaration that are issued by the authorised institutions of the exporting country and endorsed by the customs authority and determines the origin of the good, in order to benefit from the preferential regime within the framework of the agreements that Turkey is a part thereto.

Pan-European Cumulation of Origin: The trade system in Europe created among the countries linked with one another with the Free Trade Agreements having the same origin rules, which enables the importation of a processed product obtained using articles of the party states origin to another country that is subject to Cumulation within the scope of the preferential regime.

Pan-Euro-Mediterranean Cumulation of Origin (Amended: O.G.-23/09/2006-26298): The trade system in Europe and Mediterranean Basin created among the countries linked with one another with the Free Trade Agreements having the same origin rules, which enables the importation of a processed product obtained using articles of the party states origin to another country that is subject to Cumulation within the scope of the preferential regime.

Supplier Declaration (Amended: O.G.-23/09/2006-26298): The document used with A.TR certificate of movement, EUR.1 certificate of movement or EUR-MED certificate of movement, showing the origin of the article covered by the Pan-European Cumulation of Origin or the Pan-Euro-Mediterranean Cumulation of Certificate, subject of trade between the Community and Turkey.

Manufacturer-Exporter: The company having inward processing licence/inward processing permit, that produces whole or some of the processed product and exports this product itself and/or via intermediary exporters,

Exporter: The company having inward processing licence/inward processing permit, which is not a manufacturer, that has the sub-industrial company processed products from its imported articles and exports these products itself and/or via intermediary exporters,

Sub-Industrialist: The company producing all or some of the export product undertaken in the inward processing licence/inward processing permit, that is registered on the licence/permit but does not possess licence/permit,

Intermediary Exporter: The company which does not have licence/permit, and which performs the export undertaken in the inward processing licence/inward processing permit as it provides from the company having the licence/permit,

Initiated Process (Amended: O.G.-14/05/2010-27581): That the customs declaration on import and export is registered within the scope of the inward processing regime.

Authorized Taxpayer Certificate (Amended: O.G.-18/04/2014-28976): The certificate issued for the persons who are empowered to utilize the facilitation regarding safety and security controls and/or simplified practices stipulated in the customs regulations.
PART TWO

INWARD PROCESSING MEASURES

Inward Processing Measures

Article 4- These measures consist of:
- Suspension System,
- Drawback System

Suspension System

Article 5- The suspension system means reimbursing the security taken, following importing and the realization of the exportation commitment of the raw materials, auxiliary materials, semi-finished products, finished products and unaltered articles, packaging and operating materials used while obtaining processed products of which exportation is undertaken within the inward processing licence/inward processing permit and which are not in free movement, by the companies resident in the Customs Territory of Turkey (except for the free zones), without being subject to the commercial policy measures, by securing their taxes. In the import of the operating materials to be performed in this scope, value added tax and special consumption tax are collected and commercial policy measures are implemented.

(Amended: O.G.-04/12/2012-28487) In order to obtain the product produced within the scope of the inward processing licence, the article in free movement which has the same quality and features with the imported articles in terms of its minimum octal (8) basis customs tariff statistical position, commercial quality and technical specifications can be used as an equivalent article in place of the imported product. However, the determination of whether the agricultural products are the same with the imported product in terms of their commercial quality, technical specifications and features shall be carried out in accordance with the customs tariff statistical position on a (12) duodecimal basis exclusively. The Ministry is authorized to introduce additional conditions for this determination. Within the framework of this system, importation can be carried out following the pre-export process within the scope of the inward processing licence and the imported articles and the articles in free movement can be used together. The Ministry (General Directorate of Export) may introduce permanent or temporary prohibitions and restrictions to the use of the equivalent product. In case the processed product obtained from equivalent article is exported before the imported article is imported, the importation corresponding to this may be carried out by the end of the duration of the licence. During the importation to be carried out within this framework, all of the taxes, including the value added tax (without prejudice to the provisions of the Law No. 4760 on Special Consumption Tax) shall be secured and the commercial policy measures shall not be implemented.
Imported articles at a rate that corresponds to the pre-export process following the pre-export process may be used freely by the company in possession of the licence.

Where the processed product is obtained from the equivalent article, if its imported article is an equivalent article in the customs processes, the equivalent article shall be regarded as an imported product.

And in case the processed product subject to pre-export shall be obtained from equivalent articles subject to export tax, some security which is equal to the export tax shall be collected to be reimbursed following the realization of the importation that corresponds to this article.

Furthermore, the raw materials, auxiliary materials, semi-finished products, finished products, unaltered articles and packing materials used while the processed product of which exportation is undertaken within the scope of the inward processing licence may be imported pursuant to the provision of the first paragraph and may also be supplied domestically within the framework of the regulations made in this regard. The articles supplied domestically to be exported within the scope of the inward processing licence shall be regarded as an imported articles in the practice of this Decree (without prejudice to the provisions of the Law No. 3065 on Value Added Tax and the Law No. 4760 on Special Consumption Tax).

(Amended: O.G.- 18/04/2014-28976) However, provisions of this Resolution regarding products that were subject to secondary treatment or exchange usage rate are not applicable for goods supplied domestically. Moreover, if the goods domestically supplied are not exported as processed goods within the duration of the certificate, the provision of article no 238 of Customs Law no 4458 as specified in the 22nd article of this Resolution shall not be applicable.

The domestic purchase within the scope of the inward processing licence must take place within the duration of the licence. However, on condition that the export of the processed product is made within the framework of the notification provisions to be published pursuant to this Decree, domestic purchase may be performed within the scope of the inward processing licence even though the period expires and security may not be sought in such purchase. Furthermore, in case it is not possible to make domestic purchase within the scope of the licence, importing may be permitted by giving additional time to the licence.

Security and Reduced Security Practice

Article 6- The tax resulting from the importation to be performed within the scope of the suspension system shall be subject to security within the framework of the principles laid down in the Law No. 6183 on the Collection Procedure of the Public receivables.

(Amended:O.G.- 18/04/2014-28976) However, the customs authority permits the importation on condition that the below percentages are paid as security;
a) 1% of the tax arising from import made by companies who hold authorized taxpayer certificate or class A certified person status certificate under scope of inward processing permit / permission,

b) With regard to the importation to be performed by the companies in possession of a class B approved person status document within the scope of the inward processing licence/inward processing permit, 5% of the tax resulting from this importation,

c) With regard to the importation to be performed by the companies in possession of a class C approved person status document within the scope of the inward processing licence/inward processing permit, 10% of the tax resulting from this importation

d) With regard to the importation made within the scope of the inward processing licence/inward processing permit to be performed by foreign trade capital companies and sectoral foreign trade companies without approved person status document which is equal to the volume of export they performed within the calendar year before the date of licence/permit, 10% of the tax resulting from this importation,

e) With regard to the importation to be performed by the manufacturer-exporters within the scope of the inward processing licence/inward processing permit which is equal to the exportation they perform on condition that it is not lower than 1 (one) Million US Dollars in total for the industrial products and 500 (five hundred) Thousand US Dollars in total for agricultural and processed agricultural products, within the scope of their inward processing licences of which export commitment is closed and which are issued within four years before the date of licence/permit application date and the inward processing permits to be issued after the publication date of this Decree, 10% of the tax resulting from this importation,

f) Import permission is granted to exporters by the Customs Authority for the imports to be actualized within the scope of inward processing licence/inward processing permit, whose exports exceed 5 (five) million USD per year as of the last three calendar year or exceed 1 (one) million USD per year as of the last five calendar year, up to the amount of exports they actualized within the scope of inward processing licences issued within four years prior to licence/permit application date, export commitment closed and inward processing permits issued after the effective date of this Resolution providing that it is not less than 1 (one) million USD in total for industrial goods and not less than 500 (five hundred) thousand USD for agricultural and processed agricultural goods, providing that they deposit 10% of the tax arisen from this import, as security.

The procedures and principles on the calculation of the reduced security practice shall be determined with the notice to be published further to this Decree.
The customs authority permits the importation on condition that 10% of the
tax on the article to be used while obtaining the processed product following the
documentation of the exportation of product processed within the scope of the
inward processing licence within the framework of the notification provisions to
be published further to this Decree.

The public claim (including the claims of the public institutions and
organisations making domestic deliveries) which may result from the
implementation of reduced security shall be collected from the relevant companies
within the framework of the provisions of the Law No. 6183 on the Collection
Procedure of Public receivables. Furthermore, the claims of these companies from
the public are also deemed to be securities.

The security rate implemented in the importation performed within the
scope of the suspension system may be increased of up to 2 (two) times the amount
tax resulting from the importation by the Ministry (General Directorate of
Importation).

(Supplementary: O.G.-04/12/2012-28487) Provisional or final
anti-dumping or countervailing duty is collected in the importation of the article
used in the production of the finished products of the sales and deliveries which are
deemed to be exportation, of which importation is subject to provisional or final
anti-dumping or countervailing duty.

Processing Activity to be Carried out outside the Customs Territory of
Turkey or in Free Zones

Article 7- Within the scope of the suspension system, whole or part of the
processed product or unaltered article may be temporarily exported outside the
Customs Territory of Turkey or to the free zones to be further processed within the
framework of the outward processing provisions. The importation of the product
processed in this context is permitted by taking security which is equal to the tax to
be collected in accordance with the provisions of the outward processing regime.

Reimbursement System

Article 8-(Amended: O.G.-23/09/2006-26298)
The reimbursement system means the reimbursement of the tax (except for the value
added tax and special consumption tax on the operating material) collected
during importation, in the case of the exportation of raw materials, auxiliary
materials, semi-finished products, finished products and unaltered articles,
packing and operating materials that get into free movement within the scope
of the inward processing licence/inward processing permit.

(Amended: O.G.- 8/10/2008-27018) However, the
importation of the raw materials, auxiliary materials, semi-finished products, finished products and unaltered articles to be used while obtaining the processed product that will be exported to the member states of the European Community accompanied by A.TR certificate of movement may be permitted on condition that the customs tax and if available, housing development fund are collected and other
taxes are secured. During the importation to be performed within this context, the
relevant customs authorities shall seek only the information and documents that
are sought in the importation performed in suspension system.
Furthermore, the importation of the raw materials, auxiliary materials, semi-finished products, finished products and unaltered articles to be used while obtaining the processed product that will be exported to the member states of the European Community, state parties to Pan-European Cumulation of Origin, state parties to Pan-Euro-Mediterranean Cumulation of Origin and a country with which a Free Trade Agreement is signed accompanied with certificates of origin may be permitted on condition that the customs tax and if available, housing development fund are collected and other taxes are secured. During the importation to be performed within this context, the relevant customs authorities shall seek only the information and documents that are sought in the importation performed in suspension system.

In order to benefit from the reimbursement system, it is obligatory to obtain the inward processing licence/inward processing permit and that the customs authorities register that the article is covered by the reimbursement system during the importation to the customs statement on the licence/permit. Furthermore, the information on the inward processing licence shall be indicated on the customs statement and a copy of the licence shall be attached to the customs statement.

The below articles, except for the importation of the agricultural products having the origin of the member states of the European Community, shall not benefit from the reimbursement system;

- **a)** Articles of which importation is subject to quantity restrictions,
- **b)** Articles which may benefit from the preferential tariff or a special suspension regulations within the quotas,
- **c)** Articles that are subject to importation taxes within the framework of the agricultural policy or special regulations on processed agricultural products,
- **ç)** Articles which are subject to the monetary exportation reimbursement from the processed products during the admittance of the declaration of release for free circulation of imported articles.

Furthermore, the exportation indicated below shall not benefit from the reimbursement system;

- **a)** Without prejudice to the provision of the second paragraph of this Article, the exportation of the processed product obtained using articles of third country origin to the member states of the European Community accompanied by A.TR certificate of movement,
- **b)** Without prejudice to the provision of the third paragraph of this Article, the exportation of the processed product obtained using articles of third country origin to the member states of the European Community accompanied by the certificates of origin,
c) Without prejudice to the provision of the third paragraph of this Article, the exportation of the processed product obtained from the articles which are not of the origin of the countries with which a Free Trade Agreement is signed to the country with which the agreement is signed accompanied by the certificates of origin.

c) Without prejudice to the provision of the third paragraph of this Article, the exportation of the processed product covered by the Cumulation which is obtained from the articles which are not of the origin of the state parties to the Pan-European Cumulation of Origin to the state parties of the Cumulation accompanied by the certificates of origin.

d) Without prejudice to the provision of the third paragraph of this Article, the exportation of the processed product covered by the Cumulation which is obtained from the articles which are not of the origin of the state parties to the Pan-Euro-Mediterranean Cumulation of Origin to the state parties of the Cumulation accompanied by the certificates of origin.

e) The exportation of the processed product obtained from the articles in free movement to the free zones (except for the sales made to a country other than the countries mentioned in points (a) to (d) from the free zones within 3 (three) months following the end of the duration of the licence/permit).

PART THREE
GENERAL PROVISIONS

Assessment of the Applications and Issue of the Licence/Permit

Article 9- In order to benefit from the inward processing regime, the resident companies in the Customs Territory of Turkey (except for the free zones) must obtain the inward processing licence/inward processing permit within the framework of the provisions of notification to be published further to this Decree. The information and documents submitted within this framework shall be deemed as true, unless otherwise is proved.

The application for the inward processing licence/inward processing permit shall be assessed within the scope of the criteria below:

a) That it is possible to determine the use of the imported product while obtaining the processed product,

b) That the producers in the Customs Territory of Turkey (except for the free zones) do not influence the image of the Turkish goods negatively with their basic economical interests,

c) That the processing activity creates conditions increasing the competitive power and the export potential as well as being an activity which creates added value and increases the use of capacity,

d) The performances of the companies within the scope of their inward processing licences/inward processing permits.
As a result of the assessment to be made in accordance with the criteria specified in paragraph two: the minimum octal (8) basis customs tariff statistical position, name, amount determined according to the productivity rate, value, duration of licence/permit, exchange utilization rate and if available, the sub-industrialist of the imported article or the processed product (products of primary and secondary processing) shall be determined, and the project-based inward processing licence/inward processing permit is issued or the request is refused.

The partial or complete importation (except for the domestic purchases) of the article within the scope of the inward processing licence may be restricted permanently or temporarily, taking into account whether it is possible to provide the article domestically in terms of price, availability and quality.

The cases when it is possible to benefit from the inward processing regime shall be determined with the notification to be published further to this Decree.

(Amended: O.G.-22/08/2010-27680) The exchange utilization rate shall not be sought in;

a) The inward processing permit,

b) The inward processing licence on the import without returns determined with the notification to be published further to this Decree,

c) The new licence, where a new inward processing licence is issued for the returned processed product after the end of duration of the inward processing licence or the export commitment is closed,

d) Domestic purchases within the scope of the inward processing licence.

(Amended: O.G.-17/07/2009-27291) The exchange utilization rates within the scope of the inward processing licence shall be determined with the notification to be published further to this Decree.

Unaltered article importation shall be permitted at a maximum 1% of the export commitment within the scope of the inward processing licence/inward processing permit. Furthermore, the value of the operating material to be permitted for importation within the scope of the licence/permit shall not exceed 2% of the export commitment. However, this rate may be determined up to 10% in the licence/permit containing the export commitment of the natural stones and precious metals and stones.

**Inward Processing Regime Review Board**

**Article 9/A- (Amended: O.G.-04/05/2012-28282) (1)**

The Inward Processing Regime Review Board shall consist of one representative at the general director level from the Ministry of Food, Agriculture and Livestock, Ministry of Science, Industry and Technology, Ministry of Development and the Ministry of Customs and Trade, and the general directors of the Ministry of Economy Export, Import, Incentive Practices and Foreign Investment, and one vice chairman from the Revenue Administration, one vice chairman from the Turkish Union of Chambers and Commodity Exchanges, and one vice chairman from Turkish Exporters Assembly, under the chairmanship of the affiliated deputy undersecretary of the Ministry of Economy General Directorate of Export.
(2) The chairman of the Board may invite representatives from the other ministries, public institutions and organisations and non-governmental organisations, professional associations and private sector to the Board meetings on a consultative basis according to the nature of the issues to be discussed. These persons shall not take part in the voting.

(3) The Board shall express opinion and make recommendations on a consultative basis on the subjects indicated below and other subjects to be determined by the chairman of the Board.

a) Products that will not benefit from the inward processing regime
b) Rates in the reduced security practice.
c) Exchange utilization rates based on the sector or product.
d) Duration of the inward processing licence.
e) Use of the equivalent articles based on the sector or product.
(4) Domestic purchases within the framework of the deferment-cancellation system in the context of inward processing licence

Licence/Permit Duration and Additional Time

Article 10- The duration of the inward processing licence/inward processing permit may be set up to a maximum of 12 (twelve) months according to its sector.

However, the duration of the licences/permits issued on the activities and/or the products to be determined with the notification to be established further to this Decree may be set as long as the duration of the project.

The beginning of the period shall be the date of the inward processing licence/inward processing permit. The end of the period shall be the last day of the month that the end of the duration of licence/permit (including additional time and the extension of time for justified reasons, force majeure and emergency situations) coincides.

(Amended: O.G.- 18/04/2014-28976) Certificate term is extended for maximum 3 (three) months provided the date on which the first import was made under the inward processing permit is considered the basis. The certificate term is also extended for maximum 3 (three) months when no import is made under the certificate. Moreover, the additional terms to be assigned for the inward processing permit are established with a notice to be issued based on this Resolution considering the company's certified performance.”

Justified Reasons, Force Majeure and Emergency Situations

Article 11- In case the justified reasons, force majeure and emergency situations to be determined with the notification to be published further to this Decree occur within the duration of the licence/permit, an extension of time may be granted for the inward processing licence/permit. Additional time to be granted to the licence/permit further to the justified reasons, force majeure and
emergencies shall be determined taking into account the duration of the justified reasons, force majeure and emergency situations.

The procedures and principles on the situations where the export commitment will not be sought within the scope of the inward processing licence/inward processing permit or thus, new importation will be permitted, and the transfer of the imported article to the licence/permit issued for another company meeting the conditions of eligibility for benefiting from the inward processing regime, as a result of the force majeure and emergency situations, shall be determined with the notification to be published pursuant to this Decree.

The amount of security to be taken in the context of the licence/permit may be increased up to 2 (two) times within the additional time to be granted on the justified reason within the scope of the suspension system.

**Revision of Licence/Permit**

**Article 12**- The inward processing licence/inward processing permit may be revised within the framework of the provisions of the notification to be published further to this Decree, on condition that the relevant company makes an application with any necessary information and documents.

**Realization of the Exportation**

**Article 13**(Amended:O.G.-23/09/2006-26298)- The realization of the exportation shall mean the exportation of the processed product of which exportation is committed in the inward processing licence/inward processing permit outside the Customs Territory of Turkey within the framework of the exportation regime and customs legislation with this Decree.

However, licence/permit export commitment is closed, providing it is documented that the goods, subject matter of the export made to free zones within the scope of suspension system within the duration of licence/permit pursuant to the provision of first paragraph, are sold to another country from the free zones within 3 (three) months as of the expiry of licence/permit period, imported to the customs territory of Turkey within the scope of investment incentive certificate or another licence/permit, are used in the construction of the facilities located in free zones, are used as goods registered in the machinery-equipment, fittings located in free zones or as a part of these, are delivered to the companies located in free zones, showing activities in shipbuilding, to be used in shipbuilding, are sold from free zones to free shops or are delivered from free zones to land vehicles, marine vessels and aircrafts as provision.

Furthermore, the export commitment of the licence/permit shall be closed upon the authentication that the article which is the subject of the exportation performed with the free zones within the duration of the licence/permit within the reimbursement system further to the provision of the first paragraph is sold to another country from the free zones within 3 (three) months following the
end of the duration of the licence/permit (within the framework of the provisions of Article 8 of this Decree), used in the construction of the facilities in the free zones, used as a machine-equipment, article or parts of these in the facilities located in the free zones, delivered to the companies constructing vessels which are resident in the free zones for the use in the construction of the vessels, sold to the duty free shops from the free zones or delivered as a provision to the land, sea and air vehicles from the free zones.

The principles on bringing the export fees to the country shall be subject to the provisions of the exchange regulations. The export fees may be brought as exchange or goods. However, in case the export fee is brought as goods, these goods are subject to the provisions of the foreign trade legislation.

**Operations to be Carried out by the Customs Authority**

**Article 14**- The operations to be carried out by the customs authority within the inward processing licence/inward processing permit shall be performed within the framework of this Decree, notifications, directives, instructions and the matters indicated in the special conditions part of the licence and provisions of the exportation regime and customs legislation.

**Article Subject to Surveillance and Protection Measures**

**Article 15**- In order for an article of which importation is subject to surveillance and protection measures within the scope of the inward processing licence/inward processing permit, the implementation of the surveillance and protection measures which are effective by the time of importation shall be obligatory.

- Otherwise, it is necessary to export the processed product obtained from this article to third countries or destroy it under the surveillance of the customs authority.

However, where the article used while obtaining the processed product exported to the member states of the European Community accompanied by A.TR certificate of movement within the scope of the inward processing licence/inward processing permit is not subject to surveillance and protection measures in these countries, the surveillance and protection measures shall not be applied with regard to this article.

**Payment of the Compensatory Tax**

**Article 16**(Amended:O.G.-23/09/2006-26298) The tax regarding the raw materials, auxiliary materials, semi-finished products, finished products and unaltered articles used while obtaining the processed product in the exportation of the industrial products covered by the suspension system to the member states of the European Community accompanied by A.TR certificate of movement shall be paid without prejudice to the favourable provisions contained in the agreements made with the source countries.

(Amended:O.G.-08/10/2008-27018) In the exportation of the processed agricultural products within the scope of the suspension system to the member states of the European Community accompanied by A.TR certificate of movement, without prejudice to the provisions of the Decision No. 1/2007
of the EC-Turkey Association Council, in case industrial products of third country origin have been used while obtaining these products, the tax on this shall be paid, and in case processed agricultural products have been used, the tax on the share of industry in this product shall be paid.

(Amended: O.G.-23/09/2006-26298) On condition that the origin rule determined with the Agreement is met and a proof of origin is issued, in the exportation of the agricultural products to the member states of the European Community, except for the livestock born and raised in Turkey and the products obtained from fishing and fisheries and products obtained from them within the scope of the suspension system, the tax on the raw materials, auxiliary materials, semi-finished products, finished products and unaltered articles used while obtaining these products shall be collected.

(Amended: O.G.-23/09/2006-26298) On condition that the origin rule determined with the Agreement is met and a proof of origin is issued, in the exportation made to a country with which the Free Trade Agreement is signed, except for the livestock born and raised in Turkey and the products obtained from fishing and fisheries and products obtained from them within the scope of the suspension system, the tax on the raw materials, auxiliary materials, semi-finished products, finished products and unaltered articles used while obtaining these products and which are not of the origin of this country shall be collected without prejudice to the favourable provisions of the relevant agreement. However, where a processed product covered by the Cumulation obtained by using articles imported from the state parties to the Pan-European Cumulation of Origin accompanied by the certificates of origin or supplier declaration is re-exported to a state party to the Cumulation accompanied by the certificates of origin or supplier declaration, the relevant customs authority shall permit the exportation without collecting the tax at the rate specified in the importation regime. On the other hand, where a processed product covered by the Cumulation obtained by using articles imported from the state parties to the Pan-Euro-Mediterranean Cumulation of Origin accompanied by the certificates of origin or supplier declaration is re-exported to a state party to the Cumulation accompanied by the certificates of origin or supplier declaration, the relevant customs authority shall permit the exportation without collecting the tax at the rate specified in the importation regime.

(Amended: O.G.-08/04/2008-26841) In the exportation of the processed products to the member states of the European Community accompanied by A.TR certificate of movement or certificates of origin within the scope of the suspension system, in case the tax on the raw materials, auxiliary materials, semi-finished products, finished products and unaltered articles of third countries used while obtaining the processed product is higher than the tax applied in the Community for the same imported product, the tax applied in the Community shall be paid, except for the agricultural products and the products covered by the Decision No. 1/95 of the EC-Turkey Association Council.
Where an article that is the subject of the exportation made to the free zones within the scope of the suspension system are sold to the member states of the European Community from the free zones accompanied by A.TR certificate of movement or the member states of the European Community, state parties to the Pan-European Cumulation of Origin, state parties of the Pan-Euro-Mediterranean Cumulation of Origin or a country with which a Free Trade Agreement is signed within 3 (three) months following the end of the duration of the licence/permit, the compensatory tax shall be collected within the framework of the provisions of the first, second, third, fourth and fifth paragraph.

The tax that must be paid within the framework of the provision of this Article shall be paid during the exportation by calculating it over the selling rate of exchange of the Central Bank of the Republic of Turkey on the date of registration of the customs declaration on the exportation including the sales made from the free zones and the customs tax indicated in the importation regime on this date and if available, the housing development fund. However, where importation is made after the pre-exportation within the scope of the licence, this tax is paid during the importation that corresponds to the pre-exportation by calculating it over the selling rate of exchange of the Central Bank of the Republic of Turkey on the date of registration of the customs declaration on the exportation including the sales made from the free zones and the customs tax indicated in the importation regime on this date and if available, the housing development fund. The compensatory tax collected shall be recorded as revenue to the budget.

The statement of the company shall be taken as a basis in the determination of the article that is the subject of the tax used while obtaining the processed product. Where a contrary case is determined, unpaid or underpaid compensatory tax shall be collected in accordance with the provisions of the Law No. 6183 on the Procedures for the Collection of Public receivables as of the date when the payment indicated in paragraph seven is due.

Compensatory tax shall not be collected for any warfare tools, instruments, equipment, machinery, devices and systems during which production, articles of third countries are used or exported to the member states of the European Community and the spare parts to be used in their construction, maintenance and repair.

Reimbursement of the Tax

Article 17- The tax which is determined to be paid although it was not necessary to make payment within the scope of the inward processing licence/inward processing permit shall be reimbursed in cash within the framework of the Customs Law No. 4458 and the Value Added Tax Law No. 3065 at the request of the relevant company.
Partial Security Reimbursement

**Article 18** - In case a processed product obtained from an imported article within the scope of the suspension system is exported, securities collected during the importation shall be reimbursed at the rate that corresponds to the exportation made at the request of the relevant company within the duration of the licence/permit. However, the amount of security that is reimbursed shall not exceed 90% of the total tax to be collected within the scope of the licence/permit.

Closure of the Export Commitment

**Article 19** - (Amended: O.G.- 13/04/2016-29683) Companies holding inward processing licence /inward processing permit have to submit the information and documents, required to close the export commitment account, to the relevant regional directorate/relevant customs authority within the framework of the provisions of the notification to be published pursuant to this Resolution. Otherwise, commitment closure procedures of this licence/permit are consummated by taking the current information and documents as basis.

(Amended: O.G.-14/05/2010-27581) The export commitment of the inward processing licence/inward processing permit shall be closed on condition that the processed products made of equivalent articles and/or imported articles and unaltered articles including the initialized operations are determined to be exported within the provisions of the inward processing regime, taking into account the conditions indicated in the licence/permit.

The inward processing licence/inward processing permit shall be closed with the exportation made by the company in possession of the licence/permit and/or the intermediary exporting company. However, the Ministry (General Directorate of Export) may restrict the use of intermediary exporter.

(Amended: O.G.-18/04/2014-28976) The goods imported under scope of inward processing permit / permission within the framework of suspension system may be released for free circulation according to provisions of Customs Law no 4458, article 114, first paragraph and article no 207 provided the trade policy measures apply and other transactions including determination of the goods by the customs office in place (excluding goods of companies which have class A and B approved person status certificate and authorized taxpayer certificate provided the provisions of customs regulations regarding examination of the goods are reserved), regulations of standardization and technical regulations in foreign trade required for importing the goods are completed and the legally due taxes are collected within the certificate / permission's duration as imported and/or as essentially processed goods. In this case realization of export for the goods released for free circulation is not required.

(Amended: O.G.-18/04/2014-28976) In cases when the goods imported under the inward processing permit / permission or essentially processed goods are
destroyed under supervision of the customs office pursuant to customs regulations, left at the customs office or returned to its country of origin, realization of export for this product is not required.

(Pursuant to the suspension system, if the essentially product exported under the inward processing permit / permission is returned within the certificate / permission duration for any reason, it may be released for free circulation according to provisions of Customs Law no 4458 article no 170 and 207 provided the trade policy measures apply, the other transactions including regulations of standardization and technical regulations in foreign trade required for importing the goods are completed and legally due taxes are collected within the duration of the returned essentially processed product certificate / permission. In this case realization of export for the import goods released for free circulation is not required.

Where the product of secondary processing obtained from the articles imported within the scope of the inward processing licence/inward processing permit is destroyed under the surveillance of the customs authority within the framework of the customs legislation before the export commitment of the licence/permit is closed, abandoned to the customs, delivered to the customs by the exit or imported in accordance with the provisions of the release for free movement regime, the realization of the exportation of this product shall not be sought. The procedures and principles on the importation of the products of secondary processing shall be established with the notification to be published further to this Decree.

Methods and principles regarding delivery of the processed product undertaken to be exported under the inward processing permit / permission in the country to companies who have inward processing permit are established with a notice to be issued based on this Resolution.

If the processed product exported under the inward processing permit / permission is returned within the certificate/permission term for any reason, the respective customs office permits the import and export of this product on condition that it is certified that guarantee for the benefited rights and interests, if any, is received in accordance with the provision of this Resolution’s 6th article for export under this certificate/permission with valid term pursuant to the export regime and customs regulations. This is notified to the related exporters unions general secretariat / customs office to be considered while closing the export commitment. The commitment closure to be made in this regard is consummated with the existing customs statements that meet the conditions for the inward processing
permit / permission to be considered under the export commitment regardless of the customs statement related to the returned goods. The commitment closure is consummated without imposing sanctions if there is no applicable penalty in cases where the customs statement related to the goods returned under the inward processing permit / permission is not taken into account at the time of closing the commitment account.

(Amended: O.G.-18/04/2014-28976)
The product which is exported under the inward processing permit / permission but is returned for any reason after expiry of the certificate/permission term or after closure of the export commitment and which will be re-exported by the certificate/permission holder is permitted by the customs office to be imported on condition it is checked for being identical under a new certificate/permission and it is certified that guarantee for the benefited rights and interests, if any, is received in accordance with the provision of this Resolution's 6th article for export.

(Amended: O.G.-18/04/2014-28976) If the processed product exported under the inward processing permit / permission is returned for any reason and the certificate/permission holder doesn't want to re-export it, this is notified to the exporters unions general secretariat / customs office in order to re-consummate the commitment closure. The processed product is permitted by the customs office to be imported on condition that, at the stage of re-consummating the commitment closure, pursuant to this article, the inward processing permit / permission commitment closure is withdrawn by the exporters unions general secretariat / customs office and it is certified as a result of evaluation that the tax which was not collected while importing the goods used in making this product has been refunded under this Resolution's 22nd article and the rights and interests utilized owing to export have been returned. The commitment closure to be made in this regard is consummated with the existing customs statements (customs statements which form the basis for the initial closure upon removing the customs statements regarding the returned goods from the export commitment) that meet the conditions for the inward processing permit / permission to be considered under the export commitment regardless of the customs statement related to the returned goods. The commitment closure is consummated without imposing sanctions if there is no applicable penalty in cases where the customs statement related to the goods returned under the inward processing permit / permission is not taken into account at the time of closing the commitment account.

(Amended: O.G.-08/10/2008-27018)
Within the framework of the Inward processing licence/inward processing permit in suspension system, in case a processed product is exported to the member states of the European Community accompanied by A.TR certificate of movement or the member states of the European Community, state parties to the Pan-European Cumulation of Origin
state parties to the Pan-Euro-Mediterranean Cumulation of Origin accompanied by the certificates of origin, the state parties to Pan-Euro-Mediterranean Cumulation of Origin and a country with which the Free Trade Agreement is signed, the authentication of the information and documents showing that the compensatory tax (if available) on the article used while obtaining this product is paid on the basis of the customs declaration on each exportation further to the provision of the Article 16 of this Decree shall be sought. Where the customs declarations on the exportation in which the compensatory tax is overpaid and the customs declarations on the exportation in which the compensatory tax is underpaid within the scope of the licence/permit are found together, the commitment is closed by deducting the part on the compensatory tax that is underpaid and calculated taking into account the provisions of the Law No. 6183 on the Procedures for the Collection of Public Receivables from the part relevant to the compensatory tax that is overpaid, without prejudice to Article 211 of the Customs Law No. 4458. However, if the deficiency of the compensatory tax that is underpaid within the scope of the customs declaration on the relevant exportation and calculated having regard to the provisions of the Law No. 6183 on the Procedures for the Collection of Public Receivables is not completed, for the consummation of closing the commitment, the authentication of the information and documents showing that the deficient part is paid within the scope of the customs declaration on the relevant exportation shall be sought.

Following the closing of the export commitment, the security or tax collected within the scope of the inward processing licence/inward processing permit shall be reimbursed to the relevant company within the framework of the procedures and principles determined by the notification to be published further to this Decree.

(Amended: O.G.-18/04/2014-28976) Cases where the exchange usage rate under the inward processing permit will not be required at the time of closure of the certificate export commitment are established with a notice to be issued based on this Resolution.

(Amended: O.G.-18/04/2014-28976) The commitment closure of inward processing permits/permissions whose export commitment is closed may be withdrawn owing to tangible errors made by the general secretariat of exporters unions and public bodies and organizations or for returning the processed product which is exported under the certificate/permission for any reason based on appropriate opinion of the Ministry (Export General Directorate) / Ministry of Customs and Trade (Customs General Directorate). In this regard, commitment account is closed again following the consummation of the procedures indicated in this article with regard to returned goods or removal of the tangible error under the certificate/permission whose commitment closure is withdrawn. Moreover, new transactions may also be consummated provided this is limited to the new situation arising after the tangible error is removed.
Companies holding inward processing licence /inward processing permit may object to the commitment closure procedure with penalty notified to them, by submitting a petition of objection to the Ministry (General Directorate of Exports)/ the Ministry of Customs and Trade (General Directorate of Customs) within 1 (one) month as of the notification date. All information and documents supporting the objection are submitted in the petition. In the event of objection being justified, the commitment closure procedure is withdrawn by the Ministry (General Directorate of Exports)/ the Ministry of Customs and Trade (General Directorate of Customs) and it is consummated once again by taking the submitted information and documents into account.

Non-performance of the Exportation

Article 20 (Amended: O.G.-23/09/2006-26298) Without prejudice to the provisions of Article 15 of this Decree, the tax not collected for the imported articles that are imported within the scope of the suspension system but not exported outside the Customs Territory of Turkey or to the free zones as processed products within the duration of the licence/permit in accordance with the conditions of the licence/permit (in case of failure of the authentication that the article is sold to another country from the free zones within 3 (three) months following the end of the duration of the licence/permit, imported to the Customs Territory of Turkey within the scope of the Investment Incentive Certificate or another licence/permit, used in the construction of the facilities in the free zones, used as a machine-equipment, article or parts of these in the facilities located in the free zones, delivered to the companies constructing vessels which are resident in the free zones for the use in the construction of the vessels, sold to the duty free shops from the free zones or delivered as a provision to the land, sea and air vehicles from the free zones) shall be collected in accordance with the provisions of Article 22.

The tax collected for the imported article that is imported within the scope of the reimbursement system but not exported outside the Customs Territory of Turkey or free zones (in case of failure of the authentication that the article is sold to another country from the free zones within 3 (three) months following the end of the duration of the licence/permit (within the framework of the provisions of Article 8 of this Decree), used in the construction of the facilities in the free zones, used as a machine-equipment, article or parts of these in the facilities located in the free zones, delivered to the companies constructing vessels which are resident in the free zones for the use in the construction of the vessels, sold to the duty free shops from the free zones or delivered as a provision to the land, sea and air vehicles from the free zones) in accordance with the conditions of the licence/permit as a processed product within the duration of the licence/permit shall not be reimbursed.
(Amended: O.G.-18/04/2014-28976) Payment of the tax calculated based on the exchange rate or tax rate on the registration date of the statement regarding the import goods or the exchange rate and tax rate on the date of registration of the statement regarding release of the goods subject to secondary treatment in proportion to the exported part of the essentially processed product for free circulation to the customs office is required to be certified if the product subject to secondary treatment is not exported reserving the provision of this Resolution's 19th article, seventh paragraph. Otherwise action is taken according to provisions of article no 22.

The tax that is previously not collected for the articles that are imported in order to export to the member states of the European Community accompanied by A.TR certificate of movement or the member states of the European Community, state parties to the Pan-European Cumulation of Origin, state parties to the Pan-Euro-Mediterranean Cumulation of Origin and a country with which the Free Trade Agreement is signed accompanied by the certificates of origin and on which exportation is not performed shall be collected in accordance with the provisions of the Article 22.

**Cancellation of the Licence/Permit**

**Article 21 (Amended: O.G.-14/05/2010-27581):** In case the company requires, the inward processing licence that is not used shall be cancelled.

In case it is determined that the information and documents that must be submitted to form a basis to the issue or revision of the inward processing licence/inward processing permit within the framework of the provisions of this Decree and the notification to be published pursuant to this Decree and the operations carried out within the scope of the licence/permit are found to be unrealistic or not to reflect the reality, or that the licence/permit is counterfeited or falsified, the relevant licence/permit shall be cancelled provided that provisions in Article 23 are reserved and legal action shall be taken against the relevant persons. Furthermore, in all importation operations (including the addition of this company to the licence of another company as a sub-industrialist after the date of the indicated determination) to be carried out within 1 (one) year following the determination indicated within the scope of the licences/permits issued and to be issued in the name of the company in possession of this licence/permit, reduced security shall not be applied, without prejudice to the provision of paragraph four of Article 6 of this Decree.

Actions shall be taken in accordance with the provisions of Article 22 with regard to the licence/permit that is cancelled.

**Non-compliance with the Inward Processing Measures**
Article 22 (Amended: O.G.-18/04/2014-28976): From those who fail to fulfill the inward processing measures in accordance with the inward processing regime and the principles and conditions indicated in the licence/permit;

a) The tax that is not collected during the importation of the article imported within the scope of the suspension system and not exported outside the Customs Territory of Turkey or to the free zones,

b) Where the article which is the subject of the exportation performed with the free zones and imported within the scope of the suspension system is not sold to another country within 3 (three) months following the end of the duration of the licence/permit, not imported to the Customs Territory of Turkey within the scope of the Investment Incentive Certificate or another licence/permit, not used in the construction of the facilities in the free zones, not used as a machine-equipment, article or parts of these in the facilities located in the free zones, not delivered to the companies constructing vessels which are resident in the free zones for the use in the construction of the vessels, not sold to the duty free shops from the free zones or delivered as a provision to the land, sea and air vehicles from the free zones, the tax not collected in this context during importation,

c) In case importation is made above the amount allowed by the licence/permit, the tax resulting from the importation that corresponds to this part,

c) (Amended: O.G.-17/07/2009-27291) Except for the cases where the exchange utilization rate will not be sought, in case the exchange utilization rate exceeds the rates determined with the notification to be published further to this Decree even though the whole part of the article imported within the scope of the licence is used while obtaining the exported processed product, the tax that is not collected for the importation that corresponds to the part that exceeds this rate,

d) In case the CIF importation amount of the operating material imported within the scope of the licence/permit is higher than 2% of the FOB export amount realized (higher than 10% in the licences containing the export commitment for natural stones and precious metals and stones), the tax that is not collected for the importation that corresponds to the part that exceeds this rate,

e) In case the CIF importation amount of the unaltered article imported within the scope of the licence/permit is higher than 1% of the FOB exportation amount realized, the tax that is not collected for the importation that corresponds to the part that exceeds this rate,

f) The tax that is previously not collected for the articles that are imported in order to export as a processed product to the member states of the European Community accompanied by A.TR certificate of movement or the member states of the European Community, state parties to the Pan-European Cumulation of Origin, state parties to the Pan-Euro-Mediterranean Cumulation of Origin and a
country with which the Free Trade Agreement is signed accompanied by the
 certificates of origin but which are not exported within its due time,

g) In case the inward processing licence/inward processing permit is
cancelled, if available, the tax that is not collected within the scope of the
 licence/permit,

ğ) (Abrogated with the amendment published in the O.G. No. 29683
dated 13/04/2016)

shall be collected in accordance with the Customs Law No. 4458 and the Law No. 6183
on the Procedure of Collection of Public Receivables as of the date of importation.

Moreover, sanction is imposed pursuant to Customs Law no 4458, article
no 238 for goods that imported but are not exported in due term.

In the event of a request being made for the goods, for which tax and
penalties paid, to be subjected to release for free circulation within the scope of the
provision of the first paragraph, application of commercial policy measures and
completion of other procedures, including technical regulations in foreign trade
and standardization legislation, are required. Otherwise, this good has to be
subjected to a procedure or use outside release for free circulation approved by
Customs.

(Amended: O.G.-18/04/2014-28976) If procedures required under the
regime are finished within 1 (one) month following the expiry of the
certificate/permission term for the goods brought to the Customs Territory of
Turkey under the Inward processing permit / permission, if the same are exported
or subjected to a procedure or usage approved by the customs, these procedures
are considered under the scope of certificate/permission, however, a penalty that is
twice the irregularity penalty under Customs Law no 4458, article no 241, third
paragraph is collected. If procedures required under the regime are finished within
2 (two) months following the expiry of the certificate/permission term for the
goods brought to the customs territory of Turkey under the Inward processing
permit / permission, if the same are exported or subjected to a procedure or usage
approved by the customs, these procedures are considered under the scope of
certificate/permission, however, a penalty that is four times the irregularity
penalty under Customs Law no 4458, article no 241, fourth paragraph is collected

Abuse of the Rights Bestowed in the Inward Processing Regime

Article 23 (Amended:O.G.-14/05/2010-27581): In case it is determined that the
customs declaration and the attached documents are counterfeited or falsified, as a
result of the inspection, supervision and investigation carried out by the supervisory
units, the Ministry and the Ministry of Customs of Trade;
a) This customs declaration shall not be used for closing the export commitment of the inward processing licence/inward processing permit.

b) The tax on the importation that corresponds to the exportation within the scope of this statement in case it has been used in closing the export commitment or submitted to be used in closing the document’s export commitment shall be collected within the framework of the provisions of Article 22 of this Decree and legal actions shall be taken against the relevant persons.

c) Without prejudice to the provision of paragraph four of Article 6 of this Decree, reduced security shall not be applied in any importation operation to be carried out for a period of 1 (one) year following the transmission to the Ministry (General Directorate of Exports) of the determination mentioned within the scope of the licences/permits issued or to be issued in the name of the company in possession of the inward processing licence/inward processing permit that is registered in the customs declaration and/or the intermediary exportation company (including the addition of these companies to another company’s licence as a sub-industrialist after the date of this determination). Furthermore, the intermediary exporter shall jointly and severally be responsible for the tax that is not collected during the importation of the article used while obtaining the processed product that is the subject of statement, alongside with the company in possession of the licence/permit.

However, on condition that it is determined that the falsification on the customs declaration and the attached documents is not performed by the company in possession of the licence/permit with a final court judgment, in case it is determined that this operation did not provide any benefit to the company within the framework of the inward processing regime and the exportation made is real, the provision of paragraph one shall not be implemented.

Where, as a result of the inspection, supervision and investigation carried out by the supervisory units, the Ministry and the Ministry of Customs of Trade, it is determined that the imported article that must be in stock of the company or its sub-industrialist in accordance with the inward processing regime is out of their stock as a processed product or in the way that it is imported, the provisions of Article 22 shall be applied with regard to the article that is out of stock and legal action shall be taken against the relevant persons. Furthermore, without prejudice to the provision of paragraph four of Article 6 of this Decree, reduced security shall not be applied in any importation operation to be carried out for a period of 1 (one) year following the determination mentioned within the scope of the licences/permits issued or to be issued in the name of the company in possession of the inward processing licence/inward processing permit (including the addition of these companies to another company’s licence as a sub-industrialist after the date of this determination).

Where it is determined that the rights indicated in this Article are abused, no extension of time shall be granted for the relevant licence/permit.

Supervision

Article 24- All of the public institutions and organisations and banks shall implement the inward processing measures in accordance with the inward processing regime and the principles and conditions mentioned in the licence/permit. The Ministry may carry out any kind of supervision and regulation on the implementation of the measures indicated in this Decree, may ask for information and documents from the relevant company, public institutions and organisations and banks and take the necessary measures.
PART FOUR
MISCELLANEOUS PROVISIONS

Implementation

Article 25 - The inward processing licences/inward processing permit issued further to the Decrees before the date of publication of this Decree shall be subject to the provisions of their own legislation. The favourable provisions of this Decree shall be applied to the inward processing licences/inward processing permits of which export commitment is not closed yet.

Authorisation

Article 26 - Further to the provisions of this Decree, the Ministry shall be authorised to introduce notifications and directives on the procedures and principles about the inward processing regime, give permissions or instructions, investigate and conclude the special and obligatory cases, and resolve the disputes that will emerge in the implementation in an administrative way.

Any operation to be carried out further to the provisions of this Decree may be implemented via computer data processing technique within the framework of the provisions of the notification to be published further to this Decree.

(Amended: Official Gazette-13/04/2016-29683) The Ministry (General Directorate of Exports) is authorized to withdraw the commitment closure or cancellation procedures of inward processing licence: and the Ministry of Customs and Trade is authorized to withdraw the commitment closure or cancellation procedures of inward processing permit. In the event of closure of export commitment of licence/permit, of which the commitment closure or cancellation procedures withdrawn; although sanction is imposed within the scope of licence/permit, bonds/securities received during imports are returned to the company holding licence/permit by the relevant customs authority for the portion not yet being collected (primary and secondary portions of public receivables not collected); however, the amounts, on which sanction being imposed and collected previously within the scope of licence/permit (primary and secondary portions of public receivables collected), are not returned to the relevant licence/permit holding company, following commitment closure procedure. Also, reduced bond/security is not applied in all import procedures to be made within 6 (six) months within the scope of inward processing licences issued and to be issued in the name of companies, of which the cancellation procedures being withdrawn (including inward procession licence of these companies, on which withdrawal procedure being carried out, and inclusion of this company as a sub-industrialist into the certificate of another company after the withdrawal procedure).
The Ministry is authorized to regulate persons who hold authorized taxpayer certificate or approved person status certificate under the provisions of customs regulations with notices, circulars and instructions in order to facilitate inward processing regime provisions.

The responsibilities and authorities on the revision of the inward processing licences and closing the commitment accounting may be used by the Ministry as well as partially or completely transferred to the other public institutions and/or general secretariats of exporters’ associations with the notification to be published further to this Decree.

Supplementary Article 1 (Amended: O.G.-15/12/2005-26024)

- The “Security Insurance” account in the Export Credit Bank of Turkey INC (Türk Eximbank) shall be liquidated by transferring the amount contained in this account to the demands that will be deemed suitable by the Ministry of Customs and Trade in order to compensate the relevant State loss demanded by the relevant customs authorities by referring to this account. Furthermore, the prosecution about the relevant companies for the purpose of compensating the State loss within this scope shall be maintained within the framework of the Law No. 6183 of 21/07/1953 without the passage of the demands for the collection of public receivables to the Türkiye İhracat Kredi Bankası A.Ş, by the customs authorities with the referral to this account after this liquidation.

Provisional Article 1 - The licence export commitments shall be closed on condition that the tax for the article purchased in the country within the scope of the inward processing licences (including the licences that are imposed sanction but of which tax is not collected) issued before the date of publication of this Decree and not exported in due of time is collected in accordance with the provisions of the Law No. 6183 on the Procedures for the Collection of Public Receivables.

Provisional Article 2 - The export commitments of the inward processing licences export incentive certificates issued and expired before the date of publication of this Decree may be closed with the customs declarations in which the sub-industrialist title is registered.

Furthermore, on condition that it is authenticated with a certified public accountant report that a processed product of which exportation is undertaken within the scope of an inward processing licence/export incentive certificate issued and expired before the date of publication of this Decree is handed in to another company by the company and/or sub-industrialist in possession of the licence/certificate and the determination that the exportation is performed by this company and/or intermediary exporter, this customs declaration may be taken for the export commitment.

Provisional Article 3 - The export commitments of the inward processing licences/inward processing permits issued and expired before the date of publication of this Decree, which belong to the companies exporting a processed product made of an article imported within the scope of the inward processing regime, that is subject to the surveillance and protection measures, to the member states of the European Community accompanied by A.TR certificate of movement...
but which do not have import licences and/or inspection certificates (including those in the name of the sub-industrialists or intermediary exporters) of this article shall be closed regardless of the import licences and/or inspection certificates of this article, provided that the other conditions within the framework of the provisions of the relevant legislation are fulfilled.

**Provisional Article 4** - The export commitments of the inward processing licences issued before the publication of this Decree, which expire at the latest on 31/12/2004 and belong to the same company may be closed together provided that the durations of the licences interweave.

**Provisional Article 5** - In the name of the debtors whose debts are reorganised and put to a new term of redemption according to the financial reorganisation contracts within the framework of the Law No. 4743 of 30/01/2002 and the contracts made with the Saving Deposit Insurance Fund, a period of 18 months following the date of publication of this Decree shall be granted for the inward processing licences/inward processing permits issued before the date of publication of this Decree (including the licences/permits which are imposed sanctions but of which taxes are not collected). Furthermore, an extension of time can be granted to the licence/permit, taking into account the exportation performance within the scope of the relevant licence/permit in the framework of the provisions of the notifications to be published further to this Decree.

The export commitments of the inward processing licences/inward processing permits that are granted an extension of time within this meaning may be closed with the export performed by the company or group of companies in possession of the licence/permit or the debtors and severally liable joint guarantors indicated in the contract made with the Savings Deposit Insurance Fund.

**Provisional Article 6** - The favourable provisions of this Decree shall be applied to the inward processing licences/inward processing permits of which export commitment is not yet closed, regardless of the application times indicated in the licence/permit’s own legislation and this Decree.

**Provisional Article 7** - The time granted to the inward processing licence for the fulfilment of the export commitment within the framework of the Decree attached to the By-law No. 2003/5548 of 25/04/2003 published in the Official Gazette No. 25107 of 13/05/2003 shall be deemed to be the duration of the licence.

**Provisional Article 8** - Where the exchange utilization rate indicated in Article 9 of this Decree for the raw materials, semi-finished products and finished products which are impossible to provide domestically within the scope of the inward processing licences issued before the date of publication of this Decree is exceeded at a rate of 10% (90% exchange utilization rate) the export commitment of the licence may be closed if it is determined that the imported article is exported as a processed product and deemed suitable by the Ministry.
Provisional Article 9- The export commitments of the inward processing licences (including the licences which are imposed sanctions but of which taxes are not collected) on the custom invoice registered by the customs authorities who do not have the authority to issue custom invoices before the date of publication of this Decree shall be closed with the exportation performed in 6 (six) months following the date of publication of this Decree. The exportation performed between the end of duration of the licence and the date of publication of this Decree shall also be deemed to be covered by the export commitment of the licence.

Provisional Article 10- In case it is authenticated that a processed product exported to a country with which a Free Trade Agreement is signed alongside with the certificates of origin within the scope of the inward processing licence issued and expired before the date of publication of this Decree is exported to another country without benefiting from the preferential tariff, the payment of the compensatory tax on the raw materials, auxiliary materials, semi-finished products, finished products and unaltered articles used while obtaining this product shall not be sought.

Provisional Article 11- Where is established that the article imported within the scope of the export incentive certificates coded 1 and 2 of which commitment accounts are not closed is exported as a processed product within the period of the licence and notified to the general secretariat of the relevant exporters’ associations, the export commitments of the licence shall be closed ex officio by the general secretariat of the exporters’ association, without imposing sanction on the imported product that corresponds to this exportation.

Where the customs authority determines that the article imported within the scope of the export incentive certificates coded 3 of which commitment accounts are not closed is exported as a processed product within the period of the licence, the export commitments of the licence shall be closed ex officio by the customs authority, without imposing sanction on the imported product that corresponds to this exportation.

Provisional Article 12 (Amended: O.G.-06/08/2006-26251)- On condition that the customs authority confirms that the article imported within the scope of the inward processing licence that is closed ex officio as no commitment closing application is made in due time before 27/01/2005 or cancelled and thus the sanction imposed is partially collected and the ex officio closing or cancellation operation is retrieved by the Ministry (General Directorate of Exports) the export commitments of the licence shall be closed by the general secretariat of the relevant exporters’ associations, without imposing sanction on the imported article that corresponds to this export.

The securities taken during the importation for the part that is not yet collected (that the primary and secondary public receivables are not collected) within the scope of the inward processing licence of which export commitment is closed within the framework of the first paragraph shall be reimbursed to the company in possession of the licence by the customs authority.
However, the amount previously collected within the scope of the licence (that the primary and secondary public receivables are not collected) shall not be reimbursed to the company in possession of the relevant licence following the commitment closing.

**Provisional Article 13** (Amended: O.G.-8/12/2006-26370)
The export commitments of the inward processing licences issued in the textile and apparel products sector before 11/01/2006, shall be closed;

a) Upon the calculation of consumption to be performed based on the amount units contained in the importation and exportation lists among the amount units contained in the documents necessary for issuing the inward processing licence and/or closing the export commitments,

b) Where the definition of the article imported within the scope of the licence and the definition of the exported processed product are within the scope of the same fiber type in accordance with the classification of the Turkish Customs Tariff Schedule Divided into Statistical Positions.

**Provisional Article 14** (Amended: O.G.-10/02/2009-27137)
In the name of the debtors whose debts are reorganised and put to a new term of redemption according to the financial reorganisation contracts within the framework of the Law No. 5569 of 27/12/2006, a period equal to the duration of the contract shall be granted for the inward processing licences/inward processing permits following the date of application of the company in possession of the licence/permit issued before 30/12/2006 (including the licences/permits which are closed ex officio, of which commitment is closed with sanction or which are cancelled), provided that it is not longer than 18 months.

(Amended: O.G.-08/04/2008-26841) The export commitments of the inward processing licences/inward processing permits that are granted an extension of time within this meaning may be closed with the export performed by the company in possession of the licence/permit, affiliates of this company or the debtors and several liable joint guarantors indicated in the relevant contract.

However, the provisions of the Special Consumption Tax No. 4760 and Value Added Tax Law No. 3065 shall be without prejudice in closing the export commitments with the export performed by the company in possession of the licence/permit, affiliates of this company or the debtors and several liable joint guarantors indicated in the relevant contract.

**Provisional Article 15** (Amended: O.G.-22/08/2010-27680)
The commitment accounts of the inward processing licences which were issued with regard to the automotive industry before 01/01/2006 but could not be closed as the exportation of the fuel contained therein as unaltered articles could not be authenticated with the relevant customs declarations shall be closed having regard to the raw material consumption calculation on the fuel that constitutes the basis for issuing the licence exclusively of the determination that the fuel contained in these licences as unaltered articles is exported, provided that the other conditions on closing the export commitment are reserved.
Provisional Article 16 (Amended: O.G.-13/11/2010-27758)
- In case the relevant company applies to the Ministry within 6 (six) months following the date of entry into force of this Article for the product of secondary processing which was found to have been made of an article imported within the scope of the inward processing licence/inward processing permit which was issued on the date of entry into force of this Article and of which export commitment account is closed, the Ministry retrieves the commitment closing solely for this purpose, added to the export commitment by making revision on this in the relevant document and the import taxes on this product are paid based on the tax rates in force in the date of initialization of the customs obligation amount and unit price calculated over the revised realization rates of the licence/permit, the commitment accounts on the inward processing licences/inward processing permits in question shall be closed without imposing sanction about the product of secondary processing within the scope of the licence/permit and the obligations necessary to fulfil within the framework of the other provisions of this Decision on this product shall be terminated.

Provisional Article 17 (Amended: O.G.-04/12/2012-28487)
- The process to be carried out with regard to the agricultural products used as equivalent articles within the scope of the inward processing licences (including the licences which are imposed sanctions but of which taxes are not collected) issued before the date of entry force of this Article shall be performed within the framework of the provision contained in Article 5 of this Decree.

Provisional Article 18 (Amended: O.G.-18/04/2014-28976)
- Inward processing permits that were issued prior to the effective date of this article, whose certificate term expired and whose import commitment account hasn't been closed are granted a duration until the date deemed appropriate in the application and provided application is made to the Ministry in the electronic environment within 3 (three) months beginning from the effective date of this article solely in order to enable the operation of procedures under the Customs Law no 4458, article no 241, and the operations are considered under scope of the certificate if the operations required by the regime are completed within 1 (one) month following the expiry of certificate for the goods brought to the customs territory of Turkey under the inward processing permit or if the same are exported or are subjected to a customs approved procedure or usage. However, a penalty that is twice the irregularity penalty under Customs Law no 4458, article no 241, third paragraph is collected. If procedures required under the regime are finished within 2 (two) months following the expiry of the certificate term for the goods
brought to the customs territory of Turkey under the inward processing permit, if the same are exported or subjected to a procedure or usage approved by the customs, these procedures are considered under the scope of certificate, however, a penalty that is four times the irregularity penalty under Customs Law no 4458, article no 241, fourth paragraph is collected.”

**Provisional Article 19 (Amended: O.G.-05/07/2015-29407)**– (1) within the scope of inward processing licences issued prior to effective date of this article concerning breeding activities oriented towards export of livestock and animal products and fishery and other water products; and the stipulated import of which is realized wholly or partially, in the event of export being made first and then import being made afterwards; and providing that the processed product obtained from the goods released for free circulation with the same customs tariff statistics position on 12 (twelve) basis is proven to be in the stocks of the company holding the certificate with the report of certified public accountant as of import date, the imported good corresponding to the processed product realized afterwards within the scope of certificate and proven to be in the stocks with the report of the certified public accountant is accepted as equivalent good and can be used freely. In this case, the processed product identified with the report of the certified public accountant is required to be exported within the duration of the certificate.

(2) Beneficial provisions of this article are also applied to the certificates, on which sanction being imposed but taxes not being collected, and to the certificates which the commitment account being settled prior to the effective date of this article

**Provisional application concerning withdrawal of obligatory closure**

**Provisional Article 20 (Amended: O.G.-13/04/2016-29683)** – In the event of certificate holder companies applying to the relevant Regional Directorates within 3 (three) months as of the effective date of this article and proving the exports made within the certificate duration in order for the withdrawal of obligatory closure concerning inward processing licences issued prior to effective date of this certificate and obligatorily closed due to failure in making commitment closure application in due of time, the applications deemed appropriate are conveyed to the Ministry (General Directorate of Exports). In the event of the Ministry informing the Regional Directorates that the withdrawal of the obligatory closure procedure being found appropriate, the Regional Directorate withdraw the obligatory closure procedure. This withdrawal procedure is announced in writing by the Regional Directorates to the Ministry (General Directorate of Exports), the Ministry of Customs and Trade (General Directorate of Customs), and to the customs authority, where the customs declaration concerning import deducted in the DIR Automation System being registered, and to the relevant tax offices.

(2) If the sanction imposed within the scope of inward processing licence is collected wholly or partially prior to the withdrawal of the obligatory closure procedure, the collected portion of the sanction is not reimbursed to the relevant certificate holder company following the closure of the commitment account of the certificate, for which the obligatory closure procedure being withdrawn. This matter is indicated both in the letter concerning the notification of the relevant department on withdrawal of the obligatory closure procedure and also in the letter concerning the closure of the commitment account.

(3) In the import procedures of the companies, made within the scope of inward processing regime, which cannot benefit from the reduced bond/security application due to their certificates being issued prior to the effective date of this article and settled obligatorily, the reduced bond/security implementation is continued to be applied providing that the other provisions concerning reduced bond/security implementation are reserved.

**PROVISIONAL ARTICLE 21 (Amended: O.G.- 19/08/2016-29806)** – Within the scope of inward processing licence/inward processing permit issued prior to the effective date of this article and the export commitment account settled with a sanction; in the event of collection concerning the mentioned sanction not yet being made (primary and secondary portions of the public receivable not being collected), companies holding licence/permit may object to the procedure of closure of commitment account in writing by applying to the Ministry (General Directorate of Exports)/ the Ministry of Customs and trade (General Directorate of Customs) within 1 (one) month as of the effective date of this article. Objection petition is consummated within the Ministry (General Directorate of Exports) within 1 (one) month as of the effective date of this article. Objection petition is consummated within the Ministry (General Directorate of Exports) within 1 (one) month as of the effective date of this article. Objection petition is consummated within

**Repealed Provisions**

**Article 27**- The Decree attached to the By-law No. 99/13819 of 23/12/1999 has been repealed with its annexes and amendments.

**Enforcement**

**Article 28**- This Decree goes into effect on the date of its publication.

**Execution**

**Article 29** (Amended:O.G.-04/05/2012-28282) The Ministry of Economy executes the provisions of this Decree.
Exhibit CVD - TR - 7
Aluminium scrap imports by Turkey to continue growing in 2019; Libya to be the main exporter

Aluminium scrap imports by Turkey have been found increasing over the past couple of years; and according to the global export-import data, this year is expected to be no exception. Per the available data, Turkey in 2019 is estimated to import 122,879 tonnes of aluminium scrap, compared with 104,319 tonnes in 2018. The data thus indicate that Turkey's aluminium scrap import in 2019 is likely to grow 18 per cent from the previous year.
As you can see in the above graph that in the years 2016 and 2017, Turkey’s aluminium scrap import was at 46,748 tonnes and 80,846 tonnes respectively. This means the year 2017 saw a 73 per cent rise in Turkey’s aluminium scrap import from 2016, and 2018 witnessed an increase of 29 per cent year-on-year.

In tandem with the continued increasing volume, Turkey’s import cost is also expected to extend its rise. From US$170 million in 2018, Turkey’s aluminium scrap import cost in 2019 is estimated to grow to US$203 million, up 19 per cent. In 2016, the import cost was at US$63 million, which in 2017 and 2018 grew to US$123 million and US$170 million. This shows a year-on-year surge in 2017 by 95 per cent and in 2018 38 per cent.
Libya is expected to be the primary exporter of aluminium scrap to Turkey this year. As per the global data, Libya is estimated to ship 25,873 tonnes valued at US$41 million. Belgium is expected to be the next leading exporter, providing 22,102 tonnes at the value of US$33 million, followed by Italy 15,005 tonnes at US$26 million.

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Top five aluminium scrap exporting countries in the world (/news/top-five-aluminium-scrap-exporting-countries-in-the-world-27046)

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Rusal's primary aluminium production in Q4 2019 grew around 1%, while in the full year remained flat (/news/rusals-primary-aluminium-production-in-q4-2019-grew-around-1-while-in-the-full-year-remained-flat-52186)

Russia’s export of Aluminium crude metal and alloy to the US was in constant dwindle during May-Oct’19 (/news/russias-export-of-aluminium-crude-metal-and-alloy-to-the-us-was-in-constant-dwindle-during-may-oct19-52185)


Alumina price climbs by RMB22/t; Al Fluoride price in China jumps RMB 500/t (/news/alumina-price-climbs-by-rmb22t-al-fluoride-price-in-china-jumps-rmb-500t-52182)

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**WHAT WE DO**

News (/whatwedo#news)
Event (/whatwedo#event)
Business (/whatwedo#business)
Price (/whatwedo#price)
Exhibit CVD - TR - 8

Dear Mr. Secretary,

We, the Government of the Republic of Turkey (GOT), herewith submit our response to the Questionnaire in the 2017 Countervailing Duty (CVD) Administrative Review of Certain Welded Carbon Steel Standard Pipe from Turkey.

We request that certain information contained in the response to be accorded proprietary treatment pursuant to 19. C.F.R. §§351.304; since this information relates to specific usage of the GOT support programs by the respondent company and other information that is not publicly available. The public disclosure of this proprietary information would cause
substantial harm to the competitive positions of the respondent. The GOT enclosed all such proprietary information within single brackets ("["])..

Pursuant to 19 C.F.R. 351.303(b), the GOT will serve a copy of the APO version of this response to parties on the attached APO service list and will serve the public version to parties on the public service list.

Please contact the undersigned should you require clarification of any aspects of this submission.

Respectfully submitted,

Aytaç YENAL
On Behalf of the Minister
Deputy Director-General
Directorate General for Exports
GOVERNMENT CERTIFICATION

I, Aytaç YENAL, currently employed by Ministry of Trade of the Government of Turkey, certify that I prepared or otherwise supervised the preparation of the attached submission of response of the Government of Turkey (GOT) dated July 18, 2018 to the Countervailing Duty Questionnaire pursuant to the 2017 CVD Administrative Review of Certain Welded Carbon Steel Pipe and Tube from Turkey (C-489-502). I certify that the information contained in this submission is accurate and complete to the best of my knowledge. I am aware that the information contained in this submission may be subject to verification or corroboration (as appropriate) by the U.S. Department of Commerce. I am also aware that U.S. law (including, but not limited to, 18 U.S.C. 1001) imposes criminal sanctions on individuals who knowingly and willfully make material false statements to the U.S. Government. In addition, I am aware that, even if this submission may be withdrawn from the record of the AD/CVD proceeding, the Department may preserve this submission, including a business proprietary submission, for purposes of determining the accuracy of this certification. I certify that I am filing a copy of this signed certification with this submission to the U.S. Department of Commerce and that I will retain the original for a five-year period commencing with the filing of this document. The original will be available for inspection by U.S. Department of Commerce officials.

Signature: [Signature]
Date: July 18, 2018
CERTIFICATE OF SERVICE

I, Aytaç YENAL, hereby certify that a copy of the foregoing submission on behalf of the Ministry of Trade of the Government of Turkey, dated July 18, 2018, was served by electronic mail on the following parties:

On behalf of Borusan Mannesmann, Borusan Istikbal Ticaret T.A.S., Borusan Holding, BMBYH and Boru Sanayi ve Ticaret A.S.
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On behalf of Toscelik Profil ve Sac Endustrisi A.S., Tosvali Dis Ticaret A.S., Yucel Boru ve Profil Endustrisi A.S., Yucelboru Ihracat Ithalat ve Pazarlama A.S. and Cavyirova Boru Sanayi ve Ticaret A.S.
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Aytaç YENAL

Filed By: agarv@ekonomi.gov.tr, Filed Date: 7/18/18 2:23 PM, Submission Status: Approved
Commerce has found this program to be countervailable.11 We do not intend to reevaluate the countervailability of the program. However, if there were changes to the program during the POR, or if the government replaced the program with a successor program, please answer all questions in the Standard Questions Appendix and Grant Appendix.

If there were no changes to the program during the POR, please so state; you do not need to provide a response to the appendices if there were no changes to the program. Simply identify the respondent companies that used this program during the POR.

**ANSWER:**

The Law No. 5084 which was stipulating “Witholding of Income Tax in Wages and Salaries” was terminated on December 31, 2012. Since the program was terminated, no changes were introduced regarding the program during the POR.

The respondent companies did not benefit from the program during the POR.

**K. Organized Industrial Zone: Exemption for Property Tax**

Commerce has found this program to be countervailable.12 We do not intend to reevaluate the countervailability of the program. However, if there were changes to the program during the POR, or if the government replaced the program with a successor program, please answer all questions in the Standard Questions Appendix.

If there were no changes to the program during the POR, please so state; you do not need to provide a response to the appendices if there were no changes to the program. Simply identify the respondent companies that used this program during the POR.

**Standard Questions Appendix**

A. Provide a description of the program including the purpose of the program and the date it was established.

**ANSWER:**

11 See Turkey 2010 Prelim at 19630.
12 See Turkey 2015 Final, see also Turkey 2010 Prelim at 19629.
The program was providing exemption on property tax for 5 years as of the budget year, following the completion date of the construction of buildings in organized industrial zones. The program was established by Article 4 of Law No. 3365 which came into force on January 1, 1987.

However, the Article 4 of Law No. 3365 was repealed on July 1, 2017 by the Article 11 of the Law No. 7033 dated June 18, 2017 and with the Article 4 clause m of the Law No. 1319 which was appended by the Article 10 of the Law No. 7033 companies that operates in OIZs are exempted from the property tax permanently.

The program aims to increase the investment opportunities in organized industrial zones of Turkey by exempting property tax for buildings.

B. Provide the name and address of each of the government agencies or authorities responsible for administering the program. Please be specific in identifying the level of government that has the authority to approve the assistance, and the level of government responsible for administering the distribution of assistance.

**ANSWER:**

The program is administered by the Ministry of Finance which is located at Devlet Mah. Merasim Cad. 9/1 06450, Çankaya / ANKARA, TURKEY.

C. Please indicate which of the companies under review (including all cross-owned companies and any trading companies exporting subject merchandise into the United States) applied for, accrued, or received benefits under the program during the POR.

If any of the companies under review, including all cross-owned companies (see 19 CFR 351.523) and any trading companies, whether or not cross-owned, through which a company under review exported subject merchandise to the United States during the POR (see 19 CFR 351.523), applied for, received, claimed, accrued or used assistance under this program during the period designated, you must reply to the remaining questions in this Appendix for the period designated. If none of these companies applied for, received, claimed, accrued or used assistance under this program during the period designated, you need not reply to all of the remaining questions in this Appendix. Please note that if this program has been terminated but there are residual benefits or a replacement program has been put into place (see 19 CFR 351.524), and the companies under review are still receiving, claiming or using assistance under the program or if they
have applied for, received, claimed, accrued or used assistance under the replacement program, you must respond to all of the remaining questions for residual assistance or replacement programs.

**ANSWER:**

This information can be obtained from the respondent companies.

D. Provide translated copies of the laws and regulations relating to the program and any internal or external reports pertaining to the program that were applicable during the POR.

**ANSWER:**

Turkish and English versions of Article 4, clause (m) of Property Tax Law No. 1319 are provided at Exhibit 5.

E. Identify and explain the types of records maintained by the relevant government or governments (e.g., accounting records, company-specific files, databases, budget authorizations, etc.) regarding the program.

**ANSWER:**

There is no record kept by the Government.

F. Please identify all instances in which assistance under the program was provided to any mandatory respondent (including all cross-owned companies) during the POR.

**ANSWER:**

There is no record kept by the Government. This information can be obtained from the respondent companies.

G. Please explain whether the assistance under the program was provided to the mandatory respondent(s) pursuant to a statute, regulation, decree or other legal measure/instrument that establishes the conditions and guidelines governing the operation of the program, such as eligibility criteria, amounts, etc.

**ANSWER:**

A company can take this assistance pursuant to Article 4, clause (m) of Property Tax Law
No. 1319.

H. To the extent they are different from the entity/entities identified in response to Question B, above, please provide the name(s) of the entity/entities that provided each instance of assistance under the program to the mandatory respondent(s) described in response to under Question F, above.

**ANSWER:**

The only entity providing this assistance is the one identified in response to Question B.

I. Please specify if the entity/entities listed in response to Question H, above, is a national, state or local government entity, e.g., a government ministry, department, agency, office, etc.

**ANSWER:**

See the response to Question H.

J. If the assistance under the program was provided by an entity other than a national, state or local government entity, please respond to the following questions:

1. What is the legal status of the entity, e.g., is it a separately incorporated entity and/or a government corporation, government lending institution, commercial entity?

2. Please explain how the entity was established and whether the entity operates pursuant to statutes, decrees, and/or regulations. Please explain the relevant statute, decrees and regulations under which the entity was established and operates.

3. What is the legal basis that governs the entities’ provision of assistance under the program? Please provide translated copies of the relevant legal measures.

4. Has the entity/entities listed above received any direct or indirect funding or support from a Government entity? Please specify if the government provided any such direct or indirect funding for the purpose of providing assistance under this program.

5. Did the entity/entities listed above provide assistance under the program pursuant to specific guidelines and/or criteria under this program? Please describe those guidelines and/or criteria.
6. Please provide the ownership structure of these entity/entities and specify the amount of any direct or indirect government ownership during the POR (and for each year in which the assistance was provided).

7. Please provide the translated annual report(s) during the POR (and for each year in which the assistance was provided) for the entity/entities.

8. What are the core activities and functions of the entity/entities that provided the assistance under the program?

9. Explain why the assistance under this program was provided by these entity/entities rather than directly by the government.

**ANSWER:**

See the response to Question H.

K. Describe the application process for assistance under the program and provide a blank copy of the application form (translated, if necessary). After an application is submitted, please describe the procedures by which an application is analyzed and eventually approved or rejected. Please provide for each company under review a copy of at least one completed application and approval package (and provide translations of headings and any summaries and of the exact reason(s) for the application and the exact reason(s) for approving the assistance).

**ANSWER:**

There is not any application process within the Article 4, clause m of the Law No. 1319. As of July 1, 2017, buildings within OIZs are exempt from property tax.

L. Please answer the following questions regarding eligibility for and actual use of the assistance provided under this program.

1. Describe the criteria governing the eligibility for and receipt of any assistance under this program. Please also describe the criteria for determining the amount of the assistance provided. Provide a copy of any law, regulation or other official document detailing these criteria. As part of your response, please also address the following questions:

**ANSWER:**
All companies operating in organized industrial zones are eligible for this program without any further approval due.

b. Is the actual export performance or export potential of an applicant or recipient taken into account in any way in determining eligibility for or receipt of any assistance under this program? Please explain. If eligibility for, or actual use of, this program is contingent upon export performance, whether solely or as one of several other conditions, you need not respond to the remaining questions under section L.

**ANSWER:**

No, the eligibility for, or actual use of the program is not contingent upon export performance.

c. Is the use of domestic goods or the creation of domestic value added by an applicant or recipient taken into account in any way in determining eligibility for or receipt of any assistance under this program? Please explain. If eligibility for this program is contingent upon the use of domestic over imported goods, you need not respond to the remaining questions under section L.

**ANSWER:**

No, the eligibility for or actual use of this program is not contingent upon the use of domestic goods over imported goods.

d. Is eligibility for the subsidy limited to enterprises or industries located within designated geographical regions within the jurisdiction that authorized the program? If so, please provide the criteria for eligibility and you need not respond to the remaining questions under section L.

**ANSWER:**

No, the eligibility for the program is not limited to enterprises or industries within a designated region. The program is implemented in organized industrial zones that are located countrywide. These organized industrial zones are not established in a specific region. Currently there are 309 OIZs located in almost all provinces of Turkey.
Is the industry or sector in which the applicant or recipient operates taken into account in any way, either under the law or through discretion exercised by the government agency or authority administering the program, in determining eligibility for or receipt of any assistance under this program? Please explain, and identify those industries or sectors that are eligible or otherwise receive special consideration for eligibility. If eligibility is limited, by law or in fact, to any enterprise or group of enterprises, or to any industry or group of industries, you need not respond to the remaining questions under section L.

**ANSWER:**

No, the eligibility for this program is not limited to any enterprise or group of enterprises, or to any industry or group of industries.

f. With respect to the eligibility criteria and your administration of this program, please address the following, and provide documentation, if possible, to support your explanation:

   a. If the eligibility criteria, as listed in the applicable law, regulation or other official documents are met, will an applicant always and automatically receive assistance, or is final approval by the government agency or authority which administers the program necessary?

**ANSWER:**

With the new regulation any company which operates in an OIZ can benefit from the property tax exemption for its building(s) as of July 1, 2017.

ii. Is the amount of the assistance provided determined solely by established criteria found in the law, regulation or other official document, or is the amount ultimately determined by the government agency or authority which administers the program? If established by criteria, please provide all of the criteria.

**ANSWER:**

The property tax rate for building(s) was 0.2% during POI. This rate is defined in Article 8 of Law No. 1319. Please see Exhibit 5.

iii. If the government agency or authority has any discretion that goes
beyond the criteria laid out in the law, regulation or other official
document, please explain the nature and extent of that discretion.

**ANSWER:**

None of government agencies or authorities have discretion that can go beyond the criteria laid out in the Law.

iv. Explain how the companies under review which applied for, claimed, received, accrued or used assistance under this program met the eligibility criteria.

**ANSWER:**

With the new regulation all investors having a building within OIZs are exempt from property tax as of July 1, 2017.

f. Is eligibility for the subsidy limited to small and medium-sized enterprises? If so, please define and document how the term “small and medium-sized enterprises” is defined under the program and on what basis the company(ies) being examined met the definition. If the program is not contingent on firms being small and medium-sized enterprises, then so state and skip this question.

**ANSWER:**

No, the eligibility for this program is not limited to small and medium-sized enterprises.

2. Please provide the following information, in table form, regarding the number of recipient companies and industries and the amount of assistance approved under this program for the year in which any mandatory respondent company was approved for assistance, as well as each of the preceding three years (e.g., if a respondent was approved for assistance in 2017, provide this information, by year, for 2015 through 2017). If this information is not available on the basis of year of approval, then provide the information based on the year of bestowal.

a. The amount of assistance approved for each mandatory respondent company, including all cross-owned companies and trading companies that sell the subject merchandise to the United States.
b. The total amount of assistance approved for all companies under the program.

c. The total number of companies that were approved for assistance under this program.

d. The total amount of assistance approved for the industry in which the mandatory respondent companies operate, as well as the totals for every other industry in which companies were approved for assistance under this program. In identifying the industries, please use whatever resource or classification scheme your government normally relies upon to define industries and to classify companies within an industry. Please provide the relevant classification guidelines, and please ensure the list provided reflects consistent levels of industrial classification. Please clearly identify the industry in which the companies under review are classified.

e. The total number of companies that applied for, but were denied, assistance under this program. Be sure that your response to question provides a complete discussion of the circumstances in which applications for assistance are denied.

**ANSWER:**

No application or approval is required. No such data is available.

M. Describe any anticipated changes in the program. Provide documentation substantiating your answer. If the program is being terminated, state the last date that a company could apply for or claim benefits under the program. When is the last date that a company could receive benefits under the program? If the program has been terminated and replaced by a similar type of program, please provide a discussion of the replacement program to include the purpose of the program and the date it was established.

**ANSWER:**

There are no anticipated changes in the program.

L. **Investment Encouragement Program (IEP): Customs Duty Exemptions**

Commerce has found this program to be countervailable.\(^{13}\) We do not intend to reevaluate the countervailability of the program. However, if there were changes to the program *during the POR*, or if the government replaced the program with a successor program, please answer all questions in the *Standard Questions Appendix*.

\(^{13}\) See *Turkey 2010 Prelim* at 19632.
Exhibit CVD - TR - 9
Article 4, Clause (m) and Article 8, Paragraph 1 of Property Tax Law No. 1319
Daimi Muaflıklar

Madde 4


m) (2350 sayılı Kanunun 1’inci maddesiyle değişen fıkra) Bakanlar Kurulunca vergi muafiyeti tanınan vakıflara ait binalar (Vakıf senedindeki cihete tahsis edilmek şartıyla)(7033 sayılı kanunun 10 uncu maddesiyle eklenen ibare Yürürülük ; 01.07.2017)ile organize sanayi bölgeleri, serbest bölgeler, endüstri bölgeleri, teknoloji geliştirme bölgeleri ve sanayi sitelerinde yer alan binalar;

Nispet

Madde 8


Permanent Exemptions

Article 4

(Amended Paragraph with Article 1 of Law No. 2536) The following buildings are permanently exempt from the Building Tax (with the exception of the transfer of operating rights made under the Law no. 4046 dated 24.11.1994) upon the condition of not being rented (statement amended by article 59/14 of Law No. 5228, Enforcement: 31.07.2004). (statement amended by article 8 of Law No. 5020, Enforcement: 26.12.2003). For clauses (a), (b), (s), (y) and (z) (****), the condition of not being rented will not be sought.

m) (Paragraph amended by the Article 1 of the Law No. 2350) Buildings belonging to the foundations to which the tax exemption is granted by the Council of Ministers (provided that it is allocated to the Foundation) (phrase added with Article 10 of Law No. 7033, Enforcement: 01.07.2017) and buildings within organized industrial regions, free zones, industrial zones, technology development zones and industrial sites;

Proportion

Article 8
(Paragraph amended with article 4 / A of Law No. 4736. Validity: 01.01.2002 Enforcement: 19.01.2002) The proportion of building tax is thousandth in residential buildings and two in thousand for other buildings. These rates (phrase amended by article 43/4-b of Law No. 5281, Validity: 01.01.2005, Enforcement: 31.12.2004) shall be applied with 100 % increments within the borders of metropolitan municipalities and contiguous areas where Law no 5216 applies to. The Council of Ministers is authorized to reduce tax rates by half or increase tax rates by up to three times.
Exhibit CVD - TR - 10
INVESTMENT ZONES

There are three different special investment zones in Turkey:

1. Technology Development Zones - Technoparks

Technology Development Zones (TDZ) are areas designed to support R&D activities and attract investments in high-technology fields. There are 84 TDZs, of which 63 are operational and 21 have been approved and are currently under construction.

Advantages of TDZs

2. Organized Industrial Zones
Organized Industrial Zones (OIZ) 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 OIZs includes roads, water, natural gas, electricity, communications, waste treatment and other services.

There are 331 OIZs in 80 provinces, 234 of which are currently operational, while the remaining 97 OIZs are being constructed throughout Turkey.

### Advantages of OIZs

3. Free Zones

Free zones (FZ) are special sites deemed outside the customs area, although they are physically located within the political borders of the country. FZs are designed to boost the number of export-focused investments. Legal and administrative regulations in the commercial, financial and economic domains that are applicable within the customs area are either not implemented or partially implemented in FZs.

There are a total of 19 Free Zones in Turkey located close to the EU and Middle Eastern markets, 18 of which are active and 1 is at the stage of establishment. FZs are strategically located at points that grant easy access to international trade routes via ports on the Mediterranean, Aegean Sea, and the Black Sea.

### Advantages of FZs
RELATED DOCUMENTS

LIST OF INVESTMENT ZONES IN TURKEY

LEGAL GUIDE TO INVESTING IN TURKEY

TAX GUIDE TO DOING BUSINESS IN TURKEY

GUIDE TO STATE INCENTIVES FOR INVESTMENTS IN TURKEY

WHY INVEST IN TURKEY

QUICK LINKS
TOP REASONS TO INVEST IN TURKEY
FDI IN TURKEY
SUCCESS STORIES
TESTIMONIALS
BENCHMARK TURKEY
SMART MAP

SECTORS
AGROFOOD
AUTOMOTIVE
BUSINESS SERVICES
CHEMICALS
DEFENSE & AEROSPACE
ENERGY
ICT
INFRASTRUCTURE
LIFE SCIENCES
MACHINERY
FINANCIAL SERVICES
MINING & METALS
REAL ESTATE
TOURISM

INVESTMENT GUIDE
ESTABLISHING A BUSINESS
OBTAINING A WORK PERMIT
OBTAINING A RESIDENCE PERMIT
ACQUIRING PROPERTY AND CITIZENSHIP
COST OF DOING BUSINESS
Exhibit CVD - TR - 11
INVESTMENT ZONES IN TURKEY
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ORGANIZED INDUSTRIAL ZONES
### ORGANIZED INDUSTRIAL ZONES

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### ORGANIZED INDUSTRIAL ZONES

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| Bursa Demirtas Organized Industrial Zone |
| Bursa Gursu Organized Industrial Zone |
| Bursa Hasanaga Organized Industrial Zone |
| Bursa Inegol Furniture and Woodwork Specialized Organized Industrial Zone |
| Bursa Inegol Organized Industrial Zone |
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| Bursa Kestel Organized Industrial Zone |
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| Bursa Niflufer Organized Industrial Zone |
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| Cankiri Yakinent Organized Industrial Zone |
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| Corum Osmanick Organized Industrial Zone |
| Corum Sugurlu Organized Industrial Zone |
| Denizli Cardak Ozdemir Sabanci Organized Industrial Zone |
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| Duzce Organized Industrial Zone |
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| Elazig Livestock Specialized Organized Industrial Zone |
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| Erzincan Organized Industrial Zone |
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| Isparta Yalvac Organized Industrial Zone |
| Istanbul Anadolu Yakasi Organized Industrial Zone |
| Istanbul Beylikdüzü Organized Industrial Zone |
## INVESTMENT ZONES IN TURKEY

### ORGANIZED INDUSTRIAL ZONES

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Exhibit CVD - TR - 12
GUIDE TO STATE INCENTIVES FOR INVESTMENTS IN TURKEY
The information provided in this guide is general and does not constitute financial, tax or legal advice. Whilst every effort has been taken to ensure the accuracy of this guide, the editors and authors accept no responsibility for any inaccuracies or omissions contained herein. Financial, tax or legal advice should always be sought before engaging in any transaction or taking any legal action based on the information provided. Should you have any queries regarding the issues raised and/or about other financial topics, please contact the authors of this guide.

All information in this guide is up to date as of 01.10.2019.
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Employment Incentives 30
R&D and Design Incentives 34
Regional Management Center Incentives 38
Export Incentives 40
Annexes 45
**INCENTIVE GLOSSARY**

- **VAT Exemption**: Value-Added Tax is not payable for machinery and equipment to be purchased.
- **Customs Duty Exemption**: Customs duty is not payable for machinery and equipment to be supplied from abroad.
- **Corporate Tax Reduction**: Corporate tax is 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.
- **Social Security Premium Support (Employee’s Share)**: The employee’s share of the social security premium calculated on the basis of the legal minimum wage for employment will be covered by the government.
- **Interest Rate Support**: A certain portion of the interest to be paid for loans obtained will be covered by the government.
- **Land Allocation**: Land is allocated for investment based on the availability, in accordance with the principles and procedures set by the Ministry of Environment and Urbanization.
- **Income Tax Withholding Support**: The income tax determined for employment will be exempt.
- **VAT Refund**: VAT refund is provided for building and construction expenditures.
- **Qualified Personnel Support**: Gross wages of qualified personnel to be employed for up to 5 years will be covered (up to 20 times the gross minimum wage).
- **Energy Support**: Energy expenditures will be partially rebated to the investor.
- **Capital Contribution**: Government can make capital contribution of up to 49% of the investment amount.
- **Infrastructure Support**: Investor’s infrastructural needs such as electricity, natural gas, etc. can be covered.
- **Purchasing Guarantee**: Public purchase guarantee can be provided for products to be produced within the scope of the investment.
- **Facilitation of Authorization/Permit/License Procedures**: An exception may be introduced by virtue of a presidential decree for authorizations, allocation, permits, licenses and registrations among other restrictive provisions. Alternatively, an arrangement may be made in terms of legal and administrative processes to accelerate and facilitate investments.
- **Cash Support**: Eligible expenditures are partially rebated by the institution providing support after the expenditures are paid.
- **Training Support**: Daily expenses and eligible training costs will be covered by İŞKUR.
- **R&D/Design Discount**: R&D and design expenditures are wholly deductible from the corporate tax base.
- **Corporate Tax Exemption**: No corporate tax is payable.
- **Credit Support**: Credit opportunities with reduced rates are provided to investors to improve exportation.
- **Stamp Duty Exemption**: No stamp duty is payable for documents.
- **Property Tax Exemption**: No property tax is payable for land and buildings.
- **Special Consumption Tax Exemption**: Enterprises in free zones are exempt from special consumption tax.
INCENTIVES PROVIDED BY THE MINISTRY OF INDUSTRY AND TECHNOLOGY

General Investment Incentives
- Customs Duty Exemption
- VAT Exemption
- Medium-High Tech Incentives
- Priority Incentives

Regional Investment Incentives
- Customs Duty Exemption
- VAT Exemption
- Corporate Tax Reduction
- Social Security Premium Support (Employer’s Share)
- Land Allocation
- Interest Rate Support

Strategic Investment Incentives
- Customs Duty Exemption
- VAT Exemption
- Corporate Tax Reduction
- Social Security Premium Support (Employer’s Share)
- Land Allocation
- Interest Rate Support
- VAT Refund

Project Based Investment Incentives
- Cash Support
- VAT Exemption
- Customs Duty Exemption
- Corporate tax reduction up to 200% of investment expenditures
- Social security premium support for up to 10 years (employer’s share)
- Income tax withholding support for 10 years
- Qualified personnel support for up to 5 years
- Energy support for up to 50% of energy expenditures for up to 10 years
- 10 years Interest rate support for up to 10 years
- Capital contribution up to 49% of the investment amount
- Land allocation for 49 years
- Infrastructure support
- Purchasing guarantee
- Facilitation of authorization-permit-license procedures
- VAT refund for building-construction expenditures
The breadth and depth of support provided vary based on the level of development of the regions. Developed regions are provided with fewer support options than lesser developed regions.
GENERAL INVESTMENT INCENTIVES

Tax exemption for procurement of machinery and equipment, regardless of the investment region

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<tr>
<th>Incentive</th>
<th>Eligibility Criteria</th>
<th>Supports</th>
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<tbody>
<tr>
<td>General Investment Incentives</td>
<td>Minimum fixed investment amount between TRY 500,000 – TRY 1 million depending on the investment location</td>
<td>• VAT Exemption</td>
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<td>• Customs Duty Exemption</td>
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Simulation Inputs:
- Fixed investment amount (machinery + equipment) = TRY 80 million
- Machinery and equipment to be imported = TRY 60 million
- Machinery and equipment to be procured domestically = TRY 20 million

Investment Location: Does not matter

VAT Exemption: TRY 80,000,000 (total amount of the machinery and equipment) x 0.18 (VAT rate) = TRY 14,400,000

Customs Duty Exemption: TRY 60,000,000 (amount of the machinery and equipment to be imported) x 0.02 (Average customs duty rate) = TRY 1,200,000

Investment Inputs

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<th>Investment Amount</th>
<th>TRY 80,000,000</th>
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<td>Machinery and Equipment to be Imported</td>
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<td>Machinery and Equipment to be Procured Domestically</td>
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Incentives

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<td>Customs Duty Exemption</td>
<td>TRY 1,200,000</td>
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Total Support: TRY 15,600,000
Total Support Rate (%): 19.5%
REGIONAL INVESTMENT INCENTIVES

Higher incentives for investments to be made in less developed regions

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<thead>
<tr>
<th>Incentive</th>
<th>Eligibility Criteria*</th>
<th>Supports</th>
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</table>
| Regional Investment Incentives  | Minimum fixed investment amount between TRY 500,000 – TRY 4 million depending on the investment location and industry | • VAT Exemption  
• Customs Duty Exemption  
• Corporate tax reduction of 15-55% of investment expenditures depending on the investment location**  
• Social security premium support (employer’s share) between 2-12 years depending on the investment location  
• Land Allocation  
• Interest rate support in the amount of TRY 1 to 1.8 million depending on the investment location (This support is not applicable to investments to be made in Region 1 and Region 2) |

*Please review the document in Annex-1 for detailed information about the supports and conditions for benefiting from them.

**For the investments to be made in the manufacturing industry by the end of 2019, the corporate tax reduction support will be applied by adding 15 points to the rate currently applied.

REGIONAL INVESTMENT INCENTIVES - SIMULATION

Simulation Inputs:
- Fixed investment amount (machinery + equipment + construction) = TRY 100 million
- Machinery and equipment to be imported = TRY 60 million
- Machinery and equipment to be procured domestically = TRY 20 million
- Construction cost = TRY 20 million
- Employment = 100 people
- Investment location = Region 3 / in OIZ

VAT Exemption: TRY 80,000,000 (total amount of the machinery and equipment) x 0.18 (VAT rate) = TRY 14,400,000 of VAT will not be paid by the investor.

Customs Duty Exemption: TRY 60,000,000 (amount of the machinery and equipment to be imported) x 0.02 (Average customs duty rate) = TRY 1,200,000 of customs duty will not be paid by the investor.

Corporate Tax Reduction: TRY 100,000,000 (fixed investment amount) x 0.3 (support rate for Region 3 inside OIZ) = TRY 30,000,000 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 = 100 x 72 [period of support (months)] x 3% [employer’s share] = TRY 2,851,200 of employer’s share will not be paid.

Interest Rate Support: The Ministry provides interest rate support with the upper limit of TRY 1,000,000 for Region 3. (3 points for TRY-denominated loans, 1 point for loans in foreign currency)

Investment Inputs

<table>
<thead>
<tr>
<th>Scenario (TRY)</th>
<th>Investment Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>100,000,000</td>
</tr>
<tr>
<td>Starting Date</td>
<td>1/1/2020</td>
</tr>
<tr>
<td>Employment</td>
<td>100 people</td>
</tr>
</tbody>
</table>

Investment Components

<table>
<thead>
<tr>
<th>Investment Components</th>
<th>Scenario (TRY)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Machinery and Equipment to be Imported</td>
<td>60,000,000</td>
</tr>
<tr>
<td>Machinery and Equipment to be Procured Domestically</td>
<td>20,000,000</td>
</tr>
<tr>
<td>Construction Cost</td>
<td>20,000,000</td>
</tr>
</tbody>
</table>

Incentives

<table>
<thead>
<tr>
<th>Incentives</th>
<th>Scenario (TRY)</th>
</tr>
</thead>
<tbody>
<tr>
<td>VAT Exemption</td>
<td>14,400,000</td>
</tr>
<tr>
<td>Customs Duty Exemption</td>
<td>1,200,000</td>
</tr>
<tr>
<td>Corporate Tax Reduction</td>
<td>30,000,000</td>
</tr>
<tr>
<td>Social Security Premium Support (Employer’s Share)</td>
<td>2,851,200</td>
</tr>
<tr>
<td>Interest Rate Support</td>
<td>1,000,000</td>
</tr>
<tr>
<td>Total Support</td>
<td>49,451,200</td>
</tr>
<tr>
<td>Total Support Rate (%)</td>
<td>49%</td>
</tr>
</tbody>
</table>
# MEDIUM-HIGH TECH INVESTMENT INCENTIVES

## Regional Incentives at Minimum, regardless of the investment region (Istanbul excluded)

**Eligibility Criteria**
- Minimum fixed investment amount between TRY 500,000 – TRY 1 million depending on the investment location.
- The investment subject being among «medium high-tech investments».

**Supports**
- VAT Exemption
- Customs Duty Exemption
- Corporate tax reduction of 30-55% of investment expenditures depending on the investment location**
- Social security premium support (employer’s share) between 6-12 years depending on the location.
- Land Allocation
- Interest rate support between TRY 1.2 – 1.8 million depending on the investment location

### US-97 code and Medium-High Tech (OECD) Investment Areas

<table>
<thead>
<tr>
<th>US-97 code</th>
<th>Medium-High Tech (OECD) Investment Areas</th>
</tr>
</thead>
<tbody>
<tr>
<td>24 (except 2423)</td>
<td>Production of Chemical Materials and Products (Except production of chemical and herbal products used in pharmaceuticals and medicine)</td>
</tr>
<tr>
<td>29</td>
<td>Machinery and Equipment Manufacture</td>
</tr>
<tr>
<td>3110</td>
<td>Manufacture of Electric Motors, Generators and Transformers</td>
</tr>
<tr>
<td>3120</td>
<td>Manufacture of Electricity Distribution and Control Devices</td>
</tr>
<tr>
<td>3140.0.03</td>
<td>Lead Acidic Accumulators for Starter Piston Engines</td>
</tr>
<tr>
<td>3140.0.05</td>
<td>Nickel-Cadmium, Nickel-Iron and Other Electric Accumulators</td>
</tr>
<tr>
<td>3190</td>
<td>Manufacture of Electrical Equipment</td>
</tr>
<tr>
<td>34</td>
<td>Manufacture of Motor Land Vehicles</td>
</tr>
<tr>
<td>352</td>
<td>Manufacture of Railway and Tramway Locomotives and Wagons</td>
</tr>
<tr>
<td>3591</td>
<td>Manufacture of Motorcycles</td>
</tr>
<tr>
<td>3592.2</td>
<td>Manufacture of Carriers for the Disabled</td>
</tr>
</tbody>
</table>

### Incentives-Simulation

**Simulation Inputs:**
- Fixed investment amount (machinery + equipment + construction) = TRY 100 million
- Machinery and equipment to be imported = TRY 60 million
- Machinery and equipment to be procured domestically = TRY 20 million
- Construction cost = TRY 20 million
- Employment = 100 people
- Investment location = Does not matter (except Istanbul)

**Investment Inputs**
- Investment Amount: TRY 100,000,000
- Starting Date: 1/1/2020
- Employment: 100 people

**Investment Components**
- Machinery and Equipment to be Imported: TRY 60,000,000
- Machinery and Equipment to be Procured Domestically: TRY 20,000,000
- Construction Cost: TRY 20,000,000

**Incentives**
- VAT Exemption: TRY 80,000,000 (total amount of the machinery and equipment) x 0.18 (VAT rate) = TRY 14,400,000 of VAT will not be paid by the investor.
- Customs Duty Exemption: TRY 60,000,000 (amount of the machinery and equipment to be imported) x 0.02 (Average customs duty rate) = TRY 1,200,000 of customs duty will not be paid by the investor.
- Corporate Tax Reduction: TRY 100,000,000 (fixed investment amount) x 0.3 (support rate for Region 4) = TRY 30,000,000 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 = 100 x 72 [period of support (months)] x 3% (employer’s share) = TRY 2,851,200 of employer’s share will not be paid.
- 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-denominated loans, 1 point for loans in foreign currency)

---

*Please review the document in Annex-1 for detailed information about the supports and conditions for benefiting from them.

**For the investments to be made in the manufacturing industry by the end of 2019, the corporate tax reduction support will be applied by adding 15 points to the rate currently applied.**
## PRIORITY INVESTMENT INCENTIVES

Incentives provided for Region 5, regardless of the investment region

<table>
<thead>
<tr>
<th>Incentive</th>
<th>Eligibility Criteria*</th>
<th>Supports</th>
</tr>
</thead>
<tbody>
<tr>
<td>Priority Investment Incentives</td>
<td>Minimum fixed investment amount between TRY 500,000 – TRY 1 million depending on the investment location</td>
<td>VAT Exemption</td>
</tr>
<tr>
<td></td>
<td>The investment subject being among “priority investments”</td>
<td>Customs Duty Exemption</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Corporate tax reduction of 40-55% of investment expenditures depending on the investment location**</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Social security premium support (employer’s share) between 7-12 years depending on the investment location</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Land Allocation</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Interest rate support between TRY 1.4 – TRY 1.8 million depending on the investment location</td>
</tr>
</tbody>
</table>

*Please review the document in Annex-1 for detailed information about the supports and conditions for benefiting from them.

**For the investments to be made in the manufacturing industry by the end of 2019, the corporate tax reduction support will be applied by adding 15 points to the rate currently applied.

---

## Simulation Inputs:

- Fixed investment amount (machinery + equipment + construction) = TRY 100 million
- Machinery and equipment to be imported = TRY 60 million
- Machinery and equipment to be procured domestically = TRY 20 million
- Construction cost = TRY 20 million
- Employment = 100 people
- Investment location = Does not matter (except Istanbul)

**VAT Exemption:** TRY 80,000,000 (total amount of the machinery and equipment) x 0.18 (VAT rate) = TRY 14,400,000 of VAT will not be paid by the investor.

**Customs Duty Exemption:** TRY 60,000,000 (amount of the machinery and equipment to be imported) x 0.02 (Average customs duty rate) = TRY 1,200,000 of customs duty will not be paid by the investor.

**Corporate Tax Reduction:** TRY 100,000,000 (fixed investment amount) x 0.4 (support rate for Region 5) = TRY 40,000,000 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 = 100 x 84 (period of support (months)) x 3% (employer’s share) x TRY 3,326,400 of employer’s share will not be paid.

**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-denominated loans, 2 points for loans in foreign currency)

### Investment Inputs

<table>
<thead>
<tr>
<th>Scenario (TRY)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment Amount</td>
</tr>
<tr>
<td>Starting Date</td>
</tr>
<tr>
<td>Employment</td>
</tr>
<tr>
<td>Investment Components</td>
</tr>
<tr>
<td>Machinery and Equipment to be Imported</td>
</tr>
<tr>
<td>Machinery and Equipment to be Procured Domestically</td>
</tr>
<tr>
<td>Construction Cost</td>
</tr>
</tbody>
</table>

### Incentives

<table>
<thead>
<tr>
<th>Scenario (TRY)</th>
</tr>
</thead>
<tbody>
<tr>
<td>VAT Exemption</td>
</tr>
<tr>
<td>Customs Duty Exemption</td>
</tr>
<tr>
<td>Corporate Tax Reduction</td>
</tr>
<tr>
<td>Social Security Premium Support (Employer’s Share)</td>
</tr>
<tr>
<td>Interest Rate Support</td>
</tr>
<tr>
<td>Total Support</td>
</tr>
<tr>
<td>Total Support Rate (%)</td>
</tr>
</tbody>
</table>
## PRIORITY INVESTMENT INCENTIVES

### Priority Investment Areas

<table>
<thead>
<tr>
<th>Investments in freight and/or passenger transportation by sea or airway</th>
<th>Investments in international fairs with a minimum area of 50,000 m²</th>
<th>Investments in electricity production through recycling from waste heat</th>
</tr>
</thead>
<tbody>
<tr>
<td>Railway investments for intercity freight and/or passenger transportation</td>
<td>Integrated investments for the production of aluminum flat products by direct cooling slab casting and hot rolling method</td>
<td>Investments in liquefied natural gas (LNG) and underground natural gas storage of minimum 50 million</td>
</tr>
<tr>
<td>Investments for the production of products in high-technology industrial classification according to OECD’s definition of technological intensity (US-97 Code: 2423, 30, 32, 33 and 353)</td>
<td>Investments for carbon fiber production or production of composite materials made of carbon fiber, on the condition that it is accompanied by carbon fiber production</td>
<td>Waste recycling investments in the minimum amount of TRY 5 million and/or disposal facility investments in the minimum amount of TRY 5 million</td>
</tr>
<tr>
<td>Test centers and wind tunnel investments (those for the automotive, space or defense industry)</td>
<td>Railway investments for inner-city cargo transportation</td>
<td>Investments in wellness facilities and care centers with a capacity of 100 or more individuals for the elderly and/or disabled, in the minimum amount of TRY 5 million</td>
</tr>
<tr>
<td>Touristic accommodation investments eligible for regional supports in terms of thermal tourism or in Cultural and Touristic Preservation and Development Regions</td>
<td>Mining exploration investments to be made in licensed fields by investors with valid Exploration Licenses or Certificates issued under the Mining Law.</td>
<td>Automation-based (containing computer-controlled air-conditioning, irrigation, fertilization and spraying system) greenhouse investments containing domestically produced greenhouse technologies of 25,000 m² and above, in the minimum amount of TRY 5 million</td>
</tr>
<tr>
<td>Manufacture of renewable energy turbine and generators and wind vanes</td>
<td>Nuclear energy plant investments</td>
<td>Licensed warehousing investments</td>
</tr>
<tr>
<td>Investments in the area of defense which will be made based on the project approval to be obtained from the Presidency of Defense Industries</td>
<td>Motor parts, powertrains/parts and automotive electronics investments with a minimum amount of TRY 20 million, and motor investments with a minimum amount of TRY 75 million and investments with a minimum amount of TRY 300 million, which will be made in motor land vehicles main industry</td>
<td>Investments in the minimum amount of TRY 500 million which will be made in medium-high tech (OECD) products</td>
</tr>
<tr>
<td>Mine extraction investments and/or mine processing investments</td>
<td>Integrated husbandry investments for milk production with a minimum capacity of 5000 cattle and integrated husbandry investments for meat production with a minimum capacity of 10,000 cattle which are completely new or expansion investments</td>
<td>Electricity production investments where the mines in group 4-b of the 2nd article of the Mining Law 3213 are used as input on the basis of a valid mining operation permit and license issued by the Ministry of Energy and Natural Resources</td>
</tr>
<tr>
<td>Day care center, pre-school education, primary, secondary and high school investments</td>
<td>Investments in research and reference laboratories, consumer safety and infectious diseases reference laboratory, pharmaceutical and medical equipment analysis and control laboratory and laboratory complexes containing test animals production test and research center units</td>
<td>Investments in energy efficiency projects which will be carried out in existing manufacturing industry facilities with annual minimum energy consumption of 500 tons of oil equivalent (TOE), which are designed to provide at least twenty per cent energy saving depending on the current status and which have a return on investment period of 5 years and less with the energy saving to be provided</td>
</tr>
</tbody>
</table>

---

*Exhibit Guide To State Incentives For Investments in Turkey*
REGION 6 INCENTIVES

The most attractive support elements among regional incentives

<table>
<thead>
<tr>
<th>Incentive</th>
<th>Eligibility Criteria*</th>
<th>Supports</th>
</tr>
</thead>
</table>
| Region 6 Incentives        | Minimum fixed investment amount of TRY 500,000 | • VAT Exemption  
• Customs Duty Exemption  
• Corporate Tax Reduction corresponding to 55% of investment expenditures**  
• Social security premium support for 12 years (employer’s share)  
• Land Allocation  
• Interest rate support of TRY 1,8 million  
• Social security premium support for 10 years (employer’s share)  
• Income tax withholding support for 10 years |

Incentive Eligibility Criteria*  
• VAT Exemption  
• Customs Duty Exemption  
• Corporate Tax Reduction corresponding to 55% of investment expenditures**  
• Social security premium support for 12 years (employer’s share)  
• Land Allocation  
• Interest rate support of TRY 1,8 million  
• Social security premium support for 10 years (employer’s share)  
• Income tax withholding support for 10 years

Incentives Simulation:  
- Investment amount (machinery + equipment + construction) = TRY 100 million  
- Machinery and equipment to be imported = TRY 60 million  
- Machinery and equipment to be procured domestically = TRY 20 million  
- Construction cost = TRY 20 million  
- Employment = 100 people  
- Investment location = Region 6 / in OIZ

Simulation Inputs:  
- Investment Amount (machinery + equipment + construction) = TRY 100 million  
- Machinery and equipment to be imported = TRY 60 million  
- Machinery and equipment to be procured domestically = TRY 20 million  
- Construction cost = TRY 20 million  
- Employment = 100 people  
- Investment location = Region 6 / in OIZ

Corporate Tax Reduction: TRY 100,000,000 (fixed investment amount) x 0.55 (support rate for Region 6 inside OIZ) = TRY 55,000,000 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 = 100 x 144 [period of support (months)] x 396 [employer’s share] = TRY 5,702,400 of employer’s share will not be paid.

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-denominated loans, 2 points for loans in foreign currency)

Social Security Premium Support (Employee’s Share): Social security premium support that can be used for the employment of 100 individuals = 100 x 120 [period of support (months)] x 358 [employee’s share] = TRY 4,296,000 of employee’s share will not be paid.

Income Tax Withholding Support: Income tax withholding reduction that can be used for the employment of 100 individuals = 100 x 120 [period of support (months)] x 134 [income tax] = TRY 1,608,000 of income tax will not be paid.

Investment Inputs

<table>
<thead>
<tr>
<th>Scenario (TRY)</th>
<th>Investment Amount</th>
<th>Starting Date</th>
<th>Employment</th>
</tr>
</thead>
<tbody>
<tr>
<td>100,000,000</td>
<td>1/1/2020</td>
<td>100 people</td>
<td></td>
</tr>
</tbody>
</table>

Investment Components

<table>
<thead>
<tr>
<th>Investment Components</th>
<th>TRY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Machinery and Equipment to be Imported</td>
<td>60,000,000</td>
</tr>
<tr>
<td>Machinery and Equipment to be Procured Domestically</td>
<td>20,000,000</td>
</tr>
<tr>
<td>Construction Cost</td>
<td>20,000,000</td>
</tr>
</tbody>
</table>

Incentives

<table>
<thead>
<tr>
<th>Incentives</th>
<th>Scenario (TRY)</th>
</tr>
</thead>
<tbody>
<tr>
<td>VAT Exemption</td>
<td>14,400,000</td>
</tr>
<tr>
<td>Customs Duty Exemption</td>
<td>6,200,000</td>
</tr>
<tr>
<td>Corporate Tax Reduction</td>
<td>55,000,000</td>
</tr>
<tr>
<td>Social Security Premium Support (Employer’s Share)</td>
<td>5,702,400</td>
</tr>
<tr>
<td>Interest Rate Support</td>
<td>1,800,000</td>
</tr>
<tr>
<td>Social Security Premium Support (Employee’s Share)</td>
<td>4,296,000</td>
</tr>
<tr>
<td>Interest Rate Support</td>
<td>1,608,000</td>
</tr>
<tr>
<td>Total Support</td>
<td>84,006,400</td>
</tr>
<tr>
<td>Total Support Rate (%)</td>
<td>84%</td>
</tr>
</tbody>
</table>

*Please review the document in Annex-1 for detailed information about the supports and conditions for benefiting from them.

**For the investments to be made in the manufacturing industry by the end of 2019, the corporate tax reduction support will be applied by adding 15 points to the rate currently applied.
**STRATEGIC INVESTMENT INCENTIVES**

*High incentives in areas with high importation*

<table>
<thead>
<tr>
<th>Incentive</th>
<th>Eligibility Criteria*</th>
<th>Supports</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strategic Investment Incentives</td>
<td>• The product’s domestic production capacity being less than its import volume</td>
<td>• VAT Exemption</td>
</tr>
<tr>
<td></td>
<td>• Investment amount of TRY 50 million</td>
<td>• Customs Duty Exemption</td>
</tr>
<tr>
<td></td>
<td>• 40% of domestic value addition in production</td>
<td>• Corporate tax reduction corresponding to 50% of investment expenditure**</td>
</tr>
<tr>
<td></td>
<td>• The product having import value of USD 50 million in the past year</td>
<td>• Social security premium support for 7 years (employer’s share)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Land Allocation</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Interest rate support of TRY 50 million or 5% of the investment</td>
</tr>
</tbody>
</table>

*Please review the document in Annex-1 for detailed information about the supports and conditions for benefiting from them.**

**For the investments to be made in the manufacturing industry by the end of 2019, the corporate tax reduction support will be applied by adding 15 points to the rate currently applied.**

---

**STRATEGIC INVESTMENTS-SIMULATION**

### Simulation Inputs:

- **Investment Amount**: TRY 100,000,000
- **Starting Date**: 1/1/2020
- **Employment**: 100 people

#### Investment Components

- **Machinery and Equipment to be Imported**: TRY 60,000,000
- **Machinery and Equipment to be Procured Domestically**: TRY 20,000,000
- **Construction Cost**: TRY 20,000,000

#### Incentives

- **VAT Exemption**: TRY 14,400,000
- **Customs Duty Exemption**: TRY 1,200,000
- **Corporate Tax Reduction**: TRY 50,000,000
- **Social Security Premium Support (Employer’s Share)**: TRY 3,326,400
- **Interest Rate Support**: TRY 5,000,000

**Total Support**: TRY 73,926,400

**Total Support Rate (%)**: 74%

---

**Investment Inputs**

<table>
<thead>
<tr>
<th>Scenario (TRY)</th>
<th>Investment Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>100,000,000</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Scenario (TRY)</th>
<th>Starting Date</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1/1/2020</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Scenario (TRY)</th>
<th>Employment</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>100 people</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Scenario (TRY)</th>
<th>Machinery and Equipment to be Imported</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>60,000,000</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Scenario (TRY)</th>
<th>Machinery and Equipment to be Procured Domestically</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>20,000,000</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Scenario (TRY)</th>
<th>Construction Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>20,000,000</td>
</tr>
</tbody>
</table>

---

**Customs Duty Exemption**: TRY 60,000,000 (amount of the machinery and equipment to be imported) x 0.02 (average customs duty rate) = TRY 1,200,000

**Corporate Tax Reduction**: TRY 100,000,000 (fixed investment amount) x 0.5 (support rate for strategic investments) = TRY 50,000,000

**Social Security Premium Support (Employer’s Share)**: Social security premium support that can be used for the employment of 100 individuals = 100 x 0.84 (period of support [months]) x 3.9% (employer’s share) = TRY 3,326,400

**Interest Rate Support**: The Ministry provides interest rate support in the amount of TRY 50,000,000 or up to 5% of the investment amount for strategic investments. (5 points for TRY-denominated loans, 2 points for loans in foreign currency) TRY 100,000,000 (investment amount) x 0.05 (upper limit) = TRY 5,000,000 of interest support which can be used.

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Guide To State Incentives For Investments in Turkey

INVESTMENT INCENTIVES SCHEMES | 25
PROJECT-BASED INCENTIVES

«Tailor made» incentives for areas with critical importance for Turkey

<table>
<thead>
<tr>
<th>Incentive</th>
<th>Eligibility Criteria*</th>
<th>Supports</th>
</tr>
</thead>
<tbody>
<tr>
<td>Project-Based Incentives</td>
<td>• Minimum fixed investment amount of TRY 500 million</td>
<td>• Cash Support</td>
</tr>
<tr>
<td></td>
<td>• Production of strategic products that are technology-intensive, have high-added value, import-dependent, not locally produced/locally produced at low quantities</td>
<td>• VAT Exemption</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Customs Duty Exemption</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Corporate tax reduction up to 200% of investment expenditures**</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Social security premium support for up to 10 years (employer’s share)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Income tax withholding support for 10 years</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Qualified personnel support for up to 5 years</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Energy support for up to 50% of energy expenditures for up to 10 years</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Interest rate support for up to 10 years</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Capital contribution up to 49% of the investment amount</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Land allocation for 49 years</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Infrastructure support</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Purchasing guarantee</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Facilitation of authorization-permit-license procedures</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• VAT refund for building-construction expenditures</td>
</tr>
</tbody>
</table>

*Please review the document in Annex-1 for detailed information about the supports and conditions for benefiting from them.

**For the investments to be made in the manufacturing industry by the end of 2019, the corporate tax reduction support will be applied by adding 15 points to the rate currently applied.
# Project-Based Incentives

Some of the investments that have been granted with project-based incentives so far:

<table>
<thead>
<tr>
<th>Scope of Investment</th>
<th>Support Measures</th>
</tr>
</thead>
<tbody>
<tr>
<td>Polypropylene production with an investment amount of TRY 5.3 billion</td>
<td>VAT Exemption, Customs Duty Exemption, VAT Refund, Corporate Tax Reduction (Support Rate 85%), Social Security Premium Support (Employer’s Share) (10 years), Income Tax Withholding Support (10 years), Qualified Personnel Support (TRY 1.2 million), Interest Rate Support (TRY 350 million), Energy Support (TRY 40 million)</td>
</tr>
<tr>
<td>Solar panel production with an investment amount of TRY 3.8 billion</td>
<td>VAT Exemption, Customs Duty Exemption, VAT Refund, Corporate Tax Reduction (Support Rate 70%), Social Security Premium Support (Employer’s Share) (10 years), Income Tax Withholding Support (10 years), Qualified Personnel Support (TRY 72 million), Interest Rate Support (TRY 350 million), Energy Support (TRY 500 million)</td>
</tr>
<tr>
<td>Production of aluminum flat products with an investment amount of TRY 3.7 billion</td>
<td>VAT Exemption, Customs Duty Exemption, VAT Refund, Corporate Tax Reduction (Support Rate 83%), Social Security Premium Support (Employer’s Share) (10 years), Income Tax Withholding Support (10 years), Qualified Personnel Support (TRY 150 million), Interest Rate Support (TRY 780 million), Energy Support (TRY 580 million), Infrastructure Support</td>
</tr>
<tr>
<td>Carbon fiber production with an investment amount of TRY 2.2 billion</td>
<td>VAT Exemption, Customs Duty Exemption, VAT Refund, Corporate Tax Reduction (Support Rate 25%), Social Security Premium Support (Employer’s Share) (10 years), Income Tax Withholding Support (10 years), Qualified Personnel Support (TRY 25 million), Interest Rate Support (TRY 330 million), Energy Support (TRY 657 million), Land Allocation</td>
</tr>
</tbody>
</table>
**EMPLOYMENT SUPPORTS**

Tax exemptions and cash supports for employment and personnel training

<table>
<thead>
<tr>
<th>Incentive</th>
<th>Eligibility Criteria</th>
<th>Supports</th>
</tr>
</thead>
</table>
| Additional Employment Incentive | • The individuals to be hired should not have social security registration for more than 10 days in the last 3 months  
• They must be unemployed individuals registered to the Turkish Employment Agency (İŞKUR) | • All premiums payable per personnel employed are supported for 12 months for up to TRY 2,558.4 per month, while this varies depending on the sector. |
| On-the-job Training Program | • 50% of the trainees must be employed at the end of the program  
• The total number of trainees can be at maximum 30% of total employment | • Companies can train employees on the job, without incurring any costs.  
• İŞKUR makes a daily payment of up to TRY 77 for 6 months to the employees.  
• Work accident, occupational disease and general health insurance premiums of the trainees are paid by İŞKUR. |
| Technical and Vocational Training Program | • 50% of the trainees must be employed at the end of the program  
• The training venue and the materials to be used in training should be supplied by the company | • Expenses of the trainer (salary + SGK Premium + Tax Withholding) are covered by İŞKUR.  
• İŞKUR makes a daily payment of up to TRY 77 to the employees during the course period.  
• Work accident, occupational disease and general health insurance premiums of the trainees are paid by İŞKUR. |
| Incentives for the Employment of Women, Youths and Individuals with Professional Competence Certificate | • The individuals who have been unemployed for the last 6 months can be hired within the scope of the program. | • All social security premium employer’s shares payable per personnel employed are supported for up to 54 months for up to TRY 3,933.54 per month, while this varies depending on the gender and age. |

For more information: iskur.gov.tr
**OTHER SUPPORTS**

**Development Agency Supports**

26 Development Agencies operating in different regions of Turkey may provide grant supports for certain investment areas, in order to boost their regional development and competitiveness.

**KOSGEB Supports**

Grant and loan opportunities for SMEs kosgeb.gov.tr

Visit development agency websites for detailed information
R&D AND DESIGN INCENTIVES
R&D/DESIGN CENTERS AND TECHNOPARKS

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. R&D centers and design centers may benefit from the same incentives.

Companies may also prefer technoparks for their R&D activities. There are 84 technoparks providing a wide range incentive opportunities for investors in Turkey.

R&D Incentives

<table>
<thead>
<tr>
<th>R&amp;D/Design Center Incentives</th>
<th>Technoparks (Technology Development Zones)</th>
</tr>
</thead>
<tbody>
<tr>
<td>R&amp;D and Design Discount (100%)</td>
<td>Corporate Tax Exemption</td>
</tr>
<tr>
<td>Income Tax Withholding Support (up to 95%)</td>
<td>Income Tax Withholding Support (100%)</td>
</tr>
<tr>
<td>-</td>
<td>VAT Exemption</td>
</tr>
<tr>
<td>Social Security Premium Support (Employer’s Share) (50%)</td>
<td></td>
</tr>
<tr>
<td>Customs Duty Exemption</td>
<td></td>
</tr>
<tr>
<td>Stamp Duty Exemption</td>
<td></td>
</tr>
</tbody>
</table>

*The minimum number of personnel requirement is applied as 30 in the following sectors: Manufacture of motor vehicles, manufacture of aircraft and spacecraft, manufacture of military warfare vehicles, and manufacture of motorcycles.

TUBITAK SUPPORTS

TUBITAK supports the research, technology development, and innovation activities of companies with its grants. All support programs of TUBITAK are as follows:

TUBITAK’s R&D and Innovation Support Programs

<table>
<thead>
<tr>
<th>Incentive/Beginning</th>
<th>Introduction to R&amp;D</th>
<th>Mid-Stage R&amp;D</th>
<th>International R&amp;D</th>
</tr>
</thead>
<tbody>
<tr>
<td>1513 - Technology Transfer Offices Support Program</td>
<td>1501 - Industry R&amp;D Projects Support Program</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1514 - Venture Capital Support Program</td>
<td>1515 - Frontiers R&amp;D Laboratory Program</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1602 - Patent Support Program</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1601 - S.P. for Capacity Increase in Innovation Entrepreneurship Areas</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

1515 - Support program has been commissioned to make Turkey a global attraction center in certain scientific and technological areas.

Incentive

Eligibility Criteria

Supports

TUBITAK 1515 - Frontiers R&D Laboratory Support Program

- The ratio of the company’s average R&D expenditures in the last three years to net sales must be at least 3%.
- The company’s average net sales in the last three years must be at least TRY 2 billion.

- The support amount corresponds to 75% of the R&D budget and may not exceed TRY 10 million.

For detailed information about support programs:
tubitak.gov.tr
Tax advantages for international companies that move their regional management centers to Turkey

<table>
<thead>
<tr>
<th>Incentive</th>
<th>Eligibility Criteria</th>
<th>Supports</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regional Management Center Incentives</td>
<td>They must be established upon the permission obtained from the Ministry of Industry and Technology. Regional Management Centers should not be engaged in commercial activities or other income generating activities in Turkey.</td>
<td>Income tax exemption on the salaries of employees Stamp duty exemption</td>
</tr>
<tr>
<td>Incentive</td>
<td>Supports</td>
<td></td>
</tr>
<tr>
<td>-----------</td>
<td>----------</td>
<td></td>
</tr>
</tbody>
</table>
| Inward Processing Regime | For the domestically purchased or imported inputs / components to be used for exported production:  
  - Customs Duty Exemption  
  - VAT Refund  
  - Special Consumption Tax Refund  
  - Resource Utilization Support Fund Refund  
  - Stamp Duty Refund  
  - Exemption from quotas and surveillance measures |
| Support for Participation in Domestic and International Fairs | Up to 75% of the participation cost is supported for domestic and international fairs. |
| Support of Foreign Units, Brands and Promotion Activities | Up to 60% support is provided for the rents of stores to be established abroad and promotion expenditures and brand registration activities to be carried out abroad. |
| TURQUALITY® | 50% support is provided for many expenditures such as promotion/advertise, store rents, advisory expenditures, etc. which will be incurred by Turkish companies to build their brands abroad.  
  - Executive development programs are organized for companies’ medium and high-level executives.  
  - Vision seminars are given to the employees of the company benefiting from the support, by marketing and brand theorists, in order to prepare companies for global competition. |
| Market Research and Market Entry Support | Support at the rate of 70% is provided for expenses relating to international market research trips  
  - 60% for report and foreign company acquisitions  
  - 75% for acquisitions of foreign companies with advanced technology  
  - 80% for costs of subscription to e-commerce sites. |
| Support for the development of international competitiveness (UR-GE) | The companies can benefit from these supports through cooperation institutions such as Trade/Exporters Unions, Organized Industrial Zones etc.  
  Support will be provided in the following amounts, for the following expenditures to be incurred by cooperation institutions:  
  - Up to USD 400,000 for expenditures relating to requirement analysis, training, advisory and promotion activities  
  - Up to USD 150,000 for expenditures relating to foreign marketing activities  
  - Up to USD 100,000 for expenditures to be incurred for procurement committees’ organization  
  - The employment expenses of maximum 2 specialized personnel to be assigned to the UR-GE project are supported at the maximum rate of 75%. |

For more information about export supports:
kolaydestek.gov.tr
## EXPORT INCENTIVES

<table>
<thead>
<tr>
<th>Incentive</th>
<th>Supports</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Design Supports</strong></td>
<td>• The promotion, advertisement, marketing, employment, and advisory expenditures to be incurred by design companies and cooperation institutions, expenses pertaining to the departments they will set up abroad, and expenditures to be incurred by companies to develop products with high added-value for foreign markets are supported at the rate of 50%.</td>
</tr>
</tbody>
</table>
| **Incentives for Service Exports** | For health tourism, informatics, education, film/series, management consultancy, logistics, publishing and real estate sectors, support is provided at the rate of:  
  • 50% for brand registration expenditures  
  • 60% for expenditures relating to report and foreign company acquisitions  
  • 50% for document/certification expenditures  
  • 50% for consultancy expenses  
  • 50% for commission payments made to agencies  
  • 50% for fair participation expenditures  
  • Up to 80% for advertisement, promotion and marketing expenditures  
  • Up to 80% for foreign department rents  
  • Up to 50% for translation expenditures.  
  Supports to be provided vary depending on the sectors. However, different supports are offered in addition to the supports above for certain sectors. |
| **Support of Market Entry Certificates** | Expenditures pertaining to country-specific or sector-specific market entry certificates such as ISO, CE and GOST-R are supported at the rate of 50%. |
| **Global Supply Chain Support**   | • Machinery/equipment purchases, foreign office expenditures, software purchases, training and advisory costs, certification and test expenditures which will be incurred by companies that would like to become a supplier for a global company for this purpose are supported at the rate of 50% for 2 years and for up to USD 1 million. |

---

**FREE ZONE INCENTIVES**

There are 19 free zones outside of the customs border of Turkey for the activities of export-oriented companies.

<table>
<thead>
<tr>
<th>Incentive</th>
<th>Supports</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Free Zone Incentives</strong></td>
<td>• VAT Exemption</td>
</tr>
<tr>
<td></td>
<td>• Customs Duty Exemption</td>
</tr>
<tr>
<td></td>
<td>• Special Consumption Tax Exemption</td>
</tr>
<tr>
<td></td>
<td>• Corporate tax exemption for companies operating in the manufacturing industry</td>
</tr>
<tr>
<td></td>
<td>• Exemption from the income tax on employees’ salaries (on the condition that 85% of the production is exported)</td>
</tr>
<tr>
<td></td>
<td>• Stamp Duty Exemption</td>
</tr>
<tr>
<td></td>
<td>• Property Tax Exemption</td>
</tr>
<tr>
<td></td>
<td>• Permission to bring second hand/used machinery</td>
</tr>
</tbody>
</table>

---

For more information about export supports:  
kolaydestek.gov.tr
EXIMBANK INCENTIVES

Credit opportunities to increase Turkey’s exports

**Incentives**

<table>
<thead>
<tr>
<th>Incentive</th>
<th>Supports</th>
</tr>
</thead>
<tbody>
<tr>
<td>Eximbank Incentives</td>
<td>- Eximbank supports manufacturers who are engaged in manufacturing activities for purposes of improving exportation, diversifying the goods and services exported, and creating new markets for exported goods with short, medium, and long-term cash and non-cash credits, insurance, and guarantee programs.</td>
</tr>
<tr>
<td></td>
<td>- Credit up to the support upper limit of USD 400 million and support term of up to 7 years may be provided, though this changes depending on the support program.</td>
</tr>
</tbody>
</table>

For information about different support programs:
eximbank.gov.tr
## ANNEX - 1
### Regional Investment Incentives Support Measures

<table>
<thead>
<tr>
<th>Incentive Measures</th>
<th>Region</th>
<th>I</th>
<th>II</th>
<th>III</th>
<th>IV</th>
<th>V</th>
<th>VI</th>
</tr>
</thead>
<tbody>
<tr>
<td>VAT Exemption</td>
<td>AVAILABLE</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Customs Duty Exemption</td>
<td>AVAILABLE</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Corporate Tax Reduction</td>
<td>Tax Reduction Rate (%)</td>
<td>50</td>
<td>55</td>
<td>60</td>
<td>70</td>
<td>80</td>
<td>90</td>
</tr>
<tr>
<td></td>
<td>Reduced Tax Rate (%)</td>
<td>11</td>
<td>9</td>
<td>8.8</td>
<td>6.6</td>
<td>4.4</td>
<td>2.2</td>
</tr>
<tr>
<td>Investment Contribution Rate (%)</td>
<td>Outside OIZ*</td>
<td>15</td>
<td>20</td>
<td>25</td>
<td>30</td>
<td>40</td>
<td>50</td>
</tr>
<tr>
<td></td>
<td>In OIZ*</td>
<td>20</td>
<td>25</td>
<td>30</td>
<td>40</td>
<td>50</td>
<td>55</td>
</tr>
<tr>
<td>Social Security Premium Support</td>
<td>Support Period</td>
<td>3 years</td>
<td>5 years</td>
<td>6 years</td>
<td>7 years</td>
<td>10 years</td>
<td></td>
</tr>
<tr>
<td>(Employer’s Share)</td>
<td>Outside OIZ*</td>
<td>10</td>
<td>15</td>
<td>20</td>
<td>25</td>
<td>35</td>
<td>No limit</td>
</tr>
<tr>
<td></td>
<td>In OIZ*</td>
<td>15</td>
<td>20</td>
<td>25</td>
<td>35</td>
<td>No limit</td>
<td>No limit</td>
</tr>
<tr>
<td>Land Allocation</td>
<td>AVAILABLE</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest Rate Support</td>
<td>TRY Denominated Loans (points)</td>
<td>3 points</td>
<td>4 points</td>
<td>5 points</td>
<td>7 points</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>FX Loans (points)</td>
<td>1 point</td>
<td>1 point</td>
<td>2 points</td>
<td>2 points</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Social Security Premium Support</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
<td>10 years</td>
<td></td>
</tr>
<tr>
<td>(Employer’s Shares)</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
<td>10 years</td>
<td></td>
</tr>
<tr>
<td>Income Tax Withholding Support</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
<td>10 years</td>
<td></td>
</tr>
</tbody>
</table>

*OIZ: Organized Industrial Zone

**For the investments to be made in the manufacturing industry by the end of 2019, the corporate tax reduction support will be applied by adding 15 points to the rate currently applied. The tax reduction rate is also applied as 100% for these investments.

### Strategic Investment Incentives Support Measures

<table>
<thead>
<tr>
<th>Incentive Measures</th>
<th>Region</th>
<th>I</th>
<th>II</th>
<th>III</th>
<th>IV</th>
<th>V</th>
<th>VI</th>
</tr>
</thead>
<tbody>
<tr>
<td>VAT Exemption</td>
<td>AVAILABLE</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Customs Duty Exemption</td>
<td>AVAILABLE</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Corporate Tax Reduction</td>
<td>Tax Reduction Rate (%)</td>
<td>90</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Reduced Tax Rate (%)</td>
<td>2.2</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investment Contribution Rate (%)</td>
<td>50</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Social Security Premium Support</td>
<td>Support Period</td>
<td>10 years for Region 6</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Employer’s Shares)</td>
<td>Support Upper Limit (%)</td>
<td>15 (No limit for Region 6)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Land Allocation</td>
<td>AVAILABLE</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest Rate Support</td>
<td>Loans Indexed to Turkish Lira (points)</td>
<td>5</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Loans Indexed to Foreign Currency (points)</td>
<td>2</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Maximum Support Rate (%)</td>
<td>TRY 50 million or 5% of the investment amount</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Social Security Premium Support</td>
<td>10 years (For investments to be made in Region 6)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Employer’s Shares)</td>
<td>Income Tax Withholding Support</td>
<td>10 years (For investments to be made in Region 6)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>VAT Refund</td>
<td>AVAILABLE (For construction costs of investments with an investment amount of TRY 500 million and above)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**In the investments to be made in the manufacturing industry by the end of 2019, the tax reduction support will be applied by adding 15 points to the rate currently applied. The tax reduction rate is also applied as 100% for these investments.

---

## ANNEX - 2
### How Does the Corporate Tax Reduction Support Work?

<table>
<thead>
<tr>
<th>Investment Expenditures that can be Subject to Corporate Tax Reduction</th>
<th>TRY 50,000,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment Location</td>
<td>Region 4</td>
</tr>
<tr>
<td>Tax Reduction Rate for Region 4</td>
<td>70%</td>
</tr>
<tr>
<td>Reduced Tax Rate</td>
<td>6.6%</td>
</tr>
<tr>
<td>Investment Contribution Rate for Region 4</td>
<td>30%</td>
</tr>
<tr>
<td>50,000,000 x 0.3 = TRY 15,000,000** (upper limit of the corporate tax reduction support)</td>
<td></td>
</tr>
</tbody>
</table>

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

- Corporate Tax = TRY 50,000,000 x 0.22 = TRY 11,400,000
- Corporate Tax = TRY 50,000,000 x 0.68 = TRY 3,400,000

**For single individuals without children and may vary according to marital status and number of children.

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

## ANNEX - 3
### Breakdown of Minimum Wage

**Minimum Monthly Wage (gross and net)**

<table>
<thead>
<tr>
<th>Minimum Monthly Wage (gross and net)</th>
<th>TRY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Minimum Wage</td>
<td>2,029.90</td>
</tr>
<tr>
<td>Gross Minimum Wage</td>
<td>2,558.40</td>
</tr>
<tr>
<td>Social security premium payment (14%) (Employee’s share)</td>
<td>358.18</td>
</tr>
<tr>
<td>Payment for unemployment insurance fund (1%)</td>
<td>25.58</td>
</tr>
<tr>
<td>Income tax (15%)*</td>
<td>134.31</td>
</tr>
<tr>
<td>Minimum living allowance**</td>
<td>191.88</td>
</tr>
<tr>
<td>Stamp tax (0.75%)*</td>
<td>19.42</td>
</tr>
<tr>
<td>Total Deduction</td>
<td>537.49</td>
</tr>
<tr>
<td>Employer Cost</td>
<td></td>
</tr>
<tr>
<td>Gross minimum wage</td>
<td>2,558.40</td>
</tr>
<tr>
<td>Employer’s share of social security premium (15.5%)***</td>
<td>396.55</td>
</tr>
<tr>
<td>Employer’s payment for unemployment insurance fund (2%)</td>
<td>51.17</td>
</tr>
<tr>
<td>Total Employer Cost</td>
<td>3,046.13</td>
</tr>
</tbody>
</table>

* Calculation of income tax is [(2,558.40 - 358.18 - 25.58) x 0.15] - 191.88 = 134.31

**For single individuals without children and may vary according to marital status and number of children.

*** For premiums that are paid in due time, as an incentive, a five-point reduction is applied (down from 20.5% to 15.5%). Source: Ministry of Family, Labor and Social Services Valid for January 1, 2019 – December 31, 2019

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Exhibit CVD - TR - 13
OUR CONTACT INFORMATION

Our Department (departman.php?seo=departman)

Contact Information (iletisim.php)

Contact information

<table>
<thead>
<tr>
<th>Address</th>
<th>PMS METAL PROFIL ALUMİNYUM SAN. ve TİC. Inc. Demirtas Organized Industrial Zone Oleander Street No: 10 BURSA / TURKEY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Telephone</td>
<td>+90 224 261 02 87 - 261 07 75 (pbx) (tel:00902242610287)</td>
</tr>
<tr>
<td>Fax</td>
<td>+90 224 261 14 98 - 261 24 68</td>
</tr>
<tr>
<td>mail</td>
<td><a href="mailto:pms@pmsaluminyum.co">pms@pmsaluminyum.co</a></td>
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</tbody>
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Your name

Exhibit CVD - TR - 14
### Dilovası Facilities

<table>
<thead>
<tr>
<th>Address</th>
<th>Dilovası Organize Sanayi Bölgesi 1. Kısım Dicle sok. No 40 41455 / Kocaeli - Turkey</th>
</tr>
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<tbody>
<tr>
<td>Tel</td>
<td>+90 262 6775000 (tel:+902626775000)</td>
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</tbody>
</table>

**Assan Alüminyum Dilovası Tesisleri**

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© 2020 Assan Alüminyum Sanayi ve Ticaret A.Ş.
Exhibit CVD - TR - 15
EXHIBIT 28

TURKISH AND ENGLISH VERSIONS OF FREE ZONES LAW NO. 3218
SERBEST BÖLGELER KANUNU (1)

Kanun Numarası : 3218
Kabul Tarihi : 6/6/1985
Yayımlandığı Düstur : Tertip : 5 Cilt : 24 Sayfa : 469

BİRİNCİ BÖLÜM
Genel Hükümler

Amaç ve kapsam:

Madde 1 – (Değişik: 12/11/2008-5810/1 md.)
Bu Kanun; ihracata yönelik yatırım ve üretimi teşvik etmek, doğrudan yabancı yatırımları ve teknoloji girişi hizmetle, işletmeleri ihracata yönlendirmek ve uluslararası ticareti geliştirmek amacıyla serbest bölgelerin kurulması, yer ve sınırlarıyla faaliyet konularının belirlenmesi, yönetimi, işletilmesi, bölgelerdeki yapı ve tesislerin teşkili ile ilgili hususları kapsar.

Yetki:

Madde 2 – Türkiye'de serbest bölgelerin yer ve sınırlarını belirlemeye Bakanlar Kurulu yetkilidir.
Serbest bölgelerin, kamu kurum ve kuruluşlarının, yerli veya yabancı gerçek veya tüzelkişilerce kurulmasına, işletilmesine Bakanlar Kurulunca izin verilir.

Tanımlar:

Madde 3 – Bu Kanun uygulamasında;
   a) İşletici: Serbest bölgeyi işleten kamu kurum ve kuruluşunu, yerli ve yabancı gerçek veya tüzelkişileri,
   b) Kullanıcı: Faaliyet ruhsatı alan ve bölgede belirli bir işyeri bulunan gerçek veya tüzelkişiyi,
   c) Döviz: Türkiye Cumhuriyet Merkez Bankası tarafından konvertibl sayılan paralar veya ödemeyi sağlayan her nevi hesap ve belgeleri,
   lütfen eder.
   Faaliyet konuları ve koordinasyon: (2)

Madde 4 – (Değişik: 12/11/2008-5810/2 md.)
Serbest bölgelerde, Yüksek Planlama Kuruluşuna uygun görülecek her türlü sanayi, ticari ve hizmetle ilgili faaliyetler yapılacak.

(1) Bu Kanunun 20/7/1985 tarihli ve 18817 sayılı Resmi Gazete’de düzenlemesi yayımlanmıştır.
(2) Bu madde başlığı; 12/11/2008 tarihli ve 5810 sayılı Kanunun 2 ne kadarıyla “Faaliyet konuları:” iken metne işlendiği şekilde değiştirilmiştir.
Üretici işletmelerin talepleri hariç olmak üzere, fiyat, kalite ve standartlarla ilgili olarak kamu kurum ve kuruluşlarına kanunlarla ve diğer mevzuata verilen yetkiler serbest bölgelerde uygulanmaz.


IKINCİ BÖLÜM
Serbest Bölgelerin Düzenlenmesi

Bölgelerin düzenlenmesi esasları:

**Madde 5** – Serbest bölge ilan edilen yerlerde ihtiyaç duyulacak arazi ve tesisler Kamulaştırma Kanunu hükümlerine göre sağlanabilir. (Ek cümleler: 9/2/2017-6772/1 md.) Bakanlar Kurulu bu arazi ve tesislerin acele kamulaştırılmasını kararlaştırabilir. Arazi ve tesislerin kamulaştırılmasında kamulaştırma bedelleri ile kamulaştırma işlemlerinin gerektirdiği diğer giderlerin, kamulaştırma tarihibine bulunan işletici tarafından karşılanmasını Bakanlar Kuruluna kararlaştırabilir.

(Değişik ikinci fıkrə: 12/11/2008-5810/3 md.) Yerli veya yabancı gerçek veya tüzel kişiler Ekonomi Bakanlığından ruhsat almak kaydıyla serbest bölgelerde faaliyette bulunabilirler. Serbest bölgelerde faaliyette bulunan yatırımcı kullanımculara Hazinenin özel mülkiyetinde bulunan arazi, arsa ve binaların kiralanması veya bunlara özel mülkiyet hakkı tesis edilebilir. (Mülga cümle: 9/2/2017-6772/1 md.) Devletin hüküm ve tasarrufu altında yer alan binalar ve arazilerin kiralanması veya bu arazilerin ve binaların özel mülkiyeti tesis edildiği yapının ve tesisin Bakanlara rinca belirlenmiş, arazi ve binaların kiralanması veya bu arazilerin ve binaların özel mülkiyeti tesis edildiği işlemler Tüketicilik ve Ticaret Müsteşarlığından alınır. (1) Serbest bölge arazinin kullanımları, yapının ve tesislerin projelendirilmesi, kullanımları ve kullanımlarına ilgili diğer bütün izinler ve ruhsatlar bölge müdürlüğüne verilir ve denetlenir. Serbest bölgelerin asayiş hizmetleri polis tarafından yerine getirilir.

Muafiyet ve teşvikler:

(2) **Madde 6** – (Değişik: 29/1/2004 – 5084/8 md.) Serbest bölgeler, Türkiye Gümrük Bölgesinin parçaları olmakla beraber; yer ve sınırları Bakanlar Kuruluca belirlenmiş, serbest dolaşında olmayan eşyanın herhangi bir gümrük rejimine tabi tutulmamak, gümrük dolaşında belirlenmesi Danışmanlık Kurulunca onaylanan ve karşılaştığı gümrük vergilerinin Türkiye Gümrük Bölgesi dışında olduğu kabul edilen ve serbest dolaşındaki eşyanın bir serbest bölgeye konulması nedeniyle normal olarak esyanın ithal edileceği kabul etildiği yerlerdir.

(1) 9/2/2017 tarihi ve 6772 sayılı Kanunun 8inci maddesiyle, bu fıkrada yer alan “Dış Ticaret Müsteşarlığından” ibaresi “Ekonomi Bakanlığından” şeklinde değiştirilmiştir.


(Değişik dördüncü fıkrə: 9/2/2017-6772/2 md.) Bu Kanun kapsamında kazanıçlara gelir veya kurumlar vergisinden istisna tutulan kullanıcılar ve işleticiler, yatırım ve üretim sahalarında Bakanlar Kuruluşu belirleneceğe vergi dışı teşviklerden yararlanırlar. Bu Kanun kapsamındaki kazanıçlara gelir veya kurumlar vergisinden istisna tutulan kullanıcılar, yatırım ve işletme sahallarında bu Kanun kapsamında yararlanılmayan vergi ve vergi dışı teşviklerden ilgili mevzuat hükümleri çerçevesinde yararlanırlar.

Serbest bölgelerin gelir ve harcamaları: (1)(2)
Madde 7 – (Değişik: 20/6/2001 - 4684/9 md.) Serbest bölgelerden elde edilen gelirlerden;
   a) Faaliyet rhusatı ve izin belgesi karşılığı tahsil edilecek ücretler,
   b) (Değişik: 13/1/2010-5946/1 md.) Yurt dışında bölügeye getirilen malların CIF değeri üzerinden binde 1 ve bölgeden Türkiye’ye çıkarılan malların FOB değeri üzerinden binde 9 oranında, peşin olarak ödenecek ücretler,
   c) Serbest bölgeli işleten gerçek veya tüzel kişilerle yapılacak sözleşmeler uyarınca tahsil edilecek tutarlar,
   d) Bölge faaliyetlerinden sağlanan diğer gelirler,
(Değişik paragraf: 14/7/2004-5217/1 md.) İlgili idare tarafından sözleşmeler gereği tüzel kişilerle yapılan gelir payı aktarmaları dışındakten sonra Türkiye Cumhuriyet Merkez Bankası nezdinde açılan bir özel hesaba yatırılır. Bu hesapta toplanan tutarlardan ret ve iadeler dışındakten sonra kalan tutar, Ekonomi Bakanlığı merkez ödeme süresini yapan merkez saymanlığı hesabına yatırılır. Merkez saymanlı hesabına yatırılan meblağ bütçeye gelir kaydedilir.
(Èk cümle: 9/2/2017-6772/3 md.) Ücrete tabi olarak yurt dışında getirilen mallar ile imalatçı kullanıcılar tarafından örtülten malların, bölge içinde satılması ve sonrasında Türkiye’ye çıkarılması hallerinde birinci fikrın (b) bendi hükmü uyarınca ücret alınır.

(2) 9/2/2017 tarihli ve 6772 sayılı Kanunun 8 inci maddeyle, bu maddenin birinci fıkrasında yer alan “Dış Ticaret Müsteşarlığı” ifadesi “Ekonomi Bakanlığı” şeklinde değiştirilmiştir.
6746-2

(Ek fıkra: 9/2/2017-6772/3 md.) Bakanlar Kurulu stratejik, büyük ölçekli veya öncelikli yatırımlar ile konusu, sektörü ve niteliği itibarıyla proje bazında desteklenmesine karar verilen yatırımlara yönelik olarak bu maddede yer alan oranları bölge, sektör, faaliyet alanı veya yatırım türü itibarıyla sıfıra kadar indirmeye, farklılaştırmaya veya kanuni seviyesine kadar artırma yetkilidir.

(Değişik son fıkra: 14/7/2004-5217/1 md.) Türkiye Cumhuriyet Merkez Bankası nezdinde oluşturulan özel hesabın işleyişine ilişkin usul ve esaslar Maliye Bakanlığınin uygun görüşü üzerine Ekonomi Bakanlığında çıkarılacak yönetmelikle belirlenir. Gelirlerinin yanında yatırımların halinde 6183 sayılı Amne Alacaklarının Tahsil Usulü Hakkında Kanun hükümleri uygulanır. (1)

UCHUNÇ BÖLÜM
Mal ve Hizmetler

Bölgedeki mallar:


Kambiyo ve hizmetler:

Madde 9 – Serbest bölgelerde faaliyetlerle ilgili her türlü ödemeler dövizle yapılır. Bakanlar Kurulu ödemelerin Türk Lirası olarak yapılmasına da karar verebilir.

Serbest bölgegide gemi ve liman hizmetleri işletici tarafından yapılır veya kamu kurum ve kuruluşlarına, gerçek veya tüzel kişilere yaptırılır.

DÖRDÜNÇ BÖLÜM
Çalışma ve Sosyal Güvenlik, Kaldırılan ve Uygulanmayan Hükmüler, Yönetmelik
Çalışma ve sosyal güvenlik esasları:


Serbest bölgede Türkiye Cumhuriyeti sosyal güvenlik mevzuati hükümleri uygulanır.

(1) 9/2/2017 tarihli ve 6772 sayılı Kanunun 8 inci maddesiyle, bu fıkra yer alan “Dış Ticaret Müsteşarlığı” ibaresi “Ekonomi Bakanlığı” şeklinde değiştirilmiştir.

(2) 9/2/2017 tarihli ve 6772 sayılı Kanunun 4 üncü maddesiyle, bu fıkra yer alan “Yeni Türk Lirasını” ibaresi “Türk Lirasını” şeklinde değiştirilmiştir.
Kaldırılan hükümler:

Madde 11 – 21 Aralık 1953 tarihli ve 6209 sayılı Serbest Bölge Kanunu yürürlüğünden kaldırılmıştır.

Uygulanmayan hükümler: (1)

Madde 12 – (Değişik: 12/11/2008-5810/6 md.)

Serbest bölgelerde (…) (1) 4875 sayılı Doğrudan Yabancı Yatırımlar Kanunu, 5393 sayılı Belediye Kanununun ölüm ve yangın halleri, kanalizasyonların inşa ve tamiri ile içme, kullanma, endüstri suyunu sağlayamay ve gaz, su, elektrik sarfıyatını denetlemeye yönelik maddeleri dışında kalan hükümleri, 5682 sayılı Pasaport Kanunu, 5683 sayılı Yabancıların Türkiye'de İkamet ve Seyahatleri Hakkında Kanun ile diğer kanunların bu Kanuna aykırı hükümleri uygulanmaz. Ayrıca, 5 inci maddenin ikinci fıkrasında belirtilen işlemler, 2886 sayılı Devlet İhale Kanunu hükümlerine tabi değildir. (1)

Uygulama yönetmeliği:

Madde 13 – Bu Kanunda düzenlenmesi yönetmeliğe bırakılan konularla, serbest bölgelerde faaliyette bulunacak işleticilerin teşekkür tarzi, görev, yetki ve sorumlulukları, bu işleticilere ve kullanıcılara verilecek, faaliyet ruhsatları ve iptalı, bunların snai ve ticari sicillerinin tutulması, (Değişik ibare : 20/6/2001 - 4684/9 md.) hesaba (2) fona yapılacakları ödemeler, serbest bölge ile ilgili faaliyetleri tabi olacağını esaslar, bölgede girip verilecekiniz belgesi ile görev kartları, ikanetini izni ve çalışma esasları ve serbest bölgelerin işletilmesine dair diğer hususlar yönetmelikle düzenlenir. (2)

İşletme sözleşmelerinin yenilenmesi, değiştirilmesi ve süre uzatımı:

Ek Madde 1- (Ek: 9/2/2017-6772/5 md.)

İşletme sözleşmesinin sona ermesinden önce, işletici tarafından işletme sözleşmesinde belirtilen taahhütlerin yerine getirilmiş olması ve Ekonomi Bakanlığı'nın geleceğe yönelik yatırımları taleplerinin kabul edilmesi halinde; 7inci maddenin birinci fıkrasının (c) bendi kapsamındaki gelirlerin artırılması veya Ekonomi Bakanlığı'nın mali yükümlülüklerinin azaltılması bakımından mevcut sözleşmelerdeki hükümler yeniden düzenlenecek suretiyle, sözleşme süresi Ekonomi Bakanlığına belirlenen süreler itibariyle uzatılabilir.


İkinci fıkrada kapsamında yürütülen çalışmalar tamamlanmaya kadar geçen sürede iş ve işlemler Bakanlık tarafından yürütülür.

(1) 28/7/2016 tarihli ve 6735 sayılı Kanunun 27 nci maddesiyle, bu maddenin birinci fıkrasında yer alan "4817 sayılı Yabancıların Çalışma İzni Hakkında Kanun," ibaresi madde metninden çıkarılmıştır.

(2) Bu madde ile, 20/6/2001 tarih ve 4684 sayılı Kanunla "hesaba" olarak değiştirilmiş olup, bu değişiklik hükümda 1/1/2002 tarihinde yürürlüğe girecektir.
Yurt dışında bölgeler kurulması:

Ek Madde 2- (Ek: 9/2/2017-6772/6 md.)


Birinci fıkrada belirtilen bölgelerin kurulmasına, işletilmesine ve tasfiyesine ilişkin usul ve esasları belirlemeye Bakanlar Kurulu yetkilidir.

Yurt dışında kurulan bölgelere Türkiye'de yerleşik şirketlerce yapılacak yatırımlara yönelik devlet yardımlarını belirlemeye Bakanlar Kurulu yetkilidir.

Geçici Madde 1 – (Mülga: 3/8/2002-4771/12 md.)
Geçici Madde 2 – Bu Kanun bir serbest bölge için, o serbest bölgenin faaliyete geçmesinden itibaren uygulanır. Faaliyete geçiş tarihi ise, o serbest bölge alanını çevreleyen çit, kule ve kapı inşaatlarının tamamlanması ve bölge müdürlüğü, polis ve gümrük birimlerinin göreve başlaması suretiyle bölgenin resmen açılış tarihidir.

Geçici Madde 3 – (Ek: 29/1/2004-5084/9 md.)
Bu maddenin yürürlüğe girdiği tarih itibariyle bu Kanuna göre kurulan serbest bölgelerde faaliyette bulunmak üzere ruhsat almış mükelleflerin;


c) Bu bölgelerde gerçekleşirdikleri faaliyetleri ile ilgili olarak yaptıkları işlemler 31.12.2008 tarihine kadar her türlü vergi, resim ve harçtan müstesnadır.

(Değişik ikinci fıkr: 12/11/2008-5810/7 md.) Avrupa Birliği'ne tam üyeliğin gerçekleştiği tarihi içeren yılın vergilendirme döneminin sonuna kadar;
a) Serbest bölgelerde üretim faaliyetinde bulunan mükelleflerin bu bölgelerde imal ettikleri ürünlerin satışından elde ettikleri kazançları ile serbest bölgelerde, bakım, onarım, montaj, demontaj, elleçleme, ayrışturma, ambalajlama, etiketleme, test etme, depolama hizmeti alanlarında faaliyette bulunan ve hizmetin tamamını Türkiye’de yerlesmiş olmayan kişilerle, işyeri, kanuni ve iş merkezi yurt dışında bulundukları ve veren hizmet işletmelerinin, söz konusu hizmetlere konu malların serbest bölgeden Türkiye’ye herhangi bir şekilde girişi olmaksızın bir ülkeye gönderilmesi şartıyla bu hizmetlerden elde ettikleri kazançları gelir veya kurumlar vergisinden müstesnadır.

Bu istisnannın 193 sayılı Gelir Vergisi Kanununun 94. maddesinin birinci fıkrasının (6) numaralı bendinin (b) alt bendi ile 5520 sayılı Kurumlar Vergisi Kanununun 15. ve 30. maddeleri ve 1933 sayılı Hiçburc Vergisi Kanununun 2568. ve 2573. maddeleri uyarınca yapılacak tevkifata etkisi yoktur.


Geçici Madde 5 – (Ek: 12/11/2008-5810/8 md.)


Geçici Madde 6 – (Ek: 12/11/2008-5810/8 md.)


Yürütüm:
Madde 14 – Bu Kanunın yanı sıra iadesinde yürürlüğe girer.

Madde 15 – Bu Kanun hükümlerini Bakanlar Kurulu yürütür.

(1) 9/2/2017 tarihli ve 6772 sayılı Kanunun 7. maddesinde, bu bendinin ilk cümlesine “elde ettikleri kazançları” ibaresinden sonra gelmek üzere “ile serbest bölgede, bakım, onarım, montaj, demontaj, elleçleme, ayrışturma, ambalajlama, etiketleme, test etme, depolama hizmeti alanlarında faaliyette bulunan ve hizmetin tamamını Türkiye’de yerlesmiş olmayan kişilerle, işyeri, kanuni ve iş merkezi yurt dışında bulundukları ve veren hizmet işletmelerinin, söz konusu hizmetlere konu malların serbest bölgeden Türkiye’ye herhangi bir şekilde girişi olmaksızın bir ülkeye gönderilmesi şartıyla bu hizmetlerden elde ettikleri kazançları” ibaresi eklenmiştir.

(2) 9/2/2017 tarihli ve 6772 sayılı Kanunun 8. maddesinde, bu maddeye yer alan “Dış Ticaret Müsteşarlığı” ibaresi “Ekonomi Bakanlığına” şeklinde değiştirilmiştir.
3218 SAYILI KANUNA EK VE DEĞİŞİKLİK GETİREN MEVZUATIN VEYA ANAYASA MAHKEMESİ TARAFINDAN İPTAL EDİLEN HÜKÜMLERİN YÜRÜRLÜGE GİRİŞ TARIHINI GÖSTERİR LİSTE

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SECTION ONE

General Provisions

Objectives and Scope

Article 1 - This Law covers issues on establishment of free zones, determination of areas and borders and the scope of activities of the free zones, management and operation of free zones, establishment of buildings and facilities in the zones, with the aim of promoting export oriented investment and production, accelerating foreign direct investment and technology entry, directing enterprises towards export and developing international trade.

Authority

Article 2 - Council of Ministers has the authority to determine the location and boundaries of the free zones.

Council of Ministers grants permission for the establishment and operation of free zones to public institutions and agencies, resident or non-resident real persons or legal entities.

Definitions

Article 3 - In the implementation of this Law:

Operator signifies the public institution and agency; the resident and non-resident real persons or legal entities operating the free zone.

User signifies the real and legal person bearing an Operating Licence and having a specific place of business within the free zone.

Foreign exchange refers to all currencies, or all types of accounts or bills, considered as being convertible by the Central Bank of the Republic of Turkey.

Activities

Article 4 - Any kind of industrial, commercial and service activities approved by the Supreme Coordination Council of Economic Affairs can be carried out within free zones.

Except the demands from the manufacturer enterprises, any authority regarding prices, quality and standards granted to public institutions and agencies by laws or by other legislation is not valid in the free zones.

Free Zones Coordination Board is formed to evaluate the free zone activities, to determine the strategies and to offer recommendations for improving the free zones and for resolving occurring problems. The structure, working procedures and principles of the Board shall be determined in the Governing Regulation.

SECTION TWO

Organization of Free Zones

Principles Related to the Organization of the Zone

Article 5 - Land and facilities needed within the declared free zones may be acquired pursuant to the provisions of the Expropriation Law. Council of Ministers may decide to have these lands and facilities urgently expropriated. Council of Ministers may also decide that the remuneration for
expropriation of these lands and facilities and other expenses during the expropriation process are to be compensated by the operator company which has requested the expropriation.

Domestic or foreign real persons or legal entities may operate in free zones provided that the Ministry of Economy grants them an operating licence. Land, building plots and buildings exclusively owned by the Treasury can be leased or granted easement on for 49 years to investor users of free zones. On the places under State dictum and disposition, right of usage can be given for the same period. For land and buildings assigned to be used by the Turkish Armed Forces, approval of the Ministry of National Defence is requested. Property owners who are not users in free zones established on private land are subject to the same financial obligations as the users in terms of contributions and other participation costs.

All other permits and licences regarding the use of land as well as the design, construction and utilization of buildings and installations within the free zone are issued and supervised by the zone directorate.

Security services for free zones are provided by the police.

**Exceptions and Incentives**

**Article 6** – Free zones, location and boundaries of which are determined by the Council of Ministers, are parts of the Customs Territory of Turkey, however in which goods not in free circulation are considered, for the purposes of import duties, commercial policy measures, and foreign exchange regulations, as outside of the Customs Territory of Turkey, provided they are not released for free circulation or placed under any other customs procedure or used or consumed under conditions other than those stated in the customs legislation; and in which goods in free circulation, by virtue of being placed in a free zone, benefit from the opportunities normally related to the export of goods.

Legislative provisions pertaining to customs and foreign exchange obligations are not applicable in these zones.

Ministry of Finance is authorized to make necessary arrangements independent from the provisions of the Tax Procedures Law No. 213 dated 4.1.1961 regarding the account books that the users are obligated to keep and the documents that they will issue.

Users and operators whose earnings are exempted from income or corporate tax according to this Law are given benefit during the investment and production stages of non-tax incentives determined by the Council of Ministers. Users whose earnings are not exempted from income or corporate tax according to this Law are given benefit during the investment and production stages of tax and non-tax incentives under the conditions set forth in related legislation.

**Revenues and Expenditures of the Free Zones**

**Article 7** - From the revenues obtained from the free zones;

a) Fees to be collected for operating licences and permits,

b) Fees to be paid in advance amount to 0.1 percent of the CIF value of goods entering the zone from abroad and fees to be paid in advance amount to 0.9 percent of the FOB value of goods leaving the zone towards Turkey,

c) Payments specified in the contracts made with real persons and legal entities operating the free zones,

d) Other revenues obtained from the zone activities

Are deposited in the Special Account to be opened with the Central Bank of the Republic of Turkey after deducting the income share transfers specified in the contracts made to the legal entities by the
related administration. After deducting the rejections and returns, the rest of the amount collected in this account is deposited in the account of the Main Treasurer’s Office in charge of the payments of the central administration of the Ministry of Economy. The amount deposited in the account of the Main Treasurer’s Office is registered as revenue to the budget.

Goods utilized during the investment and construction stages; goods brought into the zone for renovation and capacity building purposes; goods which are not owned by the users but brought into the zone for maintenance and repairing purposes; instruments, tools, and equipment which are temporarily brought into the zone; goods brought for the purpose of contract manufacturing; and goods brought into the zone from abroad and/or sent to Turkey by the non-producer users who obtained their operating licence after 6/2/2004 are not subject to the payments specified in sub-paragraph (b) of paragraph 1 of this Article. However, a fee is charged on the value-added created during the maintenance, repairing, and contract manufacturing, and on the goods brought into the zone from abroad and sold within the zone by the non-producer users who obtained their operating licence after 6/2/2004. A fee is charged in accordance with sub-paragraph (b) of paragraph 1 of this Article if goods brought into the zone from abroad being subject to a fee and goods manufactured by producer users are sold within the zone and then sent to Turkey.

Council of Ministers is authorised to reduce to zero, differentiate, or increase to the legal limit the rates stated in this Article for strategic, large-scale, or priority investments, and for any investment that has been decided to be supported on a project-based scheme due to its subject, sector, or quality.

Procedures and principles concerning the management of the Special Account opened with the Central Bank of the Republic of Turkey are determined by a regulation of the Ministry of Economy upon the approval of the Ministry of Finance. Revenues not deposited in due course are subject to the provisions of the Law No. 6183 on the Procedures on the Collection of Public Receivables.

SECTION THREE
Goods and Services

Goods in Free Zones

Article 8-
Trade conducted between a free zone and other regions of Turkey is subject to the foreign trade regime. Trade between a free zone and other countries or other free zones is not subject to the foreign trade regime.

Procedures and principles for the simplification of any transaction or process, except for the provisions regarding taxation, are to be jointly determined by the Ministry of Economy and the Ministry of Customs and Trade in cases of temporary release for maintenance purposes of machinery or other equipment which has been used for investment purposes by the users, removal of waste and scrap resulting from the activities in the zones, and temporary release of film production equipment to be used elsewhere in Turkey.

Upon request, goods of Turkish origin in value less than 5000 USD or its equivalent in Turkish Lira can be exempted from export procedures.

Foreign Exchange and Services

Article 9 - All payments related to free zone activities are made in the form of foreign exchange. Council of Ministers may decide that payments be also made in the form of Turkish Lira.
Shipping and port services in free zones are provided either by the operator or contracted out to public institutions and agencies or to real persons or legal entities.

SECTION FOUR
Labour and Social Security, Repealed and Inapplicable Provisions, Regulation

Labor and Social Security Provisions
Article 10 - Foreign managers and qualified personnel may be employed by companies operating in free zones. Related principles are specified in the governing regulation.

Provisions of the social security regulations of the Republic of Turkey are applied in free zones.

Repealed Provisions
Article 11 - The Free Zones Law No. 6209 dated December 21, 1953, is hereby repealed.

Inapplicable Provisions
Article 12 - Foreign Direct Investment Law No. 4875, provisions of the Municipality Law No. 5393 except for the provisions on death and fire, building and maintenance of sewerage, procurement of drinking, potable, industrial water, and inspection of gas, water, electric consumption, Passport Law No. 5682, Law No. 5683 on Foreigners Traveling and Residing in Turkey, and provisions of other laws contrary to this Law are not applicable in free zones. Furthermore, the transactions stated in the second paragraph of Article 5 are not subject to the provisions of Public Procurement Law No. 2886.

Free Zone Governing Regulation
Article 13 - Matters in this Law that remain to be specified in the governing regulation as well as issues concerning the organization, duties, authority and responsibilities of operators of free zones; granting and cancellation of operating licences given to such operators and users; keeping the record of their industrial and commercial registers; payments they make to the Special Account; governing principles of activities in a free zone; zone entry permits and identity cards, residence permits, and work principles, and other matters pertaining to the operation of free zones shall be determined in a governing regulation.

Renewal, Modification, and Extension of Operating Contracts
Additional Article 1 - The duration of an operating contract can be extended by a period specified by the Ministry of Economy after existing provisions are modified in order to increase income with respect to sub-paragraph (c) of paragraph 1 of Article 7 and to reduce financial liabilities of the Ministry of Economy, provided that commitments specified under the operating contract had been fulfilled prior to the expiration of the contract and demands of the Ministry of Economy for future investments have been agreed upon.

In the free zones where above conditions are not met or the operating contract expires for any reason, provisions and principles of the Law on Privatization Applications No. 4046 dated 24/11/1994 are applied comparatively by the Ministry of Economy to issues regarding the reassignment of the operator permit for a period of up to 49 years. Public institutions or agencies or resident or non-resident real persons or legal entities that are determined according to this procedure can be granted the operator permit upon the proposal of the Ministry of Economy and the decision of the Council of Ministers. Procedures and principles regarding the application of this Article shall be specified in the governing regulation.

Procedures are carried out by the Ministry of Economy until the process described in the second
paragraph is completed.

Establishment of Free Zones Abroad

Additional Article 2 – Council of Ministers has the authority to determine the countries where free zones, special zones, foreign trade centres and logistics centres shall be established in accordance with Article 12 of the Decree No. 637 dated 3/6/2011 on the Organization and Duties of the Ministry of Economy. Council of Ministers may give permission to a company residing in Turkey to establish and operate these zones.

Council of Ministers has the authority to determine the procedures and principles regarding the establishment, operation, and dissolution of the zones stated in the first paragraph.

Council of Ministers has the authority to determine the incentives that will be provided to the investments in these zones by companies residing in Turkey.

Interim Article 1 - (Abolished by Law No. 4771)

Interim Article 2 – This Law is effective for each free zone upon the commencement of operations in that free zone. The date of commencement of operations is the date when the construction of the perimeter fence, tower and gate are completed and the zone directorate, police and customs units assume their duties.

Interim Article 3 – The taxpayers who have by the date this Article comes into effect obtained their licences to operate in the free zones that were established according to this Law are;

a) exempted from income or corporate taxes on the earnings generated through their activities in these zones for the duration specified in their operating licences as of the date this Article comes into effect. This exemption has no effect on the deduction carried out within the scope of sub-clause (b) of sub-paragraph 6 under the first paragraph of Article 94 of the Income Tax Law No. 193 dated 31.12.1960.

b) exempted from the income tax on the wages they pay to their workers until 31.12.2008. However, if the validity period of their operating licence ends before 31.12.2008, the expiration date of the operating licence is taken into consideration regarding this exemption.

c) exempted from all taxes, levies and duties on their transactions related to their free zone activities until 31.12.2008.

Until the end of the taxation year including the date Turkey becomes a full member of the European Union;

a) The earnings of manufacturer taxpayers generated through the sales of the goods they produced in the free zones, and the earnings of service companies in free zones generated through maintenance, repair, assembly, disassembly, handling, sorting, packaging, labelling, testing, storage services given completely to persons not residing in Turkey and to those whose office, legal or business centre is located abroad provided that the goods subject to these services shall not enter Turkey in any way after being sent to a foreign country from free zones, are exempted from the income or corporate taxes. This exemption has no effect on the deduction carried out within the scope of sub-clause (b) of sub-paragraph 6 under the first paragraph of Article 94 of the Income Tax Law No. 193 dated 31.12.1960 and Articles 15 and 30 of the Corporate Tax Law No. 5520.

b) The income tax calculated after the minimum livelihood discount is applied on the wages of the personnel employed by the taxpayers that export at least 85% of the FOB value of the products manufactured in these zones to other countries shall be abandoned by deducting the tax that is accrued on the final tax return. Council of Ministers has the authority to reduce
this rate to 50% and to increase it to its statutory level. Council of Ministers may enforce this authority by differentiating or grading it according to the region, sector, or field of activity of strategic, large-scale, or priority investments, and of any investment that has been decided to be supported on a project-based scheme due to its subject, sector, or quality. Taxes which had not been collected on due from the taxpayers whose annual sales to other countries remains below this rate shall be collected along with delinquency fees without penalties.

c) The transactions and documents related to the activities carried out in these zones are exempted from stamp duties and fees.

Ministry of Finance has the authority to determine the procedures and principles concerning the implementation of this Article.

**Interim Article 4 - (Abolished by Law No. 6772)**

**Interim Article 5** – The licence and lease periods of Treasury-owned land, building plots and buildings rented out to users that obtained their operating licences before the date this Law comes into effect can be extended up to 49 years by the Ministry of Economy. The procedures and principles regarding the implementation of this Article shall be determined in the governing regulation.

**Interim Article 6** - Until the date Turkey becomes a full member of the European Union, free zones are deemed to be outside of the Customs Territory of Turkey for the purposes of customs procedures and parts of the Customs Territory of Turkey for the purposes of rules of origin.

**Entry into Force**
**Article 14** - This Law goes into effect on the date of its publication.

**Execution**
**Article 15** - The provisions of this Law are enforced by the Council of Ministers.
Turkey has one of the most competitive corporate tax rates among OECD member countries. The Turkish corporate tax legislation has noticeably clear, objective, and harmonized provisions that are in line with international standards. The Turkish tax legislation may be classified under three main headings:

1. **Income Taxes**

The Turkish tax legislation includes two main income taxes, namely personal income tax and corporate income tax.

1.1. **Personal Income Tax**

Real persons’ income is subject to personal income tax. Income is defined as the net
amount of all earnings and revenues derived by an individual within a single calendar year. An individual's income may consist of one or more income elements listed as follows:
Individual income tax rates vary from 15% to 35%. Individual income tax rates applicable for 2019 are as follows:

<table>
<thead>
<tr>
<th>Income Scales (TRY) (Employment Income)</th>
<th>Rate (%)</th>
<th>Income Scales (TRY) (Non-Employment)</th>
<th>Rate (%)</th>
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<th>Rate (%)</th>
</tr>
</thead>
</table>

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1.2. Corporate Income Taxes

In case income elements specified in the Income Tax Law are derived by corporations, taxation is applicable on the legal entities of these corporations. Corporate taxpayers defined in the law are as follows:

<table>
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<tr>
<th>Income)</th>
<th>15</th>
<th>Income)</th>
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<tbody>
<tr>
<td>Up to 18,000</td>
<td>15</td>
<td>Up to 18,000</td>
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<tr>
<td>18,001-40,000</td>
<td>20</td>
<td>18,001-40,000</td>
<td>20</td>
</tr>
<tr>
<td>40,001-148,000</td>
<td>27</td>
<td>40,001-98,000</td>
<td>27</td>
</tr>
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<td>148,001 and</td>
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<td>over</td>
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</tbody>
</table>
In Turkey, the corporate income tax rate levied on business profits is 20%. The rate for corporate income tax has been increased to 22% for the tax periods 2018, 2019, and 2020; however, the Council of Ministers is authorized to reduce the 22% rate to a rate as low as 20%.

2. Taxes on Expenditure

2.1. Value Added Tax (VAT)

The generally applied VAT rates are set at 1%, 8%, and 18%. Commercial, industrial,
agricultural, and independent professional goods and services, goods and services imported into the country, and deliveries of goods and services as a result of other activities are all subject to VAT.

2.2. Special Consumption Tax (SCT)

There are four main product groups that are subject to SCT at different tax rates:

- Petroleum products, natural gas, lubricating oil, solvents, and derivatives of solvents
- Automobiles and other vehicles, motorcycles, planes, helicopters, yachts
- Tobacco and tobacco products, alcoholic beverages
- Luxury products

Unlike VAT, which is applied on each delivery, SCT is charged only once.

2.3. Banking and Insurance Transaction Tax

Banking and insurance company transactions remain exempt from VAT but are subject to a Banking and Insurance Transaction Tax. This tax applies to income earned by banks, such as loan interest. Although the general rate is 5%, some transactions, such as interest on deposit transactions between banks, are taxed at 1%. No tax has been levied on sales from foreign exchange transactions since 2008.

2.4. Stamp Duty

Stamp duty applies to a wide range of documents, including contracts, notes payable, capital contributions, letters of credit, letters of
guarantee, financial statements, and payrolls. Stamp duty is levied as a percentage of the value of the document at rates ranging from 0.189% to 0.948% or is collected as a fixed price (a pre-determined price) for some documents.

3. Taxes on Wealth

There are three kinds of taxes on wealth:

- Property taxes
- Motor vehicle tax
- Inheritance and gift tax

Buildings, apartments, and land owned in Turkey are subject to real estate tax ranging at a rate between 0.1% and 0.6%, while Contribution to the Conservation of Immovable Cultural Property is levied at a rate of 10% of this real estate tax. Motor vehicle taxes are collected on the basis of fixed amounts that vary according to the age and engine capacity of the vehicles each year. Meanwhile, inheritance and gift taxes are levied at a rate of 1% to 30%.

RELATED DOCUMENTS

- TAX GUIDE TO DOING BUSINESS IN TURKEY
- THE IMPACT INVESTING ECOSYSTEM IN TURKEY
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OBTAINING A WORK PERMIT
OBTAINING A RESIDENCE PERMIT
ACQUIRING PROPERTY AND CITIZENSHIP
COST OF DOING BUSINESS
INVESTMENT ZONES
INCENTIVES GUIDE
TAX GUIDE
LEGAL GUIDE
Exhibit CVD - TR - 17
Assan Alüminyum is committed to creating the future together with its business partners.

Assan Alüminyum is committed to creating the future together with its business partners. With its core values of reliability, flexibility and innovativeness, the company aims to create customized solutions for its customers.

Assan Alüminyum, the leading manufacturer in the flat-rolled aluminum (FRP) industry, has been manufacturing coil & sheet, foil and pre-painted aluminum products since its establishment in 1988. Assan Alüminyum, a subsidiary of Kibar Holding, has an installed annual capacity reaching up to 660 million pounds in its plants located in Istanbul – Turkey, clearly making it one of the leading FRP manufacturers in Europe. The company aims to create more value in North America with its North America headquarters in Chicago, IL: Kibar Americas.

Assan Alüminyum has over 1300 employees, offering its products to a variety of sectors such as automotive, packaging, distribution, construction, and consumer durables, including, particularly finstock foil applications, where Assan Aluminum is one of the manufacturers leading the market in Europe. As the 3rd largest aluminum foil manufacturer in Europe, Assan Alüminyum is selected as the supplier of the year by many of its customers every year.

With its new renewable energy power plant acquired in 2016, Assan Alüminyum’s vision is based on getting more environmentally sustainable. In addition, the company has an in-house recycling facility, which provides further contribution to sustainability. Accounting for more than half of the production in Turkey, Assan Alüminyum exports to more than 70 countries all around the world, including, particularly the European Union countries and its strategic market North America, offering supply chain solutions to its customers with its warehouse facilities in various countries.


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GUIDE TO INVESTING IN TURKISH RENEWABLE ENERGY SECTOR
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OVERVIEW OF RENEWABLE ENERGY IN TURKEY
1. OVERVIEW OF RENEWABLE ENERGY IN TURKEY

Demand for energy and natural resources has been increasing due to economic and population growth in Turkey. Over recent years, the country has experienced the fastest surge in energy demand among OECD countries, and according to the International Energy Agency (IEA) forecasts, is set to double its energy use over the next decade. The projections of the Ministry of Energy and Natural Resources confirm that this trend will continue for the medium and long term.

Recent energy data indicate that Turkey is a net energy importer country, depending on such imports for 73% of its energy needs. This high rate of energy dependence has been the main driving force behind the formulation and implementation of new policies to commission local and renewable energy resources. In this respect, Turkey announced the National Energy and Mining Strategy in 2017 which identified security of supply, localization, and predictable market conditions as the main pillars to follow in energy sector. Under the Strategy, ensuring localization and reducing import dependence through utilization of domestic resources stands as a top priority for Turkey which is ambitious to generate 2/3 of its electricity from local and renewable resources by 2023.

Turkey has a substantial amount of renewable energy potential, and utilization of this potential has been on the rise over the last decade. As of the end of 2018, hydro, wind and solar resources constitute the vast majority of the country’s renewable energy resources, accounting respectively for 28,291 MW, 7,005 MW and 5,068 MW of the total installed capacity of more than 88,526 MW. However; biomass/biogas and geothermal energy resources are also expected to comprise a considerable portion with the rapid growth in utilization of these resources in the market.

As part of the ongoing efforts to promote localization, the Government has identified following targets to strengthen renewables’ position in the market beyond 2020s:

- Increasing the share of renewables to 30 percent by 2023
- Increasing geothermal installed capacity to 3,000 MW (from the current 1335 MW) by 2023
- Maximizing the use of hydropower
- Increasing wind installed capacity to 16,000 MW (from the current 7,155 MW) by 2027
- Increasing solar installed capacity to 16,000 MW (from the current 5,435 MW) by 2027

Three different investment models are in place in Turkish renewable energy market in this new period: unlicensed, licensed, and the RE-Zone (YEKA) model.

1.1. UNLICENSED MODEL

In line with the recent changes in the unlicensed electricity market, real persons or legal entities may install renewable energy systems generating up to 5 MW of energy without any requirement to obtain a license. The installation must be in the same connection point as the consumption facility and the installed power cannot exceed the contract power identified for the “related consumption facility” which means unlicensed facilities can only be set up as rooftop or façade installations. The Presidential Decree No.1044 dated May 9, 2019 reserves only for the public institutions the right to install ground-mounted generation facilities with different connection point from the consumption facilities with the condition not to exceed contract power of the consumption facilities.

Under the relevant Local Content Regulation, local content support is not provided for unlicensed projects unlike for the licensed ones. 5,353.5 and 68,8 MW of unlicensed capacity are installed in solar and wind respectively as of the end of May 2019.
1.1.1. General Procedures of Application for Unlicensed Projects

The procedure for unlicensed projects (up to 5 MW) doesn’t require establishment of a company; the applicant does not need to participate in a capacity bidding process; there is no yearly time schedule for applications unlike the licensed applications which are received only during a specific time of the year; and there is no need to have metering data for the project site. Under the new regulation on unlicensed electricity generation, the private real persons or legal entities can only apply for rooftop or façade installations which can be up to 5 MW capacity and cannot exceed the contract power of the related consumption facility. For unlicensed solar and wind projects, following documents are required in application to relevant Network Operator (Distribution Company):

- Connection Application Form for unlicensed electricity generation
- The original or certified copy of the title deed or the rental contract for the project site or a document testifying to the obtaining of the utilization right of the relevant site
- Official documents (to be obtained from the Ministry of Agriculture and Forestry or its local directorates) testifying to non-sensitive nature of the location (it should not be a fertile agricultural land) – not required for rooftop and façade installations
- Information about the consumption facilities (installed power of the generation facilities cannot exceed the contract power of the related consumption facilities)
- EIA exemption document from Provincial Directorate of Environment and Urbanization - not required for rooftop and façade installations
- Bank receipt testifying to the payment of the application fee (free of charge for 0-250 kw, for more than 250 kw application fee is 751.55 TRY for 2019)
- Single-line diagram
- Technical evaluation report of DG for Energy Affairs of the Ministry of Energy and Natural Resources

The documents are evaluated by the relevant network operator and “invitation/call letters” are sent to the applicants considered eligible. Within the first 90 days of the announcement of the letters, the applicant shall submit its generation project and the connection line project (if available) to Turkish Electricity Distribution Company (TEDAS), the relevant body of the Ministry of Energy and Natural Resources, or to an entity authorized by the Ministry responsible for project approval. Within the first 180 days following the announcement of the invitation letter, the investor shall submit the approved project to the relevant network operator and the operator shall sign a connection agreement with the investor within the first 30 days following the submission.

After the connection agreement, the applicant shall construct the project and apply to the operator to obtain an official report confirming the suitability of the facility for provisional acceptance, a document required for application to the Ministry or the relevant entities authorized by the Ministry for provisional acceptance. Pursuant to the Regulation, provisional acceptance procedure shall be completed for all the facilities to be connected to the Grid through medium voltage level within 1 year following the signing of the connection agreement. A system usage agreement shall be signed as the final step between applicant and operator no later than 30 days following the provisional acceptance.

Under the unlicensed generation regulation, rooftop, and façade installations up to 10 kW are differentiated from other facilities more than 10 kW in terms of installation procedures. In January 2018, the Energy Market Regulatory Authority (EMRA) released a Board Decision (Decision No. 7590 dated 28/12/2017) on “the Procedures
and Principles on Application and Excess Power Purchasing for the Unlicensed Solar Generation Facilities with the Same Connection Point as the Consumption Facility” in order to facilitate installation of the solar facilities up to 10 kW installed power. An additional amendment to the Income Tax Law was passed by the Parliament on “exemption from income tax of those selling the excess electricity generated from the installations up to 10 kW on the rooftops or facades of the houses they own or rent” which was published in the Official Gazette dated 27 March 2018.

1.2. LICENCED MODEL

Most of the power plants, including renewable energy ones, are constructed and operated under licensed model, which deals with the types of investments over 5 MW installed capacity. In the case of solar and wind power investments, the investors apply to EMRA for pre-license in the first stage (based on the provincial capacities announced beforehand by the Electricity Transmission Company of Turkey-TEIAS). For both types of investments, the current regulation on licensing requires the applicants to have on-site metering data of at least a 1-year period that has been collected within the previous five years for the sites to be used for installation of power plants. (For the licensed solar projects, applicants must also have metering data of at least 1-year period, but only half of the data must be collected on-site).

Investors who apply to the EMRA for the same grid connection points/regions are subject to a bidding process that calls for reduction (reverse auction) from the RES Support (YEKDEM) tariffs (Schedule-1); the winners are held to the reduced RES Support prices instead of the fixed tariff for the first ten years of operation. However, the investors’ rights are reserved for the local content support available for the facilities identified in The Law No. 5346 (on Utilization of Renewable Energy Sources for The Purpose of Generating Electrical Energy) without being subject to any bidding or reduction. The capacity allocation mechanism is only applicable to wind and solar power plants, which means that the investments based on other renewable energy resources such as geothermal, biomass etc. are not subject to capacity tenders.

1.2.1. General Procedures of Application for Licensed Projects

1.2.1.1. Application Process

In the case of wind and solar power plants, as underlined before, based on the announcement of the provincial capacities for the
Following year by TEIAS, EMRA issues a Board Decision defining the specific time schedule for the investors to submit an application for pre-license. For renewable energy investments, the investors apply to EMRA for pre-license with the following documents (EMRA Decision No. 7828 dated 10/05/2018 on the List of Information and Documents to be Submitted in Application for Pre-licenses and Licenses):

→ Pre-license Application form
→ Certificate of authorization for real persons to represent the entity
→ A copy (certified by trade registrar) of the Articles of Incorporation
→ Fact sheet on the partnership structure of the company
→ Fact sheet on company capital (at least 5% of the total planned investment is required – see the table-1 below on “investment amount per unit” EMRA Decision No:4709-4 dated 21/11/2013)
→ Fact sheet on Generation Facility
→ 1/25,000 and 1/5,000 scale maps covering facility location
→ Single-line diagram
→ Zoning status sheet
→ Fact sheet testifying to non-sensitive nature of the location pursuant to EIA Regulation Annex-5
→ Declaration on non-forbidden nature of the location (it should not be a fertile agricultural land).
→ Guarantee letter (MW X 10,000 TRY-Upper Limit: 5,000,000 TRY, EMRA Board Decision No:4709-6 dated 21/11/2013)
→ Pre-license application fee (see Table-2)

Additional Documents Required Depending on Resource Type:

→ For Hydroelectric power plants: original or certified copy of the fact sheet on “the eligibility to sign water usage agreement with the Administration of State Hydraulic Works”
→ For Geothermal power plants: original or certified copy of the fact sheet on “the obtainment of the right to use relevant resources”
→ For wind and solar power plants: A metering data report of at least 1-year period that has been collected within the previous five years (for solar at least 6-month on-site metering, for wind 1-year on-site metering required)
→ The factsheet on the ownership of the sites to be used for generation facilities

### Table-1 Investment Amounts Per Unit for Fuel Sources

<table>
<thead>
<tr>
<th>FUEL SOURCE</th>
<th>TOTAL INVESTMENT AMOUNT PER UNIT (TRY/MW&lt;sub&gt;u&lt;/sub&gt;)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Coal</td>
<td>1,500,000</td>
</tr>
<tr>
<td>Natural Gas / LPG</td>
<td>1,000,000</td>
</tr>
<tr>
<td>Fuel Oil / Nafta</td>
<td>1,000,000</td>
</tr>
<tr>
<td>Hydro</td>
<td>2,000,000</td>
</tr>
<tr>
<td>Wind</td>
<td>2,500,000</td>
</tr>
<tr>
<td>Geothermal</td>
<td>2,300,000</td>
</tr>
<tr>
<td>Biomass</td>
<td>1,900,000</td>
</tr>
<tr>
<td>Solar</td>
<td>3,000,000</td>
</tr>
<tr>
<td>Nuclear</td>
<td>6,000,000</td>
</tr>
<tr>
<td>Process waste heat</td>
<td>700,000</td>
</tr>
<tr>
<td>Others</td>
<td>1,400,000</td>
</tr>
</tbody>
</table>

Following submission of the documents above to the EMRA on the dates specified for pre-license applications, EMRA evaluates whether the relevant documents fulfill the requirements. If the proposed location falls within the boundaries of a project land allocated through an international agreement, or for which a licensing process for a natural gas storage, refinery or oil storage is underway, the application is rejected. The generation license applications for land are prioritized based on the fuel type, which means that domestic coal, imported coal, and renewable energy are given priority respectively.

The documents of the applicants are scrutinized, and a technical review is requested by EMRA from DG for Energy Affairs of the Ministry of Energy and Natural Resources. The authority also
requests the official view of TEIAS and/or the relevant distribution company of which the project falls within the boundaries.

The investors who apply to the EMRA for the same grid connection points/regions are subject to a bidding process of TEIAS based on the reduction (reverse-auction) of the RES Support Prices indicated in the Schedule-I.

1.2.1.2. Requirements to Be Fulfilled During the Pre-License Period (Between 24 Months-36 Months)

Within the preliminary license period, there are some procedures to be fulfilled by the investor which are indicated in the list below. Following the completion of the procedures, the investor shall apply to the EMRA for generation license with the following documents:

- License Application form
- Certificate of authorization for real persons to represent the entity
- A copy (certified by trade registrar) of the Articles of Incorporation
- Fact sheet of the partnership structure of the company
- License application Fee (See Table-3)
- Business deadline plan
- Obtainment of ownership/usufruct rights of the power plant site
- Approval for the zoning plan of the project site
- Preliminary construction plans for the facility
- Obtainment of construction permit
- Obtainment of EIA
- Obtainment of Final Forestry Permits
- Obtainment of the permit for technical interaction with military and civilian air services (for wind power plants)
- Obtainment of relevant evaluations pursuant to the Regulation on Military Forbidden Zones and Security Areas
- Finalization of the Water Usage Agreement with the Administration of State Hydraulic Works (for hydroelectric power plants)
- Application for system connection and usage agreements with TEIAS or the Relevant Distribution Company
- Finalization of Contribution Fee Agreement with TEIAS (for wind and solar power plants)
- Finalization of the Agreement with the Relevant Authorities Regarding the acquisition of the right to use relevant resources (for geothermal power plants)
- To increase company capital to at least 20% of the total planned investment (see the table above on “investment amount per unit” EMRA Board Decision No:4709-4 dated 21/11/2013)
- Finalization of the Contribution Fee Agreement with TEIAS (for wind and solar power plants)
- Guarantee letter (based on the formula below – Upper Limit: 78,600,000 TRY) (the guarantee letter offered the in pre-license period is discounted)

<table>
<thead>
<tr>
<th>INSTALLED POWER (MWₜₐ)</th>
<th>PERCENTAGE APPLIED TO THE TOTAL PLANNED INVESTMENT (%)</th>
<th>FORMULA</th>
</tr>
</thead>
<tbody>
<tr>
<td>0 &lt; P ≤ 10</td>
<td>3</td>
<td>P x IPU x 0.03</td>
</tr>
<tr>
<td>10 &lt; P ≤ 100</td>
<td>2</td>
<td>IPU x [0.3 + (P – 10) x 0.02]</td>
</tr>
<tr>
<td>P &gt; 100</td>
<td>1</td>
<td>IPU x [2.1 + (P – 100) x 0.01]</td>
</tr>
</tbody>
</table>

P: Installed Power
IPU: Investment Amount Per-Unit (TRY/MWm- see the table on “investment amount per unit” EMRA Board Decision No:4709-4 dated 21/11/2013)

The generation license period varies between 10 to 49 years. If the facility is not constructed within the allocated construction period, the license is cancelled. There are specific timelines for pre-license and construction periods (indicated in the tables below) identified pursuant to the EMRA Board Decision No. 4711 dated 21/11/2013.
### Pre-license Periods

<table>
<thead>
<tr>
<th>INSTALLED POWER (P-MW)</th>
<th>PRE-LICENSE PERIOD (months)</th>
</tr>
</thead>
<tbody>
<tr>
<td>$P \leq 5$</td>
<td>24</td>
</tr>
<tr>
<td>$5 &lt; P \leq 50$</td>
<td>30</td>
</tr>
<tr>
<td>$50 &lt; P$</td>
<td>36</td>
</tr>
</tbody>
</table>

### Construction Periods

<table>
<thead>
<tr>
<th>TYPE OF GENERATION FACILITY</th>
<th>INSTALLED POWER (P-MW)</th>
<th>CONSTRUCTION PERIOD (MONTHS)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wind</td>
<td>$P \leq 10$</td>
<td>22</td>
</tr>
<tr>
<td></td>
<td>$10 &lt; P \leq 50$</td>
<td>30</td>
</tr>
<tr>
<td></td>
<td>$50 &lt; P \leq 100$</td>
<td>38</td>
</tr>
<tr>
<td></td>
<td>$100 &lt; P$</td>
<td>46</td>
</tr>
<tr>
<td>Geothermal</td>
<td>$P \leq 50$</td>
<td>38</td>
</tr>
<tr>
<td>Biogas/Biomass</td>
<td>$P \leq 10$</td>
<td>24</td>
</tr>
<tr>
<td></td>
<td>$10 &lt; P \leq 50$</td>
<td>30</td>
</tr>
<tr>
<td></td>
<td>$50 &lt; P$</td>
<td>38</td>
</tr>
<tr>
<td>Solar</td>
<td>$P \leq 10$</td>
<td>22</td>
</tr>
<tr>
<td></td>
<td>$10 &lt; P \leq 50$</td>
<td>30</td>
</tr>
<tr>
<td></td>
<td>$50 &lt; P$</td>
<td>36</td>
</tr>
<tr>
<td>Wave/Tidal Energy</td>
<td>$P \leq 10$</td>
<td>18</td>
</tr>
<tr>
<td></td>
<td>$10 &lt; P \leq 50$</td>
<td>30</td>
</tr>
<tr>
<td></td>
<td>$50 &lt; P$</td>
<td>38</td>
</tr>
</tbody>
</table>

#### 1.2.2. Investment Opportunities for Licensed Wind Energy Market

The Energy Market Regulatory Authority (EMRA) has published a notice to receive pre-license applications for 2 GW connection capacities for wind power plants in April 2020. The table below lists identified provincial capacities. The application process will take place as detailed in Section 1.2.1.1., and the applicants will be required to have on-site metering data of at least a 1-year period that has been collected within the previous five years for the sites to be used for installation of power plants. This means, the investors not having metering data for the possible investment areas need to take action to have metering stations installed that would provide data for a 1-year period ending no later than April 2020. The applicants may also take the option of acquiring the project companies that have already installed relevant metering stations and thus have necessary metering data prior to the preliminary license application dates. The applicants for the same grid connection points/regions will then be subject to a Bidding Process of TEIAS based on the reduction (reverse-auction) of the FIT prices indicated in the Schedule-I.
### Provincial Capacities for 2 GW

<table>
<thead>
<tr>
<th>CONNECTION CODE/PROVINCE</th>
<th>ALLOCATED CAPACITY (MW)</th>
<th>CONNECTION CODE/PROVINCE</th>
<th>ALLOCATED CAPACITY (MW)</th>
</tr>
</thead>
<tbody>
<tr>
<td>01/Adana</td>
<td>50</td>
<td>24/Edirne</td>
<td>40</td>
</tr>
<tr>
<td>02/Adiyaman</td>
<td>30</td>
<td>25/Elazig</td>
<td>30</td>
</tr>
<tr>
<td>03/Afyonkarahisar</td>
<td>40</td>
<td>26/Erzincan</td>
<td>20</td>
</tr>
<tr>
<td>04/Agri – Iğdır</td>
<td>20</td>
<td>27/Erzurum</td>
<td>20</td>
</tr>
<tr>
<td>05/Aksaray, Kirsehir, Nevsehir</td>
<td>50</td>
<td>28/Gaziantep – Kilis</td>
<td>30</td>
</tr>
<tr>
<td>06/Amasya, Samsun</td>
<td>40</td>
<td>29/Hatay</td>
<td>40</td>
</tr>
<tr>
<td>07/Ankara, Kirikkale, Canikiri</td>
<td>50</td>
<td>30/Isparta</td>
<td>50</td>
</tr>
<tr>
<td>08/Antalya</td>
<td>60</td>
<td>31/Istanbul</td>
<td>20</td>
</tr>
<tr>
<td>09/Arslan – Kars</td>
<td>20</td>
<td>32/Izmir</td>
<td>100</td>
</tr>
<tr>
<td>10/Artvin – Rize – Trabzon</td>
<td>20</td>
<td>33/Kahramanmaras – Osmaniye</td>
<td>40</td>
</tr>
<tr>
<td>11/Aydın – Muğla</td>
<td>60</td>
<td>34/Karaman – Mersin</td>
<td>50</td>
</tr>
<tr>
<td>12/Balıkesir</td>
<td>50</td>
<td>35/Kayseri – Nigde</td>
<td>70</td>
</tr>
<tr>
<td>13/Bartin - Zonguldak – Karabük</td>
<td>20</td>
<td>36/Kırklareli</td>
<td>60</td>
</tr>
<tr>
<td>14/Batman - Mardin – Diyarbakır – Sanliurfa</td>
<td>40</td>
<td>37/Kocaeli – Yalova</td>
<td>40</td>
</tr>
<tr>
<td>15/Bayburt – Gümüşhane – Giresun</td>
<td>20</td>
<td>38/Konya</td>
<td>50</td>
</tr>
<tr>
<td>16/Bilecik – Eskişehir – Kütahya</td>
<td>60</td>
<td>39/Malatya</td>
<td>80</td>
</tr>
<tr>
<td>17/Bingöl – Tunceli</td>
<td>20</td>
<td>40/Manisa</td>
<td>30</td>
</tr>
<tr>
<td>18/Bitlis – Mus</td>
<td>20</td>
<td>41/Ordu</td>
<td>40</td>
</tr>
<tr>
<td>19/Bolu – Duzce – Sakarya</td>
<td>30</td>
<td>42/Şırı – Simav – Hakkari</td>
<td>20</td>
</tr>
<tr>
<td>20/Burdur – Denizli – Usak</td>
<td>50</td>
<td>43/Sivas</td>
<td>80</td>
</tr>
<tr>
<td>21/Bursa</td>
<td>60</td>
<td>44/Tekirdağ</td>
<td>60</td>
</tr>
<tr>
<td>22/Çanakkale</td>
<td>50</td>
<td>45/Tokat</td>
<td>50</td>
</tr>
<tr>
<td>23/Corum – Kastamonu – Sinop</td>
<td>50</td>
<td>46/Şan</td>
<td>20</td>
</tr>
<tr>
<td>24/Edirne</td>
<td>40</td>
<td>47/Yozgat</td>
<td>50</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>2000 MW</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
2.1. **FEED-IN-TARIFFS**

Law No. 5346 provides for a purchasing guarantee to electricity generated from renewables. According to the support mechanism, licensed and unlicensed facilities generating electricity from renewables that are operational currently or will be in operation before December 31, 2020 benefit from the tariffs in Schedule I for a maximum term of 10 years from the operation date. However, the new licensed projects tender regulation for applicants to the same connection points calls for a reverse-auction from FIT Prices.

<table>
<thead>
<tr>
<th>Type of Production Facility Based on Renewable Energy Resources</th>
<th>Feed-in-tariff Prices Applicable (US Dollar cent/kWh)</th>
</tr>
</thead>
<tbody>
<tr>
<td>a. Hydroelectric production facility</td>
<td>7.3</td>
</tr>
<tr>
<td>b. Wind power-based production facility</td>
<td>7.3</td>
</tr>
<tr>
<td>c. Geothermal power-based production facility</td>
<td>10.5</td>
</tr>
<tr>
<td>d. Biomass-based production facility (including landfill gas)</td>
<td>13.3</td>
</tr>
<tr>
<td>e. Solar power based production facility</td>
<td>13.3</td>
</tr>
</tbody>
</table>

**LOCAL CONTENT SUPPORT**

Law No. 5346 also provides for local content support for domestically manufactured equipment used in the relevant licensed generation facility. The current legislation calls for at least a 55% local content ratio in order to be granted an incentive for a component of the generation facility. However that doesn’t mean full granting of the incentive; if the investor complies with the minimum threshold of 55% for a component, it is granted only 55% of the incentive. For each and every part above the 55% local content ratio, the investor is granted multiple incentives as listed in Schedule II.

Local Content support, which may be considered as an extra bonus, is added to the FIT prices of the relevant renewable energy generation facility. This additional tariff is provided for a term of five (5) years from the starting date of operation for a particular generation facility. Local content support is not provided for unlicensed facilities. Principles and procedures relating to the definition, standards, certification, and inspection of the scope of domestic production in Schedule II are regulated by the Regulation dated 19.06.2011 on Domestic Manufacturing of the Equipment Used in Facilities Generating Electricity from Renewable Energy Resources.
2.3. LAND ACQUISITION

Designated forested areas, land privately owned by the Treasury, or land under the disposal of the state in its entirety can be utilized for the purposes of the renewable energy generation if permission is granted by the Ministry of Agriculture and Forestry or the Ministry of Treasury and Finance. Forestry Peasant Development Revenue and Forestation and Erosion Control Revenue are not charged to the renewable energy generation facilities. Permission, lease, easement, and usufruct permission fees are discounted by 85% for renewable energy generation facilities during the initial ten years of investment and operation of power transmission lines, including those under operation.

2.4. INCENTIVES FOR PRE-LICENSE/LICENSE/SYSTEM USAGE FEES AND TAXES

Pursuant to the Article 43.4 of the Electricity Licensing Regulation, for the facilities generating electricity from the local natural resources and the renewables, the license holders are not required to pay the yearly license fees for the first eight years following the date of completion of the power plants.

Yearly license fees are calculated based on the following formula: total electricity generated in kWh \( \times 0.003 \) cent/TRY. Furthermore, pre-license and license application fees (listed in the Table-2 and Table-3) for these facilities are discounted by 90% as well.

<table>
<thead>
<tr>
<th>TABLE-2 PRE-LICENSE APPLICATION FEES (TRY PER MW)</th>
</tr>
</thead>
<tbody>
<tr>
<td>( 0 &lt; P \leq 10 \text{ MW} )</td>
</tr>
<tr>
<td>( 10 &lt; P \leq 25 \text{ MW} )</td>
</tr>
<tr>
<td>( 25 &lt; P \leq 50 \text{ MW} )</td>
</tr>
<tr>
<td>( 50 &lt; P \leq 100 \text{ MW} )</td>
</tr>
<tr>
<td>( 100 &lt; P \leq 250 \text{ MW} )</td>
</tr>
<tr>
<td>( 250 &lt; P \leq 500 \text{ MW} )</td>
</tr>
<tr>
<td>( 500 &lt; P \leq 1000 \text{ MW} )</td>
</tr>
<tr>
<td>( P &gt; 1000 \text{ MW} )</td>
</tr>
</tbody>
</table>
TABLE-3 LICENSE APPLICATION FEES (TRY PER MW)

<table>
<thead>
<tr>
<th>Power Range</th>
<th>Fee (TRY)</th>
</tr>
</thead>
<tbody>
<tr>
<td>0 &lt; P ≤ 10 MW</td>
<td>8,700</td>
</tr>
<tr>
<td>10 &lt; P ≤ 25 MW</td>
<td>17,000</td>
</tr>
<tr>
<td>25 &lt; P ≤ 50 MW</td>
<td>25,600</td>
</tr>
<tr>
<td>50 &lt; P ≤ 100 MW</td>
<td>42,700</td>
</tr>
<tr>
<td>100 &lt; P ≤ 250 MW</td>
<td>85,400</td>
</tr>
<tr>
<td>250 &lt; P ≤ 500 MW</td>
<td>170,700</td>
</tr>
<tr>
<td>500 &lt; P ≤ 1000 MW</td>
<td>256,000</td>
</tr>
<tr>
<td>P &gt; 1000 MW</td>
<td>427,000</td>
</tr>
</tbody>
</table>

Pursuant to Provisional Article 4 of the Electricity Market Law No. 6446, for all types of generation plants (including renewables) that will be operational by December 31, 2025, transmission system usage fees are discounted by 50% for the first five years of operation.

In the Table-4 below are listed the system usage fees determined by the Energy Market Regulatory Authority (EMRA) for the generators connected to the transmission system. There are 14 different tariff zones across Turkey, each representing different substations. On the generation side, there are three types of tariffs used for total system usage calculation per year: system usage fee for installed power, system usage fee for actual energy inflow (in terms of MW/hour), and system operation fee (in terms of MW/hour). The varying tariff in the first column is paid to TEIAS as a fixed amount per MW for the total installed power. The fixed tariffs in the second and third columns are multiplied with the actual energy inflow (in terms of MW/hour) into the transmission line from the power plant. The total amount of all three tariffs represents the sum that must be paid to TEIAS every year. However, the bills are calculated and paid to TEIAS monthly.

Pursuant to the Provisional Article 4 of the Electricity Market Law No. 6446, during the investment periods of the generation facilities, all official transactions related to the generation facilities shall be exempt from the fees and also the relevant papers prepared shall be exempt from stamp duty.

<table>
<thead>
<tr>
<th>TARIFF ZONE</th>
<th>GENERATION SYSTEM USAGE (TRY/MW-Year)</th>
<th>GENERATION SYSTEM OPERATION (TRY/MWhour)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>31,888.23</td>
<td>7.17</td>
</tr>
<tr>
<td>2</td>
<td>34,764.81</td>
<td>7.17</td>
</tr>
<tr>
<td>3</td>
<td>35,082.33</td>
<td>7.17</td>
</tr>
<tr>
<td>4</td>
<td>35,536.39</td>
<td>7.17</td>
</tr>
<tr>
<td>5</td>
<td>37,081.69</td>
<td>7.17</td>
</tr>
<tr>
<td>6</td>
<td>38,967.37</td>
<td>7.17</td>
</tr>
<tr>
<td>7</td>
<td>39,190.97</td>
<td>7.17</td>
</tr>
<tr>
<td>8</td>
<td>43,168.32</td>
<td>7.17</td>
</tr>
<tr>
<td>9</td>
<td>44,864.33</td>
<td>7.17</td>
</tr>
<tr>
<td>10</td>
<td>49,817.94</td>
<td>7.17</td>
</tr>
<tr>
<td>11</td>
<td>52,471.90</td>
<td>7.17</td>
</tr>
<tr>
<td>12</td>
<td>54,714.44</td>
<td>7.17</td>
</tr>
<tr>
<td>13</td>
<td>57,059.76</td>
<td>7.17</td>
</tr>
<tr>
<td>14</td>
<td>61,205.80</td>
<td>7.17</td>
</tr>
</tbody>
</table>

2.5. **INVESTMENT INCENTIVES**

Pursuant to the Council of Ministers’ Decision No. 2012/3305 on the “State Aids for Investments” the renewable energy generation facilities benefit from the General Investment Incentive Scheme, which covers exemption from VAT and Customs Duties for all machinery and equipment used in the relevant power plant. Regardless of the region where investment takes place, all projects meeting both the specific capacity conditions and the minimum fixed investment amount are supported within the framework of the General Investment Incentives Scheme. The minimum fixed investment amount is TRY 1 million in Regions 1 and 2, and TRY 500,000 in Regions 3, 4, 5 and 6. However, for solar power plants, the General Incentive Scheme is only applied for those utilizing locally manufactured panels.
Major investment incentive instruments are:

**Exemption from customs duties:** Customs tax exemption for imported machinery and equipment for projects with an investment incentive certificate.

**VAT exemption:**
VAT exemption for imported or domestically purchased machinery and equipment for projects with an investment incentive certificate.
3.1. GENERAL OVERVIEW OF THE YEKA MODEL

The Ministry of Energy and Natural Resources issued a Regulation on Renewable Energy Resource Zones on October 9, 2016 in the Official Gazette. The Regulation introduced a new investment model to support renewable energy investments and incentivize local manufacturing of renewable generation assets. The main purposes of the Regulation have been identified as follows: to commission renewable energy resources much more efficiently and effectively through identification of renewable energy zones on the public, treasury, or private-owned territories; to realize the renewable energy investments much more rapidly; to manufacture renewable energy equipment in Turkey; to use locally-manufactured equipment/components; and to contribute to research and development activities through technology transfer.

A renewable energy resource zone and its electrical connection capacity utilization rights can be offered to an eligible entity under the “Allocation on the Condition of Local Manufacturing” or “Allocation on the Condition of Using Locally-Manufactured Equipment” mechanisms.

In the first mechanism, the legal entity being offered the YEKA and its connection capacity utilization rights must establish an equipment manufacturing factory in Turkey according to the standards and the terms of references (ToR). A Research and Development (R&D) Center must be established by the legal entity as well. In the R&D Center, activities must be implemented for a certain period of time and in line with the pre-determined obligatory conditions like budget, number of employees, and staff qualifications. In this mechanism, locally-manufactured equipment and other local components that are defined in the ToR must be used in the YEKA. In the second mechanism, the YEKA and its electrical connection capacity utilization rights are given to a legal entity who wins the competition and commits to procure locally-manufactured equipment and other related local components (balance of the plant) for the power plant from available Turkish factories. The equipment and components must have certain levels of local content ratios as defined in the ToR’s and be compatible with the national or international standards.

Unlike the licensed projects that are subject to reverse-auction from the RES Support tariffs and are eligible for further local content support as required by the Law No. 5346, the bidding process for YEKA projects calls for a reduction from a certain ceiling price that covers both the FIT and local content support. This means that the winning legal entities are not entitled to extra local content support. However, the PPA term in YEKA model goes far beyond the FIT period (currently ten years) required in the Law for licensed and unlicensed projects, and this period has been determined as 15 years for the 1 GW solar power plant tender for Karapinar YEKA-1 and in the 1 GW Wind YEKA Tender.

In 2017, Turkey finalized the largest-ever solar power reverse-auction based on the first mechanism. On March 20, 2017 a consortium of Turkey’s Kalyon Enerji and South Korea’s Hanwha Q CELLS won the tender for the construction of a 1-GW solar power plant in the Karapinar district of the Central Anatolian province of Konya. The winning bid was a price of USD 6.99 cent/kWh. The tender – held in a reverse auction where the ceiling price per kWh was USD 8 cent/kWh – called for 1 GW of installed capacity along with a manufacturing factory for photovoltaic (PV) equipment. Under the terms of the tender, the power purchase contract will be valid for 15 years, and the solar equipment used must be domestically sourced. The total investment in this solar mega project is estimated at USD 1.3 billion. The solar power plant will be operational for 30 years and meet the energy needs of more than 600,000 households. The project company will also be conducting R&D activities in Turkey for at least 10 years with the employment of at least 80% local staff.

2017 also saw Turkey hold one of the largest wind tenders, calling for 1 GW power installation and establishment of a local wind
turbine factory. A consortium of German giant Siemens and Turkey’s Türkerler and Kalyon Enerji Holdings won the billion-dollar wind energy tender on Aug. 3, offering the lowest power purchasing price to the Government at USD 3.48 cent/kWh. This tender was also realized under the first mechanism with the condition to open up a turbine assembly plant that will supply locally-manufactured components to the 1 GW capacity YEKA WPPs. The WPPs will be licensed for at least a 30-year period and will not benefit from any additional premium or support from the RES Support Mechanism.

On May 2019, another 1 GW tender was finalized by the Ministry of Energy and Natural Resources under the second mechanism of YEKA being “Allocation of the Capacity on the Condition of Using Locally-Manufactured Equipment,” with minimum 55% localization requirement. The capacity was broken into four different Connection Regions (Balikesir, Çanakkale, Aydin and Mugla), each being 250 MWe capacity. Nine local and global developers showed interest in the tender. With bids of USD 4 cent/kWh and USD 3.53 cent/kWh, Enercon secured projects in Mugla and Balikesir, respectively. Enerjisa offered USD 4.56 cent/kWh for Aydin and USD 3.67 cent/kWh for Çanakkale. The companies will be awarded 15-year power purchase contracts.

YEKA Tenders in Wrap-up

**PV Tender (March 2017)**
- Capacity: 1GW
- Power production capacity: circa 1.7 billion kWh
- Expected total investment: $1.3 billion
- 60% localization and R&D Investment
- PPA Agreement for 15 Years

**Onshore Wind Tender (August 2017)**
- Capacity: 1GW
- Power production capacity: circa 3 billion kWh
- Winning bid: US$ 3.48 cent/kWh → Siemens-Kalyon-Türkerler consortium
- Expected total investment: $1.1 billion
- 65% localization and R&D Investment
- PPA Agreement for 15 Years

**Onshore Wind Tender (May 2019)**
- Capacity: 1 GW (250 MW for Balikesir, 250 MW for Çanakkale, 250 MW for Aydin, 250 MW for Mugla)
- Winning Bids: Mugla: US$ 4 cent/kWh → Enercon
  Balikesir: US$ 3.53 cent/kWh → Enercon
  Aydin: US$ 4.56 cent/kWh → Enerjisa (Sabanci Holding and E.ON Partnership)
  Çanakkale: US$ 3.67 cent/kWh → Enerjisa (Sabanci Holding and E.ON Partnership)
- PPA Agreement for 15 Years
- Expected total investment: 1 billion USD
Exhibit CVD - TR - 19
ELECTRICITY MARKET LAW

Law No. 6446  Date of Ratification: 14/3/2013

PART ONE
Object, Scope and Definitions

Object

ARTICLE 1 - (1) The object of this Law is to ensure the establishment of a financially sound, stable and transparent electricity market operating in a competitive environment under, and subject to, private law provisions as well as to ensure the independent regulation and supervision of this market for purposes of providing sufficient, good quality, uninterrupted, low cost and environment-friendly electricity to consumers.

Scope

ARTICLE 2 - (1) This Law applies to electricity generation, transmission, distribution, wholesale and retail sale, import and export, market operation as well as to the rights and obligations of all real and legal persons engaged in such activities.

Definitions and abbreviations

ARTICLE 3 - (1) For the purposes of implementation of this Law, the following terms and definitions shall apply:

a) Connection agreement: means the agreement entered into for purposes of ensuring connection with the transmission system or distribution system of a generation company, distribution company or consumer, which agreement includes general and special provisions,
b) Minister: means the Minister of Energy and Natural Resources,
c) Ministry: means the Ministry of Energy and Natural Resources,
d) Distribution: means the conveyance of electricity through 36 kV or lower lines,
e) Distribution system: means the electricity distribution facilities and grid operated by a distribution company at the distribution region specified in the license of the company,
f) Distribution company: means a legal entity engaged in the activities of electricity distribution at a specific region,
g) Distribution facility: means facilities and installation established for purposes of electricity distribution as well as meters established or taken over by distribution company situated at the area starting from the terminal post from the end point of switchyards, which belong to transmission facilities and generation and consumption facilities connected from the distribution voltage level until the construction building entries of consumers connected from low voltage level, excluding the area between building entries and meters,
h) DSI: means the General Directorate of State Hydraulic Works,
i) EPIAS: means the Energy Markets Operating Corporation,
j) EUAS: means the Electricity Generation Corporation,
k) General lighting: means the lighting and traffic signalization of avenues, streets, alleys, underpasses, overpasses, bridges, squares and pedestrian crossing which are open for public use as well as public parks, gardens, historical sites and ruins which are open for public use free of charge, excluding motorways and privatized access controlled highways,
l) Assigned supplier company: means the supplier company which is established as part of legal separation of distribution and retailing activities or is authorized by the Board as the supplier company which is liable for the last resource provision,
m) Bilateral agreement: means commercial agreements entered into by and between real and legal persons subject to special law provisions, for the purchase and sales of electric power and/or capacity, which are not subject to the approval of the Board,

k) Transmission: means the conveyance of electricity through lines with voltage level of over 36 KV,
l) Transmission extra charge: means the fee collectible in the name of the Authority out of the transmission tariff,
m) Transmission system: means electricity transmission facilities and grid,
n) Transmission facility: means the facilities covering an area from the terminal post following the switchyard of the generation or consumption facility where generation and consumption facilities are connected from a voltage level over 36 kV until the connection points of the distribution facilities including medium-voltage feeders of transmission switchyards,
o) Emergency generator sets: means the generator sets used in case of power-supply failure for purposes of preventing loss of life and property,
p) Affiliate: Excluding state economic enterprises, means any company that controls alone or jointly with other company(ies) or real person(s), directly or indirectly another legal entity or any legal entity under common control of, directly or indirectly, alone or jointly with other company(ies) or real person(s); and direct or indirect relations between or among such company(ies) and/or legal entity(ies) operating in the market,
p) Cogeneration: means the concurrent generation of both heat and electricity and/or mechanical energy in the same plant,

r) Control: Rights which de facto or legally ensure implementation of decisive effect severally or jointly on a legal entity; a property right or right of use suitable for operation through contracts or other means particularly on the entirety or a part of assets of a legal entity; or rights which provide a decisive effect on formation of a legal entity’s bodies or decisions; or rights arising from contracts,

Board: means the Energy Market Regulatory Board,

Authority: means the Energy Market Regulatory Authority,

License: means the permit granted to legal entities under this Law, allowing them to operate within the market,

Central settlement institution: means the institution established as the central clearing house pursuant to the Capital Market Law no. 6362, dated 6/12/2012, used to conduct financial transactions between the market participants, as will be set forth under a relevant regulation,

Existing agreements: means the agreements, concession agreements and implementation agreements signed in accordance with the Law no. 3096, dated 4/12/1984 on Authorization of Enterprises other than the Turkish Electricity Institution to Generate, Transmit, Distribute and Trade Electricity, the Law no. 3996, dated 8/6/1994 on Commissioning Certain Investments and Services within the Frame of Build-Operate-Transfer Model, the Law no. 4283, dated 16/7/1997 on Establishing and Operating Electric Power Plants and Sale of Energy through the Build-Operate Model, the Law no. 4501, dated 21/1/2000 on Principles to be Observed in Settlement of Disputes Arising from Concession Contracts and Agreements related with Public Services through Arbitration and other relevant regulations, prior to the date of effect of the Electricity Market Law no. 4628, dated 20/2/2001,

Micro-cogeneration facility: means cogeneration facility, the established electric power capacity of which is 100 kV or lower,

Organized electricity wholesale markets: means electrical energy markets where electrical energy, capacity or retailing are traded and where the day-ahead market, intra-day markets and standardized electricity contracts having the characteristics of capital market instruments and the underlying derivatives with electrical energy and/or capacity are transacted, which are organized and operated by an intermediary legal entity holding a market operating license and the markets which are operated by Istanbul Stock Exchange Corporation (Borsa Istanbul Anonim Sirketi) and electrical energy markets such as power balancing market and ancillary services market which are organized and operated by the Turkish Electricity Transmission Corporation,

Pre-license: means the permit granted for a specific period of time to such legal entities desiring to carry on generation activities, by which they will be able to obtain the license, permits and approvals required to commence generation facility investments,

Retail sale: means the sale of electricity to consumers,

Market: means the electrical energy market which consists of generation, transmission, distribution, market operating, wholesale, retail sale, import and export activities as well as transactions and procedures in relation thereto,

Eligible consumers: means real or legal persons who are entitled to select their supplier as their consumption amount is over the electrical power amount designated by the Board or as they are directly connected to the transmission system or as they are organized industrial zone legal entity,

System control agreement: means the agreements entered into by and between Turkish Electricity Transmission Corporation or the distribution company and the owner or operator of the private direct line, which is subject to private law provisions, which agreements contain provisions securing the stability of transmission and distribution systems and integrity of the enterprise and are subject to private law provisions,

System use agreement: means an agreement which contains general provisions and terms and conditions specific to the relevant user with respect to the use of the transmission system or distribution system of a generation company, a company holding a supplier license or a consumer,

Last resource supply: means the supply of electrical energy to consumers who, although they are eligible consumers, provide electrical energy from a supplier other than the company holding a supply license which is authorized as the supplier of last resource,

Tariff: means arrangements, which include prices, provisions and terms relating to the transmission, distribution and sales of electrical power and/or capacity as well as associated services thereof,

Supply: means wholesale or retail sale of electrical energy and/or capacity,

Supplier: means generating companies which supply electrical energy and/or capacity and company holding a supply license,

Supplier company: means a legal entity which can carry on wholesale and/or retail sale, import, export and trading of electrical energy and/or capacity,

TEDAS: Turkish Electricity Distribution Corporation,

TEIAS: Turkish Electricity Transmission Corporation,
jj) Facility: means facilities, grids or equipment by which the activities of electrical energy generation, transmission or distribution are conducted, or which are ready for the conduct of the same,

kk) TETAS: Turkish Electricity Trade and Contracting Corporation,

ll) Wholesale: means the sale of electrical energy and/or capacity for resale purposes,

mm) Consumer: means a person purchasing electricity for his/her own purposes,

nn) Derivative markets: means markets where electrical energy and/or capacity is purchased or sold at present for purposes of delivering or cash settlement at a defined point in the future,

oo) International interconnection: means the interconnection which is based on the operation of the national electrical system with electrical system of other countries by way of employing either synchronous parallel, asynchronous parallel, unit direction or insulated region methods,

Generation: means the transformation of energy sources into electrical energy at power generation facilities,

pp) Generation company: means a legal entity which is subject to private law provisions, and is engaged in electrical energy generation or the sale of electrical energy it generated at generation facility or facilities which it owns, rented or acquired by way of financial lease or operating right of which it took over,

rr) Generation facility: means facilities at which electrical energy is generated,

ss) Ancillary services: means the services as described under the relevant regulation, provided by relevant legal entities connected to the transmission system or distribution system for purposes of safe operation of the transmission or distribution system putting electricity into service in line with required quality standards.

PART TWO
Electricity Market Activities and Licenses

Electricity market activities
ARTICLE 4- (1) The activities which may be carried out in the market subject to the obtainment of a license under Law shall be as follows:

a) Generation activities
b) Transmission activities
c) Distribution activities
d) Wholesale activities
e) Retail sale activities
f) Market operating activities
g) Import activities
h) Export activities

(2) The principles and procedures with respect to the operations of legal entities in the market are arranged by a regulation.

(3) It is mandatory that the legal entities, which are subject to private law provisions, that will operate in the market be incorporated as a joint stock company or a limited company in accordance with the provisions of the relevant legislation and that the shares of joint stock companies other than those quoted at the stock exchange be in the name of the holder in accordance with the capital market legislation. Issues to be included in the articles of association of such companies shall be arranged under a regulation.

License principles
ARTICLE 5- (1) License is a certificate of permit granted to legal entities, enabling them to conduct the registered market activities specified in the license pursuant to the provisions of this Law. Save for the provisions regarding the markets specified in the fourth sub-paragraph of Article 11, the following matters regarding licenses shall be prescribed under a regulation made by the Authority.

a) Application and evaluation principles and policies as well as the principles and procedures regarding the grant, amendment, expiry, revocation, periods, time extension, renewal of licenses and suspension of rights and obligations under the license for a specific period of time

b) License fees to be prescribed based on the type of activity and nature of work

c) Provisions regarding the rights of the license holders that are entitled under their licenses, liabilities, duties, capital requirements thereof and qualified personnel that need to be employed as well as the principles and procedures regarding the assignment of rights of the license holders, whose tariff is subject to regulation

(2) The principles which shall govern the licenses to be granted under this Law and the principles which the license holders must comply with shall be as follows:

a) Excluding the exceptions provided under this Law, the legal entities to be engaged in market activities must, prior to commencing their activities, obtain license for each activity and, if activities are to be conducted at multiple facilities, for each facility.
b) The legal entities conducting activities, the tariff of which are subject to regulation, shall be responsible for keeping and maintaining the accounts and records for each activity, the tariff of which are subject to regulation, and for each region, to which such activity is limited.

c) Licenses shall be granted for a maximum period of forty-nine years. The minimum period valid for generation, transmission and distribution licenses shall be ten years.

d) Legal entities are obliged to pay the license obtainment, license renewal, license amendment, issuance of license copy fees as well as annual license fees as designated by the Board to the Authority.

e) Legal entities holding a license must keep its facilities, legal books and records available for inspection by the Authority, and must make the same available for inspection when so requested by the Authority, and make any kind of information and document as the Authority may require in order to conduct its activities available in a timely, accurate and complete manner.

f) Legal entities shall, in addition to obtaining license, be responsible for fulfilling the requirements under the legislation.

f) Generation facilities based on renewal energy sources of the same kind installed on the surfaces of multiple buildings or auxiliary buildings may be evaluated within the scope of single generation license, providing that such facilities are connected to the system from the same point. The principles and procedures with respect to implementation shall be prescribed by the Board. Principles and procedures regarding the obtainment of the Board’s permit shall be prescribed by a regulation to be made by the Authority.

a) Changes to capital shares by five percent in public corporations, and by ten percent or over, in other corporations

b) Any kind of transaction that will result in the change of control

c) Transactions and procedures that will result in the change of ownership or right of use of the facilities

4) For the legal entities holding a license, the tariff of which is subject to regulation, the provisions regarding the matters below shall be prescribed under a regulation made by the Authority:

a) Real or legal persons who are to provide services under a license and the provisions setting forth the types of activities to be conducted

b) The provisions anticipating that a distribution or transmission license holder shall provide real and legal persons with the opportunity to access to, or use of, the system without discrimination among equal parties

c) Methods regarding the determination of pricing principles referred to under this Law and the determination of pricing principles within the scope of last resource supply, considering market needs and/or pricing principles applicable to non-eligible consumers and methods regarding the implementation of formulas regarding other adjustments, including inflation, as may be needed to be applied to such prices, and provisions regarding the inspection thereof,

d) Provisions which will ensure that License holder, as a prudent merchant, provides the Authority with complete and accurate information and electrical energy or capacity is purchased in terms of sales to consumers

e) Provisions regarding the obligation of the license holder to act in compliance with all instructions of the Authority

f) Provisions regarding the activities which may be conducted under the license, without seeking the permit of the Board

g) Provisions which will ensure that service is provided in line with technical requirements

5) The legal entities, license applications of which are refused, will be informed about the reason of refusal clearly and completely.

6) License shall expire automatically at the end of its period of validity, and in cases where the bankruptcy of the license holder, where requested by the license holder or where the conditions of license may no longer be met, upon resolution of the Board.

7) The legal entity applying for a generation license shall, after meeting the pre-license requirements, be required to furnish a letter of guarantee up to ten percent of the amount of investment depending on the nature and size of the generation facility desired to be established, for purposes of recording as revenue if and where the relevant legal entity fails to establish the generation facility within the construction time specified in the license of the generation facility. Except for force majeure and for just reasons not resulting from the license holders, in cases where the legal entity fails to establish the generation facility within the construction period specified in the license thereof or where it is fixed that the generation facility may not be completed within the remaining period, the license shall be cancelled and the letter of guarantee shall be recorded as revenue. The principles and procedures regarding reception, nature and time extension of guarantee shall be prescribed under a regulation.

8) Legal entities whose licenses are revoked, the partners of such legal entity that hold a share of ten percent or over and the chairman and members of the board of directors, including those who left office within one year prior to the
revocation of license may not obtain, or apply for, license, nor may them directly or indirectly hold shares in legal entities which applied for license, or take office in the boards of directors thereof for a period of three years following the revocation.

(9) Distribution license may be granted if and where the applicant fulfills the obligations provided for under this Law and authenticates the right to operate the relevant distribution system.

(10) Notice, report and other documentation required from legal entities holding a license shall be submitted to the Authority in accordance with the principles and procedures prescribed under regulations.

(11) The Authority shall adopt required measures in cases where licenses are terminated or revoked in order to protect consumers and avoid the interruption of market activities.

Pre-license principles

ARTICLE 6 - (1) A legal entity applying for a generation license shall first be provided with a fixed-term pre-license to enable it to obtain the permits, approvals, licenses or other similar certificates as required by the legislation as well as to have the ownership or the right of use of the site on which the generation facilities will be established to commence the generation facility investment. The following matters regarding pre-license shall be prescribed under a regulation made by the Authority:

a) Principles and procedures regarding application, evaluation and letter of guarantee as well as the principles and procedures applicable in the event of the grant, amendment, expiry, termination, revocation, term and time extension of pre-license

b) The provisions and consequences of revocation or expiry of pre-license

c) Procedures and principles regarding the rights which the legal entities holding a pre-license are entitled under their pre-license, and obligations and capital requirements thereof

(2) Legal entities who, during the term of license, fail to obtain required permit, approval, license or other similar certificates, who fail to authenticate that they obtained the ownership or the right of use of the site on which the generation facility is to be established and who fail to fulfill the obligations specified by the Authority shall not be granted a license.

(3) Pre-licenses shall be revoked if, until the obtainment of license, for reasons other than the reasons of heredity and bankruptcy, the partnership structure of the legal entity changes, either directly or indirectly, if the shares thereof are transferred or works and transactions and procedures are carried out which will result in the transfer of its shares or if the obligations specified by the Authority are not met.

The principles which shall govern the pre-licenses to be granted under this Law and the principles which the license holders must comply with shall be as follows:

a) Excluding the exceptions provided for under this Law, legal entities which shall be engaged in generation facilities must obtain pre-license for each facility if it will conduct activities at multiple facilities.

b) Legal entities must pay to the Authority the pre-license obtainment, grant, issuance of copy and other fees as specified by the Authority.

c) Legal entities holding a pre-license must provide the Authority with any kind of information and documentation as the Authority may need to conduct its activities.

(5) Except for the force majeure, the term of pre-license may not exceed twenty-four months. The Board may, depending on the type of source and installed capacity, extend this term by half of the original term.

(6) Where pre-license is revoked or expired for a reason not resulting from the legal entity holding the license, the relevant guarantee shall be returned.

(7) Pre-license, if no time extension is applied thereto, shall automatically terminate if and where the legal entity holding pre-license requests or goes bankrupt.

(8) Legal entities applying for pre-license shall be required to furnish a letter of guarantee with such amount as will be prescribed under a regulation, depending on the nature and size of the intended generation facility, for purposes of recording as revenue if and where the relevant legal entity fails to consummate the obligations which it is required to do so during the term of pre-license.

(9) If a separate license application is lodged for petroleum or natural gas market activities for purposes of conducting such activities at the place where the generation facility, being the subject of license application, will be established, license application to be given priority shall be subject to the resolution of the Board by consultation with the Ministry.

Generation activity

ARTICLE 7 - (1) Generation activities shall be carried out by generation companies of public and private sector and legal entities located at organized industrial zone under the scope of their licenses.

(2) Generation companies may carry out the following activities under the licenses thereof:

a) Sale of electrical energy or capacity to supplier companies, eligible consumers and to persons for whom it established private direct line

b) Trading of electrical energy or capacity

c) Purchase of electrical energy or capacity for purposes of providing electrical energy or capacity which it undertook to supply, providing that it does not exceed such rate determined by the Board for the annual electrical energy generation amount in a calendar year as included in the license thereof.
(3) Providing that legal entities holding a generation license use the energy it generated at facilities before reaching the transmission or distribution system, the generation ensured in order to cover the consumption need of facilities which it owns, rented, acquired by way of financial lease or took over the right of use thereof shall not be considered a sale to end consumer. Electrical energy purchased for purposes of consumption at the said consumption facilities shall not be taken into consideration in the calculation of the rate referred to in sub-paragraph (c) of the second paragraph.

(4) Pre-license applications made for the establishment of electricity generation facility based on wind or solar power shall be evaluated in accordance with the following principles:

a) Where application is lodged by the owner of the site where the generation facility is to be established, other applications made for the same site shall not be taken into consideration.

b) In respect of the applications, it is mandatory that there is a wind or solar measurement at the site conforming to standards, where the facility is to be established, obtained within the last three years and covering a minimum period of one year. The principles and procedures regarding this matter shall be prescribed under a regulation to be made by the Authority.

c) The applications, for which connection assent is given by TEIAS or relevant distribution company, shall be evaluated considering the effects of technologies to be employed in respect of the grid.

d) Where there are multiple applications for connection to the same connection point and/or to the same connection region, a competition shall be held by TEIAS in order to determine those, among the applicants, to connect to the system up to the announced capacity, which competition will be based on selecting the applicants who propose or undertake to pay the highest total contribution per unit megawatt, which will be paid within a maximum period of three years following the commissioning. Principles and procedures regarding the competition and the payment of the specified contribution at the end of the competition shall be prescribed under a regulation to be made by the Authority with and by the proposal of TEIAS. Principles and procedures regarding the technical evaluation of applications for wind and solar energy license shall be prescribed under a regulation to be made by the Ministry.

(5) The total electricity generation amount that a real person or a legal entity of private sector can generate through a generation company it controls may not exceed twenty percent of Turkey's total electrical energy generation published for the previous year.

(6) The legal entities generating electrical energy on the basis of renewable energy sources may obtain from the Ministry a Certificate of Electricity Generation from Renewable Sources regarding that the source of electrical energy they generate is renewable source. The principles and procedures regarding the grant of the said certificate shall be prescribed under a regulation to be made by the Authority.

If, for the facilities under the scope of licenses obtained for purposes of establishing generation facility based on wind power, the connection opinion received from TEIAS and relevant distribution company under the scope of amendment is favorable, capacity increase, modernization and renewal investments and modifications may be allowed, provided that there is no other license application for the site specified in the initial license application made to the Authority and the existing transmission/distribution line and existing connection point and voltage level are used for the new power to be created at the end of capacity increase.

Transmission activity

ARTICLE 8 - (1) Electrical energy transmission activity may exclusively be carried out by TEIAS under the scope of a license. TEIAS may not be engaged in activities other than the activities prescribed under this Law. The conduct of off-market activities which have the characteristics of ensuring the increase of productivity if conducted in conjunction with transmission activities shall be subject to authorization by the Authority. The purchase or the rental of electrical energy or capacity under the scope of ancillary services market and for purposes of covering distribution system technical and nontechnical losses and the sale of excessive part of the energy connected to the agreement for purposes of covering transmission system technical and nontechnical losses due to realizations shall be an exception of this provision.

(2) Duties and obligations of TEIAS shall be as follows:

a) To plan transmission investments for transmission facilities envisaged to be established, to establish new transmission facilities and to operate the transmission system in line with the environment of competition in electrical energy generation and supply and, where necessary, to make investments of substitution or capacity increase in the transmission system.

b) To prepare the tariff proposals in relation to the activities conducted thereby under this Law in accordance with the principles and standards prescribed by the Authority and to submit the same for the approval of the Authority.

c) To supervise the implementation of, and compliance with, the regulations on grid, balancing, settlement and ancillary services, to perform required examinations to that end, furnish a report to the Authority in respect of results and request the adoption of required measures.

d) To make substitution and capacity increase in transmission system.
(3) TEIAS's ownership and operating borderline starts at the point of connection to the transmission system. Where the connection of generation or consumption facility to the transmission system is made through a switchyard of another generation or consumption facility, the right of use, operation and maintenance of the feeder connected shall rest with TEIAS. However, TEIAS may have the relevant generators or consumers perform the operation and maintenance of such equipment against the price thereof.

(4) TEIAS may, by consultation with the Ministry, ensure the installation and operation of the portion of international interconnection line, which fall out of the national boundaries and/or establish international company for such purpose or become a partner with the existing international companies and participate in organizations relating to the operation of regional markets.

(5) Where it is necessary to install a new transmission facility for purposes of connecting generation and consumption facilities and to install new transmission line for connecting such new facility to the system; if TEIAS has no sufficient financing or if it is failed to make a timely investment planning, the said investments may be jointly made or financed by the legal entity or entities requesting connection to such facility. The amount of investment so made shall be returned under a facility agreement and connection and system use agreements to be entered into by and between the relevant legal entity or entities and TEIAS. Payback period shall be a maximum period of ten years for generation and consumption facilities. The principles and procedures regarding this matter shall be prescribed under a regulation to be made by the Authority.

(6) TEIAS shall, for electrical system operation, collect data in accordance with the principles and procedures set out by the Board, and report and publish the same in accordance with the provisions of the Turkish Statistical Law No. 5429, dated 10/11/2005.

(7) TEIAS shall establish and operate any kind of communication and information systems including wireless system needed for the operation of transmission system. It may also have third parties use a certain portion of the fiber optic cable infrastructure under the frame of the relevant legislation, in a manner not interrupting its own activities in line with the opinions of the Authority.

(8) Other than transmission network, installation of direct line between the generation facility under the license of a legal entity conducting generation activities and which is in compliance with the standards applicable to the national transmission system and its customers and/or affiliates and/or eligible consumers shall be possible subject to system control agreement to be made by and between TEIAS and the legal entity engaged in generation activities.

Distribution activity

ARTICLE 9 - (1) Distribution activities shall, under a license, be conducted by the distribution company at such region as specified in the license thereof. The distribution company shall be responsible for providing the services of reading, servicing and operation of meters at the region specified in the license thereof. The legal entities conducting market activities may not directly become a partner with a distribution company, nor may the distribution companies directly become a partner with legal entities conducting market activities. A distribution company may not be engaged in activities other than distribution activities. The principles and procedures regarding the conduct of off-market activities which have the characteristics of enhancing productivity if conducted in conjunction with distribution activities shall be prescribed under a regulation to be made by the Authority. The purchase of electrical energy for purposes of covering general lighting, distribution system technical and nontechnical losses and the sale of excessive portion of the energy connected to the agreement for purposes of covering system technical and nontechnical losses due to realizations shall be an exception of this provision.

(2) The distribution company shall be responsible for operating the distribution system specified in the license thereof in accordance with the competitive environment in electrical energy generation and sales, renewing such facilities, making substitution and capacity expansion investments, and for providing services to users connected, or to connect to the distribution system in accordance with the provisions of the relevant legislation, without discrimination among equal parties.

(3) The distribution company shall be responsible for providing ancillary services in line with the provisions of the relevant regulation.

(4) Preparation, and notification to TEIAS of demand estimations at regions specified in the distribution license shall be made by the distribution company. The Board shall approve such demand estimations, and the estimations shall be published by TEIAS.

(5) The duties of preparation of investment plans in line with the demand estimations approved by the Board and placing the same before the Board for approval, preparation of the projects of distribution facilities included in the investment program in pursuance of the approved investment plan and the making of required improvements and capacity expansion investments and/or the construction of new distribution facilities shall be incumbent on the distribution company operating the relevant distribution system.
(6) The title to the investments made for purposes of improvement, reinforcement and expansion of electricity distribution systems following the privatization ensured under the provisions of the Law no. 4046, dated 24/11/1994 on Arrangements for the Implementation of Privatization shall belong to the public. The power in respect of any kind of operation relating to the privatized electricity distribution facilities and assets and the approval and amendment powers in respect of investment planning and implementation shall rest with the Board. It is essential that investments are made in such a manner as to ensure that distribution services are provided in such manner as envisaged under this Law. The Authority shall direct, monitor and inspect the distribution activities. If investments approved by the Board are not made in the specified time and nature, the provisions of Article 16 shall apply.

(7) The title to, and ownership of, the meters installed in respect of the electrical energy measurement of distribution system users shall belong to the distribution company. The meters owned by the existing users as of the date of effect of this Law shall be taken over from the users for a token price against the operating and maintenance services. The principles and procedures regarding the implementation shall be prescribed under a regulation to be made by the Authority.

(8) Where the connection of a generation or consumption facility to the distribution system is made through the switchyard of another generation or consumption facility or where the same is made in form of an input-output to a distribution line, the switchyard jointly used or subjected to input-output or the switchyard of a generation or consumption facility connected to two separate facilities through two separate lines shall be a part of the distribution system. However, it may be ensured that the owners of relevant generation or consumption facilities perform the operation and servicing of the distribution facilities under this paragraph. The principles and procedures regarding the implementation shall be prescribed under a regulation to be made by the Authority.

(9) The installation, operation and servicing of the meters of consumers connected through the distribution voltage level and the acquisition of the title to the existing meters under a program shall be performed by the distribution company. The principles and procedures regarding the implementation shall be prescribed under a regulation to be made by the Authority.

(10) Other than distribution network, installation of direct line between the generation facility under the license of a legal entity conducting generation activities and which is in compliance with the standards applicable to the national distribution system and its customers or affiliates or eligible consumers on a land within the possession of the parties to install such direct line shall only be possible subject to system control agreement to be made by and between the distribution company and the generation company. Installation of a private direct line shall not constitute an impediment for eligible consumers to select their suppliers. If the generation facility referred to under this paragraph is connected to the transmission system, the principles and procedures regarding the conclusion of a system control agreement shall be prescribed under a regulation to be made by the Authority.

(11) The distribution company shall, at the distribution region, be responsible for general lighting and the installation and operation of required measurement systems pertaining thereto.

(12) The distribution company may establish a facility at a voltage level of 154 kV for purposes of using in distribution activities at the distribution region falling under the area of responsibility thereof, providing that it is separately stated in the investment plan approved by the Board and consulted with TEIAS.

(13) Where it is not technical and/or economical to meet the demands for connection made within the approved boundaries of a distribution region, the matter of meeting the said connection demands by another distribution region shall be set forth under a regulation to be made by the Board.

**Wholesale or retail sale activities**

**ARTICLE 10** - (1) Wholesale and retail sale activities shall be carried out by generation companies and supply companies of public and private sector under a supply license in accordance with this Law and regulations made pursuant to this Law.

(2) Supply companies may, without a regional restriction, conduct the activities of wholesale or retail sale to consumers.

(3) Supply companies may, in line with the assent of the Ministry, carry out the activities of electrical energy import and export to and from countries, which meet the conditions for international interconnection. The principles and procedures regarding the implementation shall be prescribed under a regulation to be made by the Authority.

(4) Retail sale activities conducted by the distribution company shall be conducted by the assigned supplier company. The assigned supplier company shall sell electrical energy to eligible consumers at the relevant region over the retail sale tariffs approved by the Board.

(5) The assigned supplier company shall, in the capacity of a supplier of last resource, be responsible for supplying electrical energy to consumers who, although they are eligible consumers, do not supply electrical energy from another supplier. The region where such company acts as the supplier of last resource shall be the relevant distribution region and it shall be included in the supply license. The tariffs of Electrical energy to be supplied in the capacity of a supplier of last resource shall be prescribed by the Board. Where the license of the supplier company responsible for the supply of last resource expires or is revoked, the supplier company responsible for the supply of last resource for the relevant region shall be authorized by the Board. The principles and procedures regarding the determination of suppliers of last resource, tariffs of
last resource supply, term of supply, limitations and conditions as well as the implementation of the supply of last resource shall be prescribed under a regulation to be made by the Board.

(6) The amount of electrical energy which the private sector legal entities holding a supply license shall purchase from generation and import companies may not exceed twenty percent of the amount of electrical energy consumed within the country within the previous year. Also, the amount of electrical energy to be sold by the said legal entities of private sector to end consumers may not exceed twenty percent of the electrical energy consumed within the country within the previous year.

(7) Where the assigned supplier company is found to act or have relations which result in the restriction or prevention of competition in the market, the relevant supplier company shall be obliged to act in compliance with the measures to be set forth by the Board. The Board shall adopt measures which include the reorganization of the management of such supplier company or the restriction or termination of its ownership or control relationship with the distribution company under a program.

**Market operating activity and incorporation of EPIAS**

**ARTICLE 11**

(1) Market operating activities are the operation of organized electricity wholesale markets and financial settlement transactions of the activities carried out in these markets as well as other financial transactions with respect to the said activities.

(2) Except for the provisions regarding incorporation and registration, a corporation named Energy Markets Operating Corporation is incorporated under this Law, which is subject to the Turkish Commercial Code no. 6102, dated 13/1/2011 and private law provisions. EPIAS shall commence operations upon the registry with the register of commerce and the publication of the articles of association which will be prepared by the Authority within a period of six months as of the date of effect of this Law, in manner not leading to non-compliance with provisions of this Law and the Law no. 6102.

(3) The organizational structure and the operating principles of EPIAS shall be prescribed under a regulation to be made by the Authority within a period of six months as of the date of effect of this Law. In respect of the matters of interest to Istanbul Stock Exchange Corporation, the Capital Market Board shall be consulted.

(4) Total direct or indirect share of the public institutions and public-capital companies at EPIAS may not exceed fifteen percent, excluding Istanbul Stock Exchange Corporation. The Council of Ministers shall be entitled to double this rate. Organizations who are shareholders of EPIAS, public-capital companies and Istanbul Stock Exchange Corporation shall be represented at the management of EPIAS.

(5) EPIAS shall, under the market operating license, carry out the activities of operating the organized wholesale electricity markets other than markets operated by Istanbul Stock Exchange Corporation and TEIAS under the scope of this Law. EPIAS shall, along with the financial settlement transactions of the organized wholesale electricity markets operated by TEIAS under the market operating license, conduct other required financial transactions. In line with the opinions of the Authority and the Capital Market Board, EPIAS may be a party to the agreements falling under the scope of Article 65 of the Capital Market Law.

(6) The legal entities conducting activities in the organized electricity wholesale markets which are operated by EPIAS under the scope of license or where financial settlement regarding market activities and financial transactions are performed shall be obliged to furnish to TEIAS and EPIAS the information required for the conduct of financial settlement transactions. The principles and procedures governing the confidentiality and disclosure to the public of the information provided shall be prescribed under a regulation to be made by the Authority.

(7) Rights and responsibilities of EPIAS shall be as follows:

a) To work on establishing new markets in organized wholesale electricity markets, which fall under the scope its responsibility in line with the development of the market, and place the same before the Authority.

b) If found fit by the Ministry; to participate as a party to international electricity markets created or to be created in the future for purposes of operating organized electricity wholesale markets falling within the scope of responsibility thereof, to become a partner or member with international electricity market operators established for such purpose.

c) To determine market operating tariffs under the frame of the principles and procedures prescribed by the Authority and present the same to the Authority.

(8) The matters concerning other energy market activities to be conducted by EPIAS out of the scope of market operating license and emission trade shall be prescribed by the Authority by consultation with the Capital Market Board.

(9) The legal entities carrying on activities within the organized electricity wholesale market, which are operated by EPIAS or in which financial settlement and other financial transactions are carried out, shall ensure the payment to the central settlement institution such fees as will be prescribed by EPIAS in return for the provision of services which are determined to be provided by the central settlement institution in pursuance of the relevant regulation.

(10) The operator of the markets in which the standardized electricity agreements that have the characteristics of capital market instruments, and the derivatives based on electrical energy and/or capacity are traded is Istanbul Stock Exchange Corporation.

The licensing in respect of such markets and the prescription of the operating principles of the markets, the determination of the standards of electricity agreements having the characteristics of capital market instruments and of the
derivatives with the underlying electrical energy and/or capacity, which shall be traded at such markets, settlement transactions in such markets, operating tariffs, the obligations of relevant persons and entities, the principles and procedures regarding supervision and inspection shall be prescribed under a regulation to be made jointly by the Authority and the Capital Market Board.

(11) The papers drawn up in respect of the transactions transacted in the organized wholesale electricity markets under the scope of this Law shall be exempt from the stamp duty.

(12) EPIAS shall, within a period of six months as of the date of incorporation thereof, commence market operating activities by obtaining the required market operating license from the Authority.

(13) Until EPIAS obtains the market operating license, the relevant market operating activities shall be continued by TEIAS without obtaining the market operating license.

Import and export activities

ARTICLE 12 - (1) The export of electrical energy and/or capacity to countries, which meet the international interconnection conditions, shall be performed by the companies and generation companies holding a supply license subject to the approval of the Board in line with the assent of the Ministry, in pursuance of this Law and the secondary legislation.

(2) The import of electrical energy and/or capacity from countries, which meet the international interconnection conditions, shall, subject to the approval of the Board, be performed by the companies holding a supply license in line with the assent of the Ministry and in pursuance of this Law and the secondary legislation.

(3) The legal entities desiring to export the electrical energy which it generated at a facility established thereby in border provinces through a private direct line it will establish without ensuring connection to a transmission or distribution system may be allowed by the Board in line with the assent of the Ministry, providing that they obtain a generation license.

(4) For purposes of supplying electrical energy at border regions, where a technical need arises, the import of electricity by way of insulated region may be temporarily allowed by the Board in line with the assent of the Ministry.

(5) The principles and procedures regarding import and export activities shall be prescribed under a regulation to be made by the Authority.

Activities which may be carried out by organized industrial zones

ARTICLE 13 - (1) Among the legal entities of organized industrial zones which are established in accordance with the Organized Industrial Zones Law no. 4562, dated 12/4/2000 those which meet such conditions as prescribed by the Authority under a regulation may carry out generation and/or distribution activities within the approved boundaries by obtaining a generation and/or distribution license from the Authority, without the conditions of incorporating a company being sought pursuant to the provisions of the Law no. 6102.

(2) The distribution activities within the approved boundaries of the organized industrial zone holding no distribution license shall be carried out by the relevant distribution company. Such organized industrial zones may not claim distribution fee from participants, nor prevent the participants from exercising their rights arising from their capacity as eligible consumer and from carrying out activities within the electricity markets.

(3) The consumers, who, among the participants of organized industrial zone holding a distribution license, exceed the eligible consumer limit, may exercise their right to select their supplier, providing that they pay a distribution fee to the organized industrial zone legal entity.

(4) The special conditions which need to be met by the organized industrial zone legal entity in order to obtain a generation or distribution license, the principles and procedures regarding its obtainment of a license as well as the principles and procedures regarding the provision of the electrical energy it generated or supplied as eligible consumer to the use of participants, the prescription of distribution fees, and the activities the organized industrial zone legal entity may conduct under the scope of this article shall be set forth under a regulation to be made by the Authority.

(5) The title and operating rights of distribution facilities which are within the approved boundaries of the organized industrial zone holding a distribution license, and are transferred to TEDAS free of charge or for a symbolic price shall be transferred to the relevant organized industrial zone within such period as will be determined by the Board, for a price which will be obtained by adding the financial costs of the amounts of investment made as of the date of transfer.

(6) The organized industrial region legal entity shall be deemed an eligible consumer for purposes of meeting electricity need of participants, regardless of the amount of consumption.

Activities which may be carried out without a license

Article 14 - (1) The activities exempt from obtaining a license or incorporating a company are as follows:

a) Emergency generator sets and generation facility which does not install connection with the transmission or distribution system

b) Generation facilities, the nameplate capacity of which is based on renewable energy sources of maximum one megawatt

c) Electricity generation facilities established for purposes of use in the disposal of mud of solid waste facilities and treatment facilities of municipalities

d) Micro-generation facilities and the cogeneration facilities, among those which meet such productivity level as will be determined by the Ministry, which fall under such category as will be determined by the Board
d) Generation facilities based on renewable energy sources which use all of the energy it generated without giving to
transmission or distribution system, the generation and consumption amount of which is at the same measurement point

(2) The Council of Ministers shall, on the basis of source, be entitled to quintuple the upper limit of the nameplate
capacity of the generation facilities based on renewable energy sources, which may carry out activities without holding a
license, under principles of development of competition, technical efficiency of transmission and distribution systems and
securing the reliability of supply.

(3) Where the electrical energy generated over the need of those, who generate electrical energy from renewable
energy sources which are exempt from the obligation to obtain a license, are given to the system, electrical energy shall be
purchased by the supplier of last resource for such prices as determined on the basis of source type under Law no. 5346,

(4) The technical principles and procedures relating to the connection of such persons to the system as well as the
principles and procedures regarding sales, application and inspection shall be set forth under a regulation to be made by the
Authority.

(5) The legal entities, more than half of the capital of which is held by the municipality, may establish energy
generation facility if there are technical possibilities on the water conveyance lines and waste water conveyance lines and if
deemed proper by DSI. If multiple municipalities have the right of allocation on the water conveyance line, hydro-electrical
energy facility shall be established and operated in accordance with a protocol to be made between the relevant
municipalities. In respect of the facilities under the scope of this paragraph, the arrangements and amendments relating to the
water use right agreements which must be signed with DSI shall be set forth within three months under the Regulation on the
Principles and Procedures Regarding the Signature of Water Use Right Agreements for Purposes of Conducting Electricity
Market Activities.

PART THREE
Supervision and Sanctions

Supervision

ARTICLE 15 - (1) Save for the provisions of the Capital Market Law regarding the markets to be operated by
Istanbul Stock Exchange Corporation pursuant to the tenth paragraph of Article 11, excluding the distribution companies, the
inspection and supervision of the electricity market activities and the entities operating under a license shall be performed by
the Authority. Supervision of the electricity distribution companies defined under this Law shall be performed by the
Ministry. The Ministry may perform the supervision of electricity distribution companies in conjunction with specialized
public institutions and organizations or may cause the supervision to be performed by such organizations through delegation
of power thereto. The requests of the Ministry from such specialized public institutions and organizations shall be fulfilled in
a timely manner. The supervision reports drawn up or resolved by the Ministry shall be served to the Authority. Depending
on the result of the supervision report, required sanctions and proceedings shall be determined by the Authority.

(2) The inspection and supervision of such portions of generating facilities to be established for purposes of
generating electrical energy under the frame of this Law and water use right agreement, which portions relate to the water
structure as well as the construction of water structures such as dams, ponds and regulators to be established by real persons
and legal entities shall be performed by DSI.

(3) The Ministry, Authority and DSI may, in respect of their supervision obligations under the scope of this law,
purchase services from companies, which they will authorize to perform inspection, evaluation and reporting in a way not to
be binding upon the Ministry, Authority and DSI in terms of the results thereof, in accordance with the relevant legislation.
The qualifications of such companies, authorization thereof and the rights and obligations of authorized companies and the
companies to be subjected to supervision as well as other principles and procedures shall, depending on relevancy, be set
forth under such regulations as will be made by the Ministry, Authority and DSI.

Sanctions and the procedure in which the sanctions to be imposed

ARTICLE 16 - (1) The Board shall impose the following sanctions and penalties on the legal entities operating in the
market:

a) Where information is requested or where on-site inspection is performed by the Board, if the information are found
to be provided inaccurately, incompletely or misleadingly or if no information is provided at all or if on-site inspection is not
allowed, the relevant entity shall be served a written warning to provide the information accurately and to allow for on-site
inspection within fifteen days. If, in spite of the written warning served, noncompliance is not remedied, an administrative
fine of five hundred thousand Turkish Liras shall be imposed.

b) Where acts of noncompliance with the provisions of this Law, secondary legislation or license, and with
resolutions and instructions of the Board are found, a written warning shall be served requiring that noncompliance be
remedied within thirty days and not repeated depending on the nature of noncompliance and where, in spite of the written
warning served, the noncompliance is not remedied or repeated, an administrative fine of five hundred thousand Turkish
Liras shall be imposed.
c) Where an act of noncompliance is committed, which, depending on the nature thereof, may not be remedied after committing the act of noncompliance with the provisions of this Law, secondary legislation or license, an administrative fine of five hundred thousand Turkish Liras shall be imposed without the need to serve a warning.

c) Where, during the license application or during the period of validity of the license and in respect of the conditions sought for the grant of license, false documents are submitted or misleading information are provided or changes to the license conditions, which may have an impact on the grant of license are not advised to the Board, an administrative fine of eight hundred thousand Turkish Liras shall be imposed. Where it is not possible to remedy the said false documents or misleading information or the changes in the license conditions or where, in spite of written warning served for remedy within thirty days, the acts of noncompliance are not remedied, the license shall be revoked.

d) If the prohibition of affiliate relation is not complied during the term of the license, the relevant party shall be warned to remedy the affiliate relationship within a period of thirty days. If, in spite of the written warning served, noncompliance is not remedied, an administrative fine of nine hundred thousand Turkish Liras shall be imposed.

e) Where it is determined that activities are carried out within the market out of the scope of license, the relevant party shall be served a written warning to cease the activity out of the scope or the unfavorable activity within fifteen days. If, in spite of the written warning served, noncompliance is not remedied, an administrative fine of one million Turkish Liras shall be imposed.

f) Where it is determined that the conditions, based on which the license is granted, are no longer met during the term of the license or that the conditions were not met from the beginning, the relevant license shall be revoked.

g) Where, in respect of the demands and transactions performed in accordance with this Law, it is determined that there is fraud or a false statement is made against the law, the relevant license shall be revoked.

(2) The Board may, in respect of the aforementioned acts which require fines, apply different warning periods depending on the nature of the act. Where, following the imposition of the said fines, the act, being the subject of fine, is not remedied or is repeated within the warning time granted, the fines shall be applied by doubling the amount of the previous fine each time. Unless the same act, which requires the imposition of administrative fine, is not committed within two years as of the imposition of the said fines, the previous fines shall not be taken into consideration in repetition. However, if the same act is repeated within two years, the amount of fine to be imposed by increase may not exceed ten percent of the gross revenue of the relevant legal entity in its balance sheet of the previous fiscal year. If fines reach up to such level, the Board may revoke the license.

(3) Where violations of the legislation by a distribution company, which operates at a distribution region under the scope of its license, hinder its ability to fulfill its distribution activities satisfactorily in line with the principles and procedures prescribed under a regulation prepared by the Authority or the violations of the legislation reduce the nature and quality of the distribution activity to an acceptable level or where the said distribution company made it a habit to act in noncompliance with the legislation or where it is in the state of insolvency or it is determined by a resolution of the Board that it will be in the state of insolvency, the following sanctions may be imposed jointly or severally:

a) Some or all members of the board of directors of the legal entity holding a license may be dismissed and new members may be appointed by the Board.

b) Financial equivalents of the services, which should be provided by the legal entity holding a distribution license, but which have not been provided, and of the investments shall first be collected from the company's revenue from other activities, if not sufficient, from the dividend incomes of the existing shareholders and finally be collected from assets of the shareholders holding registered shares.

c) The works and procedures required in order to identify the legal entity entitled to operate the distribution system shall be performed under the frame of the first paragraph of Article 18.

c) A new license shall be granted to such legal entity which certifies that it is entitled to operate the relevant distribution system and who fulfills the obligations provided for under this Law.

d) The Board shall, for protecting consumers and avoiding the interruption of services, adopt any measures until another legal entity is granted a distribution license for the distribution region, the license of which is terminated.

(4) Where violations of the legislation by an assigned supplier company hinder its ability to fulfill its distribution activities, which are subject to regulation, in a satisfactorily manner in line with the principles and procedures prescribed under a regulation prepared by the Authority or the violations of the legislation reduce the nature and quality of the distribution activities thereof, which are subject to regulation, to an unacceptable level or where the said distribution company made it a habit to act in noncompliance with the legislation or where it is in the state of insolvency or it is determined by a resolution of the Board that it will be in the state of insolvency, the following sanctions may be imposed jointly or severally:

a) Some or all members of the board of directors of the legal entity holding a license may be dismissed and new members may be appointed by the Board.

b) The Authority shall, for protecting consumers and avoiding any interruption of services, adopt any measures until another legal entity is identified as the supplier of last resource in substitution for the assigned supplier company, whose license has been terminated.
c) A new supply license shall be granted to the legal entity that is identified by the Board as the supplier of last resource.

(5) Where the violations of the legislation by the organized industrial zone holding a distribution license hinder its ability to fulfill the distribution activity in line with the principles and procedures prescribed under a regulation prepared by the Authority at an unacceptable level, where the violations of the legislation reduce the nature or quality of distribution activities to an unacceptable level, where the organized industrial zone made it a habit to violate the legislation or where it is in the state of insolvency or it is determined by a resolution of the Board that it will be in the state of insolvency, the license thereof shall be revoked and the distribution activities shall be carried out by the relevant distribution company.

(6) The Authority may, in respect of the conduct of other works and procedures under the scope of paragraph four, cooperate with other public institutions and organizations or procure services from real or legal entities in pursuance of the provisions of the relevant legislation. The principles and procedures regarding the implementation of the aforementioned provisions shall be prescribed under a regulation to be made by the Authority.

(7) The lawsuits brought by the Board against the members appointed to the board of directors of distribution companies for grounds relating to the performance of their functions shall be deemed to have been brought against the Authority, being the relevant authority ensuring the said appointment, and hostility shall be directed to the Authority in such lawsuits. Where, at the end of the judgment, order is given against the Authority and where the Authority makes any payment due to the finalization of the order, the amount of such payment shall be collected with recourse to the relevant parties in proportion to their negligence if and where the order regarding their negligence has been finalized. Staff members involved in the performance of the works and procedures under paragraph four shall be subject to the Law no. 4483, dated 2/12/1999 on the Prosecution of Civil Servants and other Public Employees.

(8) All administrative fines set forth under this article may not in any manner be included as an item of cost in the tariffs as may be prepared by the legal entity who pays the relevant fine.

PART FOUR

Tariffs, Protection of Consumers, Privatization, Expropriation and Security of Supply

ARTICLE 17 - (1) The tariffs set forth under this Law and proposed to be implemented in the following period shall be prepared by the relevant legal entity in line with such principles and procedures as will be prescribed by the Board and submitted to the Authority for approval. The Board shall require the revision of tariff offers which it did not consider proper under the frame of the legislation or, where necessary, shall revise it ex officio and so approve. The relevant legal entities shall be obliged to apply the approved tariffs.

(2) The inflation changes to be made by the license holder to the annual tariffs and the arrangements relating to other matters specified in the license thereof shall be subject to the approval of the Board. The price formulations specified under the scope of approved tariffs shall be amended subject to the conditions referred to in the legislation.

(3) The approved tariffs may not include anything that is not directly related to the market activities of the said legal entity. Transmission additional fee shall constitute an exception of this provision.

(4) The terms and conditions of the board-approved tariffs shall be binding upon all real and legal entities, being subject thereto. If any real or legal entity fails to ensure any payments prescribed in the tariff which it is subject to, the principles and procedures regarding the suspension of the said service shall be set forth under a regulation to be made by the Authority.

(5) Upon the grant of license which requires tariff approval, the tariff for the then current year shall be reviewed and approved by the Board.

(6) Types of tariffs subject to regulation by the Board shall be as follows:
   a) Connection tariffs: Connection tariffs include prices, terms and conditions which are based on non-discrimination among equal parties for connection to the distribution system, which will be included in the relevant connection contracts. Connection tariffs shall not include network investment costs, and shall be limited with the costs accruing in the name of the person ensuring the connection.
   b) Transmission tariff: Transmission tariff to be prepared by TEIAS shall include prices, terms and conditions which shall be applicable to all users making use of the conveyance of electrical energy generated, imported or exported through the transmission system, without discrimination among equal parties. Network investments to be made by TEIAS and transmission additional charges shall be included in the transmission tariff.
   c) Wholesale tariff: Electricity wholesale prices shall be determined freely by parties under such procedures and principles as will be prescribed by the Authority. Technical and nontechnical losses of distribution companies, electrical energy to be supplied thereby under the scope of general lighting and the electrical energy wholesale tariff to be supplied from TETAS for the sale of electrical energy to the consumers, the tariff of whom are subject to regulation, shall be determined by the Board, considering the ability of TETAS to fulfill its financial obligations.
   c) Distribution tariffs: The distribution tariffs to be prepared by distribution companies shall include prices, terms and conditions which shall be applicable to all users making use of the conveyance of electrical energy through distribution system, without discrimination among equal parties.
d) Retail sale tariffs: In respect of ineligible consumers, it shall include prices, terms and conditions applicable without discrimination among equal parties. Retail sale tariffs applicable to ineligible consumers shall be proposed by the assigned supplier company and shall be revised and approved by the Board. The license of supply companies holding a license may include obligations regarding the application of such types of tariffs which change depending on the amount of electrical energy consumption or regarding the price ranges and related details shall be prescribed under a regulation to be made by the Authority and so included in the license.

e) Market operating tariff: It shall be prepared based on covering the income needed by EPIAS to maintain its activities and on fiscal sustainability.

f) Last resource supply tariff: Last resource supply tariff shall be prepared in consideration of the effective retail sale tariffs and market prices at a level which will encourage the consumers who, although they are eligible consumers, does not supply electrical energy from a supplier other than the company holding a supply license, and allow the last resource supplier to make reasonable profit. However, notwithstanding the said restrictions, a separate tariff may be created for consumers who consume electrical energy below such amount as will be determined by the Board in consideration of social and economic conditions. The tariffs provided for under the scope of last resource supply shall be separately proposed by the holders of supply license.

(7) Where it is necessary to ensure subvention to specific regions or for purposes of supporting consumers as intended for specific purposes, such subvention shall be ensured without any changes to the prices. The amount of subvention and related principles and procedures shall be set forth pursuant to the resolution of the Council of Ministers upon the proposal of the relevant ministry, and paid from the budget of the relevant authority.

(8) The principles and procedures regarding the compensation from the relevant parties of damages and losses arising from the poor quality or cuts or failures of electrical energy shall be set forth under a regulation to be made by the Authority.

(9) Infrastructure works to be performed by legal entities holding a transmission or distribution license shall not be subject to infrastructure excavation license charge. No condition of providing guarantee shall be sought in respect of infrastructure works, including license applications. The unit prices, based on which the ground ruin fees to arise due to infrastructure works may not exceed such unit prices as published by the Ministry of Environment and Urban Planning. The infrastructure excavation license applications lodged by the legal entities holding a transmission and distribution license shall be concluded promptly by the relevant public legal entities.

Privatization

ARTICLE 18 - (1) The Ministry shall advise to the Privatization Administration its proposals and opinions regarding the privatization of TEDAS, EUAS and the establishments, affiliates, subsidiaries, business and business units thereof as well as the assets thereof. Privatization procedures shall be conducted by the Privatization Administration under the frame of the provisions of the Law no. 4046.

(2) Save that the titles to and the ownership thereof shall be reserved, an operating right transfer agreement, in respect of the operating and assets which fall under the scope of activity of TEDAS and which are required for distribution activities, may be drawn up between TEDAS and the electricity distribution companies which are established for purposes of conducting activities at distribution regions determined.

(3) Even if EUAS or the organization, affiliate, subsidiary, business firm and business units and the assets thereof are included in the privatization program, their relation with the ministry or the authorities they report to and with the legislation they are currently subject to, and the ownership of the assets thereof by the authority or organizations shall remain unchanged. However, technical, financial, administrative and legal procedures with respect to the preparation for privatization by such organizations, procedures regarding the personnel and works and procedures relating to the privatization shall be conducted under the frame of the provisions of the law no. 4046. However, in respect of any appointments to the chair and memberships of the board of directors, members of the board of liquidation and to the general managements of such organizations and new corporations to be established under this scope and to managements and management committees of organizations which are included in the privatization program and which are not required to be converted into corporations and to the managements at business firms and business units and of dismissals from such offices, the power to submit proposal to the Prime Minister shall rest with the Minister. The Prime Minister may delegate such power thereof to the Minister. The powers of the Minister to which the Undersecretariat of Treasury reports, including the powers for appointment, referred to in the Decree Law no. 233, dated 8/6/1984 on State Economic Enterprises, which relate to the procedures falling under the scope of this paragraph, shall be reserved.

(4) At the phase of procedures to be conducted with respect to the privatization, sales and share transfer pursuant to this Law, under the internal and external contracts of loan to which the Undersecretariat of Treasury is a party or a guarantor, the financial liabilities arising from investments made for purposes of financing transmission facilities shall be fixed by a protocol to be made between EUAS, TEIAS, the Undersecretariat of Treasury and Privatization Administration for purposes of inclusion in the liabilities of the transferee legal entity of the said facilities.

Expropriation

ARTICLE 19 - (1) Expropriation demands by legal entities subject to private law holding a pre-license or license and conducting generation and distribution activities in the electricity market in respect of immovable properties held
thereby, which are required for the activities subject to the pre-license and license shall be reviewed by the Authority and, if found proper, the Board shall take decision of public utilities. Under the frame of the mentioned decision, the required expropriation procedures shall be carried out under the principles referred to in the Expropriation Law no. 2942, dated 4/11/1983 by the Ministry of Finance for legal entities subject to private law conducting generation activities and holding a pre-license or license, and by TEDAS for the license holders conducting distribution activities. In such case, expropriation prices and other expenses required by the expropriation procedures shall be borne by legal entities holding pre-license or license which demand expropriation.

(2) The title to and ownership of the expropriated immovable property and/or the limited rights in kind thereon shall rest with the relevant public institution or organization which hold the ownership of the generating and distribution facilities, and in the absence thereof, to the Treasury. Free easement shall be constituted by the Ministry of Finance on the immovable properties, the expropriation price of which are paid by the private law legal entity holding a pre-license or license and which are then registered under the name of Treasury at the land registry office by payment of the expropriation price thereof or which are cancelled at the land registry office as a requirement of nature thereof, in favor of legal entities subject to private law holding a pre-license or license, who pay the expropriation price and/or a right of use shall be granted thereto. The term of the easement and/or the right of use shall be limited with the period of validity of the pre-license or license.

(3) The expropriation prices required by privatizations ensured by legal entities holding a distribution license in respect of new distribution facilities and other expenses shall be repaid by way of tariffs.

(4) Where pre-license holder fails to obtain a license or where pre-license or license expires or is revoked, the following procedures shall apply in respect of the expropriation prices paid by legal entities that hold a pre-license or license:

a) Where distribution license is terminated due to the expiry of its term, expropriation prices which may not be recovered by way of tariffs shall be returned to the relevant company by the public institution or organization holding the title to the immovable property.

b) Where expropriated immovable properties are given up to another pre-license holder by way of constituting easement on, and/or providing an utilization permit for, the expropriated immovable property, the expropriation price shall be paid to the legal entity who paid by the expropriation price by a pre-license holder in favor of whom easement is constituted and/or who is granted the utilization permit.

c) Where expropriated immovable property is reclaimed by the holder of the immovable property or by the heirs thereof pursuant to Article 23 of the Law no. 2942, the price payable by the holder of the immovable property or by the heirs thereof shall be paid to the legal entity who paid the expropriation price.

(5) Privatization procedures relating to the immovable properties which are required for the generating, transmission or distribution activities conducted by public legal entities holding a pre-license or license shall be carried out by such legal entities and expropriated immovable properties shall be registered under the name of the relevant public corporate entities holding the title to the generating, transmission or distribution facilities.

(6) The expropriation of immovable properties where the distribution facilities which, as of the date of privatization, are existing at distribution facilities for which the legal entities subject to private law obtained the operating right, are located and for which, as of the said date, expropriation decisions are not adopted or of which, although the expropriation decision is adopted, expropriation procedures are not completed shall be conducted by TEDAS, and be registered under the name of TEDAS after the payment of expropriation prices by TEDAS.

(7) The immovable properties held by public institutions or organizations other than the immovable properties held by the Treasury, which are required for the generating and distribution activities conducted by legal entities subject to private law shall be procured by the Ministry of Finance for legal entities subject to private law who hold a pre-license or license and who conduct generating activities pursuant to the resolution to be passed by the Board and for the license holders conducting distribution activities, by TEDAS by application of the Article 30 of the Law no. 2942. In such case, expropriation prices and other expenses required by the expropriation procedures shall be borne by the legal entities subject to private law, which demand expropriation. The title to such immovable properties shall rest with the relevant public institution or organization holding the title to the generating or distribution facilities, and in the absence thereof, to the Treasury.

(8) In respect of easement, utilization permit and rental, the following shall apply:

a) License or pre-license holding Legal entities subject to private law, which conduct generating and distribution activities in the market shall, in respect of their activities, demand to the Authority in respect of constituting easement, grant of utilization permit or rental on the immovable properties the title to which are held by the Treasury or which are under the control and disposal of the State. If such demand is found proper by the Board, a constitution of easement, utilization right or rental agreement shall be drawn up by and between the Ministry of Finance and pre-license or license holding legal entities which are subject to private law, save that the term thereof shall be limited with the period of validity of pre-license or license. Such agreements shall include a clause, providing that the term of validity of the agreement shall be limited with the period of validity of the pre-license or license. The obligation to pay the price of easement, utilization right or rental shall rest with the pre-license or license holding legal entity which is subject to private law.

b) Where constitution of easement or the grant of utilization right is demanded in respect of the immovable properties which are under the private ownership of the Treasury or are under the control and disposal of the State, which
properties are required for the generating, distribution or transmission activities carried out in the market by legal entities holding a pre-license or license, the Ministry of Finance shall constitute a free easement or grant an utilization right in favor the public legal entities throughout the term of the license.

Supply security

ARTICLE 20 - (1) The Ministry shall be responsible for monitoring the supply security of electrical energy and adopting measures with respect to supply security. Roles and responsibilities with respect to supply security shall be as follows:

a) TEIAS shall, in such a way as to minimize the transmission constraints, be responsible for ensuring the planning, installation of the transmission network, for maintaining the system security and preparing a twenty-year Long Term Electrical Energy Generation Development Plan under a generating capacity projection. TEIAS may, for purposes ensuring that system security is maintained, and supplying regional system needs as may arise due to the lack of sufficient capacity, make tenders to cause a new generating facility to be established or renting the capacities of the existing generating facilities under the scope of ancillary services agreements. The capacity rental price payable by TEIAS under the frame of tenders shall be covered by reflection on the system operating price, and the energy price shall, depending on the intended purpose, be covered by market participants under the balancing and settlement regulation or by reflection on the system operating price under the scope of commercial ancillary services agreements. The principles and procedures regarding the tender to be made by TEIAS for purposes of capacity rental under the ancillary services agreements shall be set forth under a regulation to be made by the Authority.

b) Assigned supplier companies must, until the end December each year, notify the Authority of their estimated peak demands for electrical energy, the amount of electrical energy they need, the contract they entered into to supply such amount and additional energy or capacity needs for the next five years. The principles and procedures regarding the agreements to be entered into with generating companies or supply companies for purposes of meeting the said energy and capacity needs shall be prescribed by the Authority under a regulation.

c) The Authority shall be responsible for monitoring the realizations of generation facilities which are granted a license, taking required measures to ensure the initiation of such facilities within the anticipated time under the frame of the relevant legislation, and, for purposes of use in works of supply-demand balance to be performed by TEIAS, furnishing a regular notice to the Ministry in respect of licensed new generation capacity amounts which will be put into operation within five years and which will be considered in supply calculation.

(2) Capacity mechanisms shall be created for purposes of creating sufficient nameplate power capacity, including the reserve capacity required for ensuring supply security. The principles and procedures regarding the creation of capacity mechanism shall be set forth under such regulation as will be prepared by the Ministry by consultation with the Authority and as will be put into force by and with the resolution of the Council of Ministers.

(3) The following procedures shall be followed for the monitoring and evaluation of supply security:

a) Electrical Energy Demand Projection Report of Turkey covering the next twenty years shall be prepared and published by the Ministry once in two years by consultation with the Ministry of Development and the Authority.

b) Following the publication of Electrical Energy Demand Project Report of Turkey, TEIAS shall, for purposes of use in determining the energy policies, prepare and present to the Ministry the Long Term Electrical Energy Generation Development Plan, considering the demand estimation covering the next twenty years, existing supply potential, potential supply means, fuel sources, structure of the transmission and distribution system and development plans, import or export opportunities and diversity of sources. This plan shall be published by the Ministry following the approval thereof.

c) TEIAS shall, each year, determine and present to the Ministry and Authority the realizations according to the Long Term Electrical Energy Generation Development Plan as well as short and medium term supply-demand balance in such a way as to cover the next five years under the scope of generation capacity projection.

c) The Ministry shall, each year until December 31, prepare and present to the Council of Ministers the Report of Electrical Energy Supply Security, considering the supply-demand balance, source diversity, the state of transmission and distribution system and generating facilities in line with the results of aforementioned works and the Electricity Market Development Report as prepared by the Authority. The report shall cover evaluations about electricity market development and operation and findings, issues and solution officers in respect of supply security.

PART FIVE

Miscellaneous Provisions

Notices

ARTICLE 21 - (1) In respect of any notices to be given by the Authority under this Law, the provisions of the Service of Notices Law no. 7201, dated 11/2/1959 shall apply; however, the notices to be given by way of announcement shall be published in the Official Gazette.

Service procurement

ARTICLE 22 - (1) Legal entities holding a license may procure services in relation to the activities under the licenses thereof. However, it shall not be interpreted as a transfer by the relevant license holder legal entity of its obligations arising from the license. The Board shall prescribe which activities may be conducted by way of service procurement.
Opinion with respect to connection

ARTICLE 23 - (1) TEIAS and distribution companies shall publish each year the regional generating facility capacities that may be connected to the system thereof, for the next five years and the next ten years following it. No opinion with respect to connection shall be given to generating facilities other than the regional capacities so published. Where demanded by the Ministry for purposes of ensuring supply security and, for ensuring the development of competition in the market, by the Authority, TEIAS and distribution companies shall increase the capacities they determined and the number of connection points considering the system conditions.

Relocation

ARTICLE 24 - (1) In respect of the hydroelectric power plant projects to be carried out under the scope of this Law and the Law no. 5346 and the investments to be made for purposes of electricity generation from domestic sources under the second paragraph of the transitional Article 4 of the Law no. 4283, where it is mandatory to change the route of railway transport, including the projects relating the water use agreements, which are made prior to the effect of this Law, but which are not yet completed, relocation work shall be carried out by the administration which control the relevant railway by collection of the expropriation price of the existing railway to remain under water.

Taxes and charges

ARTICLE 25 - (1) The documents and papers drawn up in respect of the agreements relating to the right of use of water and operating principles, which are concluded by DSI as of 26/6/2003 and which do not make any provision regarding the repayment of joint facility investment price shall be exempt from stamp duty, and the associated transactions shall be exempt from charges.

Rights and obligations of EUAS

ARTICLE 26 - (1) EUAS shall take over the generating facilities under the control of DSI in accordance with the provisions under this Law, and shall, itself and/or through the agency of its affiliates, operate and, where necessary, exclude from the system the generating facilities which had been taken over from the cancelled Turkey Electricity Generation Transmission Corporation and which have not yet been transferred to legal entities subject to private law projections.

(2) EUAS shall protect the ownership of facilities and operations which are or will be transferred to legal entities that are subject to private law provisions by way of transfer of operating right under the existing agreements and additional, substitution and maintenance investments thereto.

(3) EUAS shall make any kind of improvement, capacity increase, renewal, substitution and maintenance investments in relation to the existing facilities or the facilities it will take over.

(4) EUAS may, subject to assent of the Ministry, enter into partnerships with legal entities subject to private law provisions, in respect of new generating facilities.

(5) The Ministry and Authority shall, for purposes of ensuring that EUAS creates an efficient generating composition and any financial burden resulting from generation is avoided, be entitled and obliged to adopt any kind of measures by consultation with the opinions of the Ministry of Development and Undersecretariat of Treasury, in a manner not leading to a negative impact on the financial structures of other government business enterprises operating in the energy market.

(6) EUAS shall, under the scope of generating license, perform the activities referred to under second paragraph of Article 7.

Rights and obligations of TETAS

ARTICLE 27 - (1) TETAS shall execute the energy purchase and sale agreements signed under the scope of existing agreements. It may also sign energy purchase and sales agreements under the scope of existing concession and implementation contracts, and may sign electrical energy import or export agreements under the scope of intergovernmental agreements.

(2) TETAS shall, under this Law and relevant legislation, enter into and execute bilateral agreements relating to electrical energy and capacity purchase and sales, and operate in organized electricity wholesale markets.

(3) TETAS shall sell electrical energy out of the wholesale tariff to assigned supplier companies for consumers, the tariff of who are subject to regulation.

(4) The prices, terms and conditions relating to the sale of electrical energy by TETAS to assigned supplier companies for consumers, the tariff of who are not subject to regulation, shall be prescribed freely between the parties.

(5) The suppliers who are authorized as the supplier of last resource by the Board shall be responsible for supplying from TETAS such amount of electrical energy which it supplies for customers under the scope of supplier of last resource as will be prescribed by the Board each year.

(6) Distribution companies shall supply from TETAS its energy demands due to general lighting and technical and nontechnical losses.

(7) The Ministry and Authority shall, for purposes of ensuring that TETAS fully fulfills its purchase obligations and any financial burden resulting from such obligations is avoided, be entitled and obliged to adopt any kind of measures by consultation with the opinions of the Ministry of Development and Undersecretariat of Treasury, in a manner not leading to a negative impact on the financial structures of other government business enterprises operating in the energy market.
Updating investment values

ARTICLE 28 - (1) DSI energy contribution shares referred to in US Dollars under the agreements of build-operate-transfer model hydroelectric power plants in operation, which operates under the frame of existing agreements and DSI contribution shares of which are paid by TETAS by way of tariffs shall, at the amount stated in the agreement, be paid to DSI at the end of each operating year out of the foreign exchange rate of the Central Bank of the Republic of Turkey valid on the date of payment.

(2) The installation price on which the energy contribution share payable to DSI under the provisions of the water use right agreement signed in respect of the existing hydroelectric power plants or for the power plants to be established under the scope of the Law no. 4628, the initial estimated value of the single or multipurpose facilities, on which the tender will be based:

a) Where it includes the energy facility, the initial estimated value of such part of the facility which is constructed by DSI,
b) Where it does not include the energy facility, the initial estimated value for the joint facility,

may not be greater than thirty percent of the amount which is brought to the date on which water use agreement is made by using Wholesale Price Index/Producer Price Index, and in respect of facilities falling under the scope of subparagraph (b), if there is any amount of expense made to the energy facility by DSI, such amount shall be separately added to the energy contribution share by calculation of Wholesale Price Index/Producer Price Index. The updating of the initial estimated value shall be based upon the value of Wholesale Price Index / Producer Price Index published in January of the year of estimation in respect of contracts brought to tender pursuant to the State Procurement Law no. 2886, dated 8/9/1983, if the value is fixed in water use right agreements made, on the Wholesale Price Index / Producer Price Indexed used in the calculation of such value, and one month prior values of Wholesale Price Index / Producer Price Index as of the date the tender is submitted in respect of contracts brought to tender pursuant to the Public Procurement Law no. 4734, dated 4/1/2002. In respect of the payments made or to be made for expropriations relating to the project, the entire amount falling under the energy contribution share of the value which is brought to the date on which the water use agreement is made using Wholesale Price Index shall be borne by the company.

Evaluation of applications for hydraulic sources

ARTICLE 29 - (1) In respect of applications lodged to sign a right of water use agreements for purposes of obtaining a generation license for hydraulic sources, DSI shall be entitled to identify the legal entity with which a right of water use agreement shall be signed. Where multiple applications are lodged to DSI for the same source, the legal entity, among those with acceptable feasibility, which proposes to give the highest rate of hydroelectric source contribution share per unit megawatt each year shall be determined and reported to the Authority as the legal entity with which an agreement will be signed.

(2) Hydroelectric source contribution share value shall, until the end of January each year, be paid for purposes of recording as revenue in DSI budget.

(3) The principles and procedures regarding the implementation of this article shall be set forth under a regulation to be made by the Ministry, to which DSI reports.

Amended and annulled provisions

ARTICLE 30 - (1) The heading of the Law no. 4628 has been amended as "Law on the Organization and Duties of the Energy Market Regulatory Authority".

(2) Article 1 including the heading of the Law no. 4628 was amended as follows.

"Object and definitions

ARTICLE 1 - The object of this Law is to set out the principles regarding the organization, duties, powers and responsibilities of the Energy Market Regulatory Authority and personnel affairs thereof.

For the purposes of this law, the following terms shall have the following meanings;

a) Minister: means the Minister of Energy and Natural Resources,
b) Ministry: means the Ministry of Energy and Natural Resources,
c) Board: means the Energy Market Regulatory Board,
c) Authority: means the Energy Market Regulatory Authority,

(3) Article 9 including the heading of the Law no. 4628 was amended as follows.

"Status of the presidency, staff, personnel of the authority, and appointment procedure and personal rights thereof

ARTICLE 9 - The Presidency shall consist of the President, vice presidents and service units. Two vice presidents may be appointed subject to the resolution of the Board for purposes of assisting to the President in his/her functions as the President of the Authority. Vice presidents shall be responsible for fulfilling the duties and instructions given by the President and ensuring coordination among relevant service units. Also, the President may appoint a president advisor, provided that it does not exceed the number of staff members specified in the attached Schedule (I).

The service units and duties and powers of the Authority shall be as follows:
a) Department of Electricity Market: The Department of Electricity Market shall be responsible for carrying out the works of drawing up relevant regulations with respect to the electricity market, creating competition conditions, protecting consumer rights and review of consumer complaints as assigned to the Authority by and under this Law and other laws as well as conducting works and procedures relating to any kind of licenses, certificates, permits and certification.

b) Department of Natural Gas Market: The Department of Natural Gas Market shall be responsible for carrying out the works of drawing up relevant regulations with respect to the electricity market, creating competition conditions, protecting consumer rights and review of consumer complaints as assigned to the Authority by this Law, the Natural Gas Market Law no. 4646, dated 18/4/2001 and other laws as well as conducting works and procedures relating to any kind of licenses, certificates, permits and certification.

c) Department of Petroleum Market: The Department of Petroleum Market shall be responsible for carrying out the works of drawing up relevant regulations with respect to the petroleum market, creating competition conditions, protecting consumer rights and review of consumer complaints as assigned to the Authority by and under the Petroleum Market Law no. 5015, dated 4/12/2003 and other laws as well as conducting works and procedures relating to any kind of licenses, certificates, permits and certification and perform national marker works and procedures.

d) Department of Tariffs: The Department of Tariffs shall be responsible for carrying on works relating to the identification of tariffs, approval of investment plans constituting the basis of electricity and natural gas tariffs, determination of investment ceilings and approval of demand estimations as assigned to the Authority under this Law and other laws.

e) Department of Supervision: The Department of Supervision shall be responsible for performing or ensuring the performance of inspections and supervision required to be made in the relevant markets of the Authority pursuant to the applicable laws and secondary legislation, cooperating with authorized public institutions and organizations on such matters where necessary and providing solution offers in respect of problems faced in the markets.

f) Department of Expropriation: The Department of Expropriation shall, in markets falling under the area of activity of the Authority, be responsible for performing or ensuring the performance of works relating to the duties of the Authority in respect of expropriation as set forth in this Law and other laws.

g) Legal Department: The Legal Department shall be responsible for representing the Authority for the follow-up and settlement of any dispute relating to the Authority and, where necessary, taking legal actions and providing legal advice to the President and other service units on legal matters.

h) Department of Strategy Development: Department of Strategy Development shall be responsible for determining strategies and policies and following up the practices of the Authority, carrying on the international relations of the Authority, following up sectoral developments and trends, composing market data, preparing market development reports, carrying out the works relating to the consumer rights, to perform the duties assigned to strategy development and financial services units assigned thereto by and under the Public Finance Management and Control Law no. 5018, dated 10/12/2003 and other legislation, to establish and maintain data processing infrastructure.

i) Department of Press and Public Relations: The Department of Press and Public Relations shall be responsible for following up visual and written media on the area of activity of the Authority and providing required documentation, planning the relations of the Authority with media organs and conducting publication and activities relating to ensuring publicity.

j) Board Services Office: Board Services Office shall be responsible for carrying out secretary services of the Board and Board members and organizing protocol works.

k) Private Secretariat of the President: Private Secretariat of the President shall provide secretarial services for the President and organize any kind of protocol works.

The area of activity, duties, authorities and responsibilities of service units shall, in accordance with aforementioned duties and functions, be set forth under a regulation to be put into effect with the proposal of the Authority and by the resolution of the Council of Ministers.

The staff, title and number of personnel to be employed within the Authority are provided under the attached Schedule (I). Changes to titles and ranks, inclusion of new titles and cancellation of vacant positions may be made pursuant to a resolution of the Board, provided that it does not exceed the number of total staff members, and is limited with the staff member titles referred to the schedule to the Decree Law no. 190 on General Staff and its Procedure.
The duties required by Authority services shall be performed by contracted personnel who are employed under an administrative labor contract. The personnel of the Authority shall, other than the matters provided for under this Law, be subject to the Law no. 657 on Civil Servants.

It is mandatory that board members and personnel of the Authority also meet the conditions referred to in subparagraphs (1), (4), (5), (6) and (7) of paragraph (A) of Article 48 of the Law no. 657 on Civil Servants.

Fundamental duties and services required pursuant to the duties assigned to the Authority shall be performed by professional personnel consisting of energy experts and assistant energy experts and other personnel working in other positions referred to in schedule (I). Employment of assistant energy experts, competitive examination, thesis preparation and proficiency exams and their appointment as energy experts shall be prescribed under a regulation to be made by the Board under the provisions of supplemental Article 41 of the Law no. 657 on Civil Servants.

The Chairman of the Board and Board Members as well as the personnel of the Authority employed under an administrative labor contract for positions attached to this Law shall be deemed insured under the scope of sub-paragraph (c) of the first paragraph of Article 4 of the Law no. 5510, dated 31/5/2006 on Social Security and General Health Insurance Law. Social security rights and obligations of the Chairman of the Board and Board Members as well as the personnel employed under an administrative labor contract for positions attached to this Law shall, save for the provision made under transitional Article 4 of the Law no. 5510, be determined in accordance with the provisions of the said law. Time of service at office of those who, when they were insured under the scope of sub-paragraph (c) of the first paragraph of Article 4 of the Law no. 5510, are appointed as the Chairman or Member of the Board, those whose term of office has expired or those who wish to leave office, shall be taken into consideration in the determination of vested right, rank and seniorities. The time of service at office of those who, during their term of office, fall under the scope of transitional Article 4 of the Law no. 5510 shall be considered the time for which executive compensation and representation compensations are required to be paid.

Disengagement with their previous institutions and organizations of those who, when they were insured at public institutions and organizations under the scope of sub-paragraph (a) of the first paragraph of Article 4 of the Law no. 5510, had been appointed as the Chairman or member of the Board shall not require the payment thereto any severance pay or termination pay. Service periods for which they are required to be paid severance or termination pay shall be merged with the service period spent as the Chairman or Member of the Board and shall be considered as period of service, for which retirement bonus will be paid.

The relation with their previous positions of those who are appointed as the Chairman or the member of Board shall be disengaged throughout the period they hold office. However, those who, when they were civil servant, are appointed as the member of the board shall be appointed by the competent authority to a position in line with their vested rights within one month where, providing that they still hold conditions of serving as a civil servant, their term of office is over or they request to leave office and apply to their previous institution within thirty days. Until the appointment is ensured, any kind of payments they receive shall be continued to be paid by the Board. Any and all payments received by those, among those who cannot serve at a public institution, who are appointed as the Chairman or member of the Board and whose term of office is terminated as stated above or until they take office, shall be continued to be paid by the Authority and the payment to be made by the Authority to those whose term of office is so terminated may not exceed two years.

The Chairman and members of the Board, personnel of the Authority and peer personnel determined pursuant to supplemental Article 11 of the Decree Law no. 375, dated 27/6/1989 shall be provided with all payments made pursuant to financial and social benefits, under the same principles and procedures, including taxes and any other legal deductions."

(4) The following transitional article has been included in the Law no. 4628.

“TRANSITIONAL ARTICLE 19 - Heads of the existing service units shall be deemed to have been appointed as the head of the relevant service unit created by and under this Law; and the personnel with the same position title shall be deemed to have been such positions created with the same title with their current ranks, without the need for any other procedure.

Personnel whose position and titles are changed or cancelled shall be appointed to positions conforming their status within a period of six months as of the effective date of this article. Until the appointment is ensured, they may be assigned to works as may be needed by the Authority. They shall, until they are appointed to a new position, continue to receive payments relating to their former titles. If, after they are appointed to a new position, net monthly salary they receive for their former positions is greater than the monthly amount they receive for their new positions, the difference shall be paid thereto as monthly compensation without being subject to any tax or deduction so long as they hold the same position and until the amount they receive for their new position becomes equal thereto. Optionally, those whose positions are subjected to any change and those who are transferred to other institutions shall be ceased to receive compensation.

In respect of the personnel holding the positions of the Authority as of 15/1/2012, the provisions of the legislation in effect prior to the said date, including retirement shall be continued to be applied considering the provisions made under transitional Article 10 of the Decree Law no. 375.

(5) Articles 2, 3, 11, 13, 14, 15, supplemental Article 3, transitional Article 1 and 2, transitional Article 3, transitional Article 4, transitional Article 5, transitional Article 6, transitional Article 7, transitional Article 8, transitional Article 9, transitional Article 10, transitional Article 11, transitional Article 12, transitional Article 13, transitional Article 14,
transitional Article 15, transitional Article 16, transitional Article 17 and transitional Article 18 of the Law no. 4628 are annulled.

(6) The fourth and sixth paragraphs of Article 6/C and transitional Article 4 of the Law no. 5346 are annulled.

(7) The sub-paragraph (b) of the first paragraph of transitional Article 6 of the Law on the Amendment of Liquefied Petroleum Gasses (LPG) Market Law no. 5307, dated 2/3/2005 and Electricity Market Law are annulled.

References and regulations

ARTICLE 31 - (1) In other legislation, the references made to the articles of the Law no. 4628 annulled by this Law shall be construed as made to the relevant provisions of this Law.

(2) The regulations which are required to be set forth under this Law and for which no time is specified shall be made within six months as of the date of effect of this Law. Until such regulations take effect, the provisions of all general regulatory procedures such as existing regulations, communiqués and Board resolutions, which are not in contradiction with this Law, shall continue to be implemented.

PART SIX

Transitional and Final Provisions

National tariff application

PROVISIONAL ARTICLE 1 - (1) A price equalization mechanism, which is established in such a way as to protect, in whole or in part, the consumers who buy electrical energy out of tariffs subject to regulation from interregional cost differences or from existing price differences, and the implementation matters of which are regulated under a communiqué prepared by the Authority, shall be implemented until 31/12/2015. All public and private distribution companies and assigned supplier companies shall be included in the price equalization mechanism.

(2) Until 31/12/2015, the requirements of the national tariff application shall be taken as the basis and cross subsidization shall be applicable in the national tariff. National tariff shall be prepared by the Authority and take effect upon approval thereof by the Board.

(3) Until 31/12/2015, all accounts shall be kept and maintained by separation in accordance with the relevant legislation.

(4) The authority to extend the periods under the scope of this article up to five years shall rest with the Council of Ministers.

Build-Operate-Transfer Agreement

PROVISIONAL ARTICLE 2 - (1) For purposes of ensuring that the companies which entered into a build-operate-transfer agreement with the Ministry under the provisions of the Law no. 3096, but which terminated or will terminate their agreements before commissioning could maintain their activities by obtaining a license under this Law, the immoveable properties held by the Treasury, on which An easement is constituted in favor thereof for the establishment of build-operate-transfer facilities under the agreement, may be directly sold by the Ministry of Finance to such companies over their current values, regardless of the value of the facilities located on such immoveable properties.

Tax regulations

PROVISIONAL ARTICLE 3 - (1) Under the scope of privatization of electricity distribution companies and generating facilities and/or companies, profits arising from transfer, merger, demerger, partial demerger procedures to be made until 31/12/2023 shall be exempt from corporate tax. In case of losses due to the procedures and transactions made under this article, such loss shall be disregarded in the determination of the profit of the institution. Such demerger procedures shall be deemed a demerger procedure ensured under the scope of Corporate Tax Law no. 5520, dated 13/6/2006.

(2) Deliveries and services to be provided under this Article shall be exempt from value added tax. The taxes undertaken with respect to the performance of such deliveries and services shall be deducted from value added tax calculated in respect of procedures subject to taxation. Value added tax which may not be covered by way of deduction may not be returned. In respect of procedures falling under the scope of this article, the relevant provisions of the Law no. 6102 shall not apply.

(3) The separation of distribution and retail sale activities shall be deemed a demerger ensured under the scope of the Law no. 5520 under the principles and procedures specified with regard to this Law, on condition that it is made over the registered values.

Regulations intended to ensure supply security

PROVISIONAL ARTICLE 4 - (1) For purposes of creating the required supply capacity in the short term along with a sufficient reserve, the legal entities holding a generation license, which will start operating until 31/12/2015 for the first time shall be provided with the following incentives. The authority to extend the said duration up to five years shall rest with the Council of Ministers.

a) Fifty percent discount shall be made for the system use prices of transmission systems for a period of five years as of the date of commissioning of generation facilities.

b) At the investment period of generating facilities, the procedures and works performed in respect of generating facilities shall be exempt from charge, and the documents and papers executed shall be exempt from stamp duty.
(2) Among the immovable properties, which are of forest nature or which are under the private ownership of the Treasury or under the control and disposal of the Government; at electricity generating facilities based on renewable energy sources under the Law no. 5346 and the electricity generating facilities, where the metals referred to in Group IV (b) of Article 2 of the Mining Law no. 3213, dated 4/6/1985 are utilized as input, under the scope of mine operation license and permit regulated by the Ministry; the Ministry of Forestry and Water Affairs or the Ministry of Finance shall, in return for its value, grant permit, or rent, constitute easement or provide utilization right to and for those which shall be used for energy conveyance line up to the facility, transportation and grid / network connection point.

(3) Where the immovable properties intended to be used for purposes referred to in the second paragraph are public-owned meadow, summer pasture, winter quarters and grassland and pasturage within the scope of Law no. 4342, dated 25/2/1998, such immovable properties shall be registered under the name of the Treasury by changing its purpose of allocation, in pursuance of the provisions of the Law no. 4342. The Ministry of Finance shall rent or constitute easement for such immovable properties in consideration of its value.

(4) For the electricity generation facilities which are based on renewal energy sources under the Law no. 5346 and are to be put into operation until 31/12/2020, including those in operation as of the day of publication of this Law, and the electricity generation facilities where the metals referred to in Group IV (b) paragraph of Article 2 of the Law no. 3213 are used as input under a mining operation license and permit as regulated by the Ministry, and which are to be put into operation until 31/12/2020 as of the publication of this Law, transport roads and from energy conveyance lines, including those which will be transferred to TEIAS or distribution companies, until the point of connection to the system specified in the licenses thereof, eighty-five percent deduction shall be applicable to the values of investment and permits in the first ten years of their operating period, rent, easement and utilization right, as of the date of permit granted by the authority. The Development of Forest Villagers Income and Forestation and Erosion Control Income shall not be demanded therefrom. The facilities which are established or to be established on mining sites, for which tender is made or which are regulated under an agreement for purposes of building electricity generating facilities by public institutions and organizations prior to the date of publication of this Law may not take advantage of the discount and exceptions referred to under this paragraph. The authority to extend the duration under this paragraph up to five years shall rest with the Council of Ministers.

**Electrical Energy Fund**

**PROVISIONAL ARTICLE 5** - (1) Pursuant to the Fund Agreements signed by and between the relevant companies and the cancelled Electrical Energy Fund under the scope of projects realized under the frame of the Law no. 3096, no interest shall be applicable in the repayment of loans which are or are to be provided by the Fund and which are anticipated to be repaid to the Fund by provision of additional fund to companies, and by way of reflection on the sales tariffs of the company.

**General lighting**

**PROVISIONAL ARTICLE 6** - (1) The lighting expenses made until 31/12/2015 at places which are lighted under the scope of general lighting shall be covered by the fund to be included in the budget of the Ministry and by general budget tax incomes of the relevant municipalities and special provincial administrations. The Council of Ministers shall be entitled to extend the said duration up to two years. The deduction to be made from the general budget tax income shares of the municipalities shall be applicable by ten percent of the lighting expenses for metropolitan municipalities and municipalities at urban areas, and for other municipalities, by five percent of the lighting expenses. Other than such limits, ten percent of the lighting costs shall be covered by way of deduction from the share of the relevant special provincial special administration. The Council of Ministers shall be entitled to double the rates referred to under this paragraph.

(2) Required investments for regions for which general lighting decision may be taken by the lighting committee which consists of the distribution company under the chair of the representative to be designated by the Ministry, relevant municipality and/or provincial special administration shall be made by the distribution company.

(3) Consumption and investment expenses relating to the border lighting for security purposes shall be covered by the fund to be included in the budget of the Ministry of Internal Affairs, and the lighting expenses of places of worship which are opened for worship by the public and which are free, by the fund to be included in the budget of the Department of Religious Affairs.

(4) TEDAS shall inspect the distribution companies as to whether, as of certain periods, the amount and price of consumption on bills sent by the distribution companies are accurate or not. Where, in consequence of the inspections made, it is determined that excessive payment is made to distribution companies, the relevant distribution company shall be required to ensure the payment of the excessive portion of the payment amount within one month along with the interest as will be applicable to the period from the date of payment and the date of payment return, which interest is calculated in accordance with the rate of default interest as set forth in accordance with Article 51 of the Law no. 6183, dated 21/7/1953 on Collection Procedure of Public Receivables. Where the distribution company fails to ensure the payment within the said period, the said amount of payment shall be offset against the current period receivables of the distribution company. Where the receivables may not be collected also in the said manner, the amount shall be subject to follow-up and collected by the tax offices in accordance with the provisions of this Law no. 6183. Eighty percent of the collections made due to overpayments shall be recorded as revenue with the general budget, and the remaining twenty percent portion shall be transferred to local
administrations. The authority to remove doubts with respect to the implementation of the foregoing paragraph and, where necessary, to set forth the principles and procedures shall, by consultation with the Ministry of Finance, rest with the Ministry.

(5) The Ministry shall ensure the required arrangements with respect to the payments under the scope of the first paragraph within three months as of the date of effect of this Law. During the said period of time, works and procedures relating to the payment of general lighting consumption expenses shall be carried out by the Undersecretariat of Treasury in accordance with the provisions of the provisional Article 17 of the Law no. 4628, annulled by this Law and of other relevant legislation. Pursuant to the provisional Article 17 of the Law no. 4628 which is annulled by this Law, the inspection, follow-up and collection procedures with respect to the payments made from the budget of the Undersecretariat of Treasury shall be carried out under the scope of the fourth paragraph.

(6) Technical principles relating to the measurement with respect to the lighting as well as the principles and procedures relating to payment, deduction, implementation and inspection shall be prescribed under a regulation to be put into effect by the Ministry.

Conversion of autoproducer license into generation license

PROVISIONAL ARTICLE 7 - (1) The legal entities holding an autoproducer license shall, by protection of their rights under their existing licenses, be granted a generation license ex officio within six months as of the date of publication of this Law and without imposing any charge of license obtainment. Following the effective date of this Law, no application may be lodged to the Authority for autoproducer license; the applications already made shall be evaluated under the scope of generation license.

(2) In respect of the organizations privatized prior to the date of effect of this Law, autoproducer licenses granted pursuant to the provisions of the Law no. 4628 shall be converted into generation licenses and the matters set forth under the sales/operating right transfer agreements shall be included in the generation license. The license holders falling under this scope may, at maximum, sell in the market twenty percent of the electrical energy generation amount within one calendar year. The Board may, exclusive for the cases as may be needed for supply security, increase this rate.

Harmonization of generation facilities with the environmental legislation

PROVISIONAL ARTICLE 8 - (1) EUAS or affiliates, subsidiaries, business firm and business units and the assets thereof and public generation companies to be established under the scope of the Law no. 4046 shall be granted time until 31/12/2018 for purposes of realization of investments intended for harmonization with the environmental legislation and completion of required permits in respect of environmental legislation, which shall also be valid if they are privatized. The power to extend the said duration up to three years shall rest with the Council of Ministers. During the said period and for the said reason with respect to the previous periods, electricity generation activities may not be ceased at EUAS or affiliate, subsidiary, business firm and business units and the assets thereof, and at public generation companies to be established under the scope of the Law no. 4046, nor may administrative fine be imposed, which shall be valid if and where they are privatized.

Procedures with respect to licenses not put into operation or failed to be put into operation

PROVISIONAL ARTICLE 9 - (1) The legal entities which, during the pre-construction period included in the generation license, could not consummate their obligations they need to fulfill in order to commence the construction of generation facility shall be granted a period of six months only or, if any, in addition to the remaining construction time thereof. Except for the force majeure, the licenses of the legal entities failing to fulfill their obligations within the said duration shall be revoked.

(2) The provision made under the first paragraph shall not be applicable for licenses which are granted for coal site obtained by royalty from public institutions for purposes of establishing electricity generation facility and for which it is documented to the Authority with valid grounds that expropriation and railway relocation procedures cannot be completed, which need to be completed within the pre-construction time specified in the license, within such period and for which such grounds are found acceptable by the Board.

(3) The licenses or the applications of the legal entities desiring to terminate their existing generation or autoproducer licenses or their license applications shall be terminated and their guarantees shall be returned if the said legal entities lodge an application the Authority within one month following the effective date of this Law.

Conversion of existing license applications into pre-license

PROVISIONAL ARTICLE 10 - (1) The generation license applications which are not yet finalized by the Authority as of the effective date of this Law shall be deemed an application for pre-license and so finalized.

Grant of supply license

PROVISIONAL ARTICLE 11 - (1) The legal entities holding a wholesale and retail sales license shall, by protecting their rights under their existing license, be granted ex officio a supply license free of charge.

Grant of license to generation facilities and projects under the scope of existing agreements

PROVISIONAL ARTICLE 12 - (1) The generation facilities and projects under the scope of existing agreements shall be granted ex officio a license under the scope of the relevant legislation within one year as of the effective date of this
law, provided, however, that it shall be limited with the rights and obligations under the existing agreements and with the term of agreement.

**Investment guarantee by the Treasury**

**PROVISIONAL ARTICLE 13** - (1) No investment guarantee by the Treasury shall be provided to the investments made for purposes of electricity generation, transmission, distribution, and trading under the provisions of the Laws no. 3096, 3996 and 4283.

**Grant of new license to facilities whose construction has started**

**PROVISIONAL ARTICLE 14** - (1) The license holders who, based on a valid generation license, commenced the construction of the plant prior to the effective date of this license, but the construction was cancelled or discontinued for whatsoever reason shall be granted a license by the Authority if they apply to the Authority within one year as of the effective date of this article, providing, however, that Ministry fixes that the generation facility has reached to an irreversible stage and finds it to be of public interest. The foregoing paragraph shall not apply to hydroelectric generation facilities.

(2) The applicants shall continue their activities until the procedures such as the obtainment of licenses and permits required for the generation activities under the scope of first paragraph within a period of two years as of the date of license obtainment. The activities of those who fail to obtain required permits within the said period shall be ceased until the completion of the said permits.

(3) If not disrupting the integrity of the lands which are opened for use for non-agricultural purposes for purposes of use of generation facilities under the first paragraph prior to the date of publication of this Law, permit may be granted to allow for the use for the intended purpose providing that an application should be made to the Ministry of Food, Agriculture and Livestock within one year following the date of publication of this Law and subject to compliance with the soil conservation project to be prepared and subject to payment of seven Turkish Liras for each square meter of the agricultural lands used for non-agricultural purposes. The qualification of the lands which are no longer qualified as agricultural land shall be changed in line with the request of the applicant.

(4) The principles and procedures regarding the implementation of this article shall be prescribed under a regulation to be made by the Authority.

**Idle hydroelectric power plants**

**PROVISIONAL ARTICLE 15** - (1) A right of water use agreement shall be signed with the beneficiaries of the hydroelectric power plants which, prior to the date of effect of the Law no. 4628, performed electricity generation activities, but which, following date of effect of the said Law, could not perform generation activities or connect to the distribution system for a price of 1 kurus/kilowatt hour, without announcement by DSI, under the frame of relevant regulations where and if they apply within six months following the date of effect of this Law and if they coincide with the existing projects.

**Ongoing works and procedures**

**PROVISIONAL ARTICLE 16** - (1) The expropriation and transfer procedures of the immoveable properties, which are required for electricity generation and distribution facilities for which, prior to the effective date of this Law, an expropriation resolution is adopted or a transfer resolution is adopted in accordance with Article 30 of the Law no. 2942, shall be finalized by the Authority.

**Enforcement**

**ARTICLE 32** - (1) This Law shall take effect at the date of its publication.

**Execution**

**ARTICLE 33** - (1) The provisions of this Law shall be executed by the Council of Ministers.
Exhibit CVD - TR - 20
ITU Power and Energy Society (PES) visited our Manavgat renewable energy power plant.

İstanbul Technical University Power and Energy Society (PES) visited our Manavgat renewable energy power plant. Our renewable energy power plant, which produces electrical energy equivalent to the our facilities’ annual consumption and serves our sustainability strategy directly by reducing our carbon footprint.
Exhibit CVD - TR - 21
EXHIBIT 19

Law No. 2012/3305
BAKANLAR KURULU KARARI

KARAR SAYISI: 2012/3305


Abdullah GÜL
CUMHURBAŞKANI

Recep Tayyip ERDOĞAN
Başbakan

B. ARINÇ
Başbakan Yardımcısı

C. YILMAZ
Başbakan Yardımcısı V.

B. ATALAY
Başbakan Yardımcısı

B. BOZDAĞ
Başbakan Yardımcısı

S. ERGİN
Adalet Bakanı

F. ŞAHİN
Aile ve Sosyal Politikalar Bakanı

E. BAĞIŞ
Avrupa Birliği Bakanı

N. ERGÜN
Bilim, Sanayi ve Teknoloji Bakanı

F. ÇİLKİK
Çalı rsa ve Sosyal Güvenlik Bakanı

E. BAYRAKTAR
Çevre ve Şehircilik Bakanı

A. DAVUTOĞLU
Dışişleri Bakanı

M. Z. ÇAĞLAYAN
Ekonomi Bakanı

T. YILDIZ
Enerji ve Tabii Kaynaklar Bakanı

E. BAYRAKTAR
Gençlik ve Spor Bakanı V.

M. M. EKER
Gıda, Tarım ve Hayvancılık Bakanı

H. YAZICI
Gümrük ve Ticaret Bakanı

I. N. ŞAHİN
İcilişleri Bakanı

C. YILMAZ
Kalkınma Bakanı

E. GÜNAY
Kültür ve Turizm Bakanı

M. ŞİMŞEK
Maliye Bakanı

O. DİNÇER
Milli Eğitim Bakanı

I. YILMAZ
Milli Savunma Bakanı

V. EROĞLU
Orman ve Su İşleri Bakanı

R. AKDAĞ
Sağlık Bakanı

B. YILDIRIM
Ulaştırma, Denizcilik ve Haberleşme Bakanı
YATIRIMLARDA DEVLET YARDIMLARI HAKKINDA KARAR

Amaç
MADDE 1 - (1) Bu Kararın amacı; kalkınma planları ve yıllık programlarda öngörülen hedefler doğrultusunda tasarrıfların katma değeri yüksek yatırımlarla yönlendirilmesine, üretim ve istihdamın artırılmasına, uluslararası rekabet gücünü artıracak ve araştırma- geliştirme içereni yüksek bölgesel ve büyük ölçekli yatırımlar ile stratejik yatırımların özendirilmesine, uluslararası doğrudan yatırımların artırılmasına, bölgesel gelişmişlik farklılıklarının azaltılmasına, kümelenme ve çevre korumaya yönelik yatırımlar ile araştırma ve geliştirme faaliyetlerinin desteklenmesine ilişkin usul ve esasları belirlemektir.

Tanımlar
MADDE 2 - (1) Bu Kararın uygulanmasında;
   a) Aracı kurum: Faiz desteği uygulayacak kamu bankaları dâhil olmak üzere bankaları ve finansal kiralama şirketlerini,
   b) AR-GE yatırımları: Yeni bir ürün geliştirilmesi, ürün kalite ve standarının yükseltilmesi, maliyet düşürücü ve standart yükseltici yeni bir teknolojinin ülke şartlarına uyumunun sağlanması amacıyla bilimsel esaslara uygun olarak yapılan ve her aşaması belirlenmiş araştırma ve geliştirme çalışmaları için gerçekleştirilirilecek yatırımları,
   c) Bakan: Ekonomi Bakanlığı,
   d) Büyük ölçekli yatırımlar: 13/6/2006 tarihli ve 5520 sayılı Kurumlar Vergisi Kanununun 32/A maddesi kapsamında belirlenen ve EK-3’te gösterilen yatırımlar,
   e) Çevre yatırımları: Doğrudan ticari mal üretimine yönelik olmayan, mevcut veya yeniden yatırımları uygulayacak kamu bankaları ile.
   f) Genel Müdürlüğü: Ekonomi Bakanlığı Teşvik Uygulama ve Yabancı Sermaye Genel Müdürlüğü,
   g) Komisyonda: Ekonomi Bakanlığı bünyesinde Bakan onayı ile oluşturulan Stratejik Yatırımlar Değerlendirme Komisyonu,
   h) Muhasebe birimi: Ekonomi Bakanlığı muhasebe birimini,
   i) Sabit yatırım tutarı: Arazi-arsa, bina-inşaat, makine ve teçhizat ile diğer yatırım harcamasını kalemlerini toplamını,
   j) Teşvik belgesi: Yatırım teşvik belgesini,
   k) Üretilen: Teşvik belgesine konu yatırımla elde edilmesi amaçlanan asıl işlem görmüş imalat sanayi ürün veya ürünlerini,
   l) Yatırım: Teşvik belgesi kapsama yatırımı gerçekleştirecek gerçek veya tüzel kişileri,
   m) Yerel birimler: Kalkınma Ajansları, sanayi odaları ve Bakanlıkça görevlendirilecek diğer odaları,
   n) İfade eder.

Bölge
MADDE 3 - (1) Bu Karar kapsamında yer alan destinasyonların uygulanması açısından iller, sosyo-eğonomik gelişmişlik seviyeleri dikkate alınarak EK-1’de belirtilen altı bölge ayırtmıştır.

Teşvik sistemi ve destek unsurları
MADDE 4 - (1) Teşvik sistemi; genel, bölgesel, büyük ölçekli ve stratejik yatırımların teşviki uygulamalarından oluşur.
   (2) Genel teşvik uygulamaları: Bölgesel, büyük ölçekli ve stratejik yatırımlar ile EK-4’te yer alan teşvik edilmesiyecek yatırım konuları ve teşviki için EK-4’te öngörülen şartları sağlamayan yatırım konuları hariç olmak üzere, 5inci madde belirtilen sabit yatırım tutarları ve üzerindeki yatırımlar bölge ayırmı yapılmaksızın aşağıdaki destek unsurlarından yararlanabilirler.
a) Gümüş vergisi muafiyeti.

b) Katma Değer Vergisi (KDV) istisnası.

c) Gelir vergisi stopaji desteği (6 nci bölgede gerçekleştireceğe yatırımlar için).

d) Sigorta prima isyeri hisseleri desteği (tersanelerin gemi inşası yatırımları için).


a) Gümüş vergisi muafiyeti.

b) KDV istisnası.

c) Vergi indirimi.

d) Sigorta prima isyeri hisseleri desteği.

e) Yatırım yeri tahsisi.

f) Gelir vergisi stopaji desteği (6 nci bölgede gerçekleştireceğe yatırımlar için).

g) Sigorta prima desteği (6 nci bölgede gerçekleştireceğe yatırımlar için).

(4) Büyük ölçekli yatırımlar: EK-3’e belirtilen asgari tutarları sağlayan yatırım konuları aşağıdaki desteklerden yararlanılabılır.

a) Gümüş vergisi muafiyeti.

b) KDV istisnası.

c) Vergi indirimi.

d) Sigorta prima isyeri hisseleri desteği.

e) Yatırım yeri tahsisi.

f) Gelir vergisi stopaji desteği (6 nci bölgede gerçekleştireceğe yatırımlar için).

g) Sigorta prima desteği (6 nci bölgede gerçekleştireceğe yatırımlar için).

(5) Stratejik yatırımlar: 8 inci maddedeki kriterleri sağlayan yatırımlar bölge farkı gözetilmeksizin aşağıdaki desteklerden yararlanılabılır.

a) Gümüş vergisi muafiyeti

b) KDV istisnası.

c) Vergi indirimi.

d) Sigorta prima isyeri hisseleri desteği.

e) Yatırım yeri tahsisi.

f) Gelir vergisi stopaji desteği (6 nci bölgede gerçekleştireceğe yatırımlar için).

g) Sigorta prima desteği (6 nci bölgede gerçekleştireceğe yatırımlar için).

(6) Üçüncü, dördüncü ve beşinci fikralar kapsamında teşvik belgesi düzenlenenebilecek olan yatırımlar için talep edilmesi halinde genel teşvik uygulamaları çerçevesinde belge düzenlenebilir.

**Sabit yatırım tarihi ve asgari kapasite**

**MADDE 5 - (1) Yatırımların destek unsurlarından yararlanabildiği için asgari sabit yatırım tarihinin: 1 inci ve 2 nci bölgede birmilyon Türk Lirası, 3 üncü, 4 üncü, 5 inci ve 6 nci bölgede ise beşyüzbin Türk Lirası olması gerektiğini. Ancak, desteklerden yararlanacak yatırımların varsa 8 inci maddede veya ekli listelerde belirilen asgari kapasite, sabit yatırım tarihi ve diğer şartları sağlaması da gerekiyor.**

(2) Finansal kiralama yöntemiyle yapılacak yatırımlarda finansal kiralama konu makine ve teçhizata ait toplam tutarın, her bir finansal kiralama şirketi için asgari ikiyüzbin Türk Lirası olması gerekiyor.

(3) Teşvik belgesi kapsamında yatırım harcaması olarak kabul edilen maddi olmayan duran varlıkların (marka, lisans, know-how vb.) oranı, teşvik belgesinde kayıtlı toplam sabit yatırım tutarının yüzde ellisini aşamaz.
Müracaat

MADDE 6 - (1) (Değişik:RG-5/10/2016-29848) Teşvik belgenin müracaatları, tebligle belirlenecek bilgi ve belgelerle Bakanlığa yapılır. Ancak, genel ve bölgesel teşvik uygulamaları kapsamında yer alan ve sabit yatırım tutarı onmilyon Türk Lirasının aşmayan, tebligle belirlenecek yatırımlar için yatırımcinin tercihine bağlı olarak yatırımın yapılacağı yerdeki yerel birimlere de müracaat edilebilir.


(3) İlgili yerel birimlerce, teşvik belgesi ile ilgili olarak yapılacak işlemler için tebligle belirlenen ücretsizin dışında ilave hiçbir ücret talep edilemez.

Teşvik belgesi düzenlemesi

MADDE 7 - (1) Yatırımların bu Karar kapsamındaki destek unsurlarından yararlanabilmeleri için, makroekonomik programlar ve arz-talep dengesi dikkate alınarak yapılacak sektörler, malı ve teknik değerlendirmeler çerçevesinde projenin uygun görülmesi ve teşvik belgesi düzenlemesi gerekir.

(2) Teşvik belgesi düzenlemesine ilişkin müracaat tarihinden önce gerçekleşen ve belgeler belirlenmiş bulunan yatırım harcamaları teşvik belgesi kapsamına alınmaz.

(3) Finansal kiralama yöntemle gerçekleşen yatırımlar için finansal kiralama şirketi adına ayrı bir teşvik belgesi düzenlenmez.

Stratejik yatırımlar

MADDE 8 - (1) Aşağıda yer alan kriterlerin tamamını birlikte sağlayan, ithalat teşvik ile ilgili yüksek ihracatlı ürünlerin üretimine yönelik yatırımlar stratejik yatırım olarak değerlendirilir.

a) Asgari sabit yatırım tutarının ellimilyon Türk Lirasının üzerinde olması (mınhasarın bu yatırımların enerji ihtiyacını karşılamak üzere gerçekleşerek talep edilecek doğalgazda dayalı olmaneye enerji yatırımlarının, tesis kuruluşu gücü ile orantılı olacak kısmını dahi).

b) Yatırım konusu ülkenin ihracatı toplam üretim kapasitesinin ihthalattan az olması.

c) Bakanlığı belirlenecek esaslar çerçevesinde, belge konusu yatırımın yapılacağı katma değerin asgari yüzde kır kalmış.

d) Yatırım konusu ülkenin ihracatı son bir yıl içerisinde gerçekleşen toplam ithalat tutarının ellimilyon ABD Dolarının üzerinde olması.

(2) Yurt içinde üretim olunan ürünlerin üretimine yönelik yatırımlara birinci sıradan (c) bendi hüküm, rafineri ve petrokimya yatırımlarında ise (c) bendi hüküm aranması.

(3) Bu konuda Bakanlığa yapılacak müracaatlar Komisyon tarafından incelenerek değerlendirilir ve uygun görülen projeler için teşvik belgesi düzenlenir.

(4) EK-4’ten belirtildiği teşvik edilmeyecek yatırım konuları ile kamu kurum ve kuruluşları tarafından gerçekleşen yatırımlar bu madde kapsamında değerlendirilmaz.


Gümüş vergisi muafiyet

MADDE 9 - (1) Teşvik belgesi kapsamındaki yatırım mali makine ve teçhizatın ithalı, otomobil ve hafif ticari araç yatırımlarında yatırım dönemi içerisinde kalmanın kaydıyla monte edilmenez haldeki (CKD) aksam ve parçaların ithalı, gemi ve elli metrenin üzerindeki yatırımlarında tekne kabuğunu ithalı yürürlükteki İthalat Rejimi Kararı gereğince ödemesi gereken gümüş vergisini muaftır.

(2) Teşvik belgesi kapsamındaki otobüs, çekici (Euro normlarına uygun yeşil motorlu haiz olanlar hariç), motobya, motortok, kamyon (off-road truck tipi karayoluna çıkmış máquina olmayan kaya tipi damperli kamyonlar hariç), transtekser, beton santralı, forklift ve beton pompası ithal edilmesi halinde yürürlükteki İthalat Rejimi Kararında
öngörülen oranlarda gümrük vergisi tahsil edilir. Ayrıca, makine ve teçhizat bedelinin yüzde beşine kadar yedek parça, gümrük vergisi muafiyetini sağlanmasının ithal edilerek sabit yatırım tutarına dahil edilebilir.

(3) Bakanlık, sektörel kısıtlamalari göz önüne alarak:
   a) İthalat Rejimi Kararı uyarınca ithal mümkün olan kullanılmış veya yenileştirilmiş makine ve teçhizat (karayolu nakil vasıtalari hariç) ile İthalat Rejimi Kararının 7 nci maddesi uyarınca ithaline izin verilen makine ve teçhizatin teşvik belgesi kapsamına alınmasını.
   b) Kullanılmış komple tesisin proje bazında yapılacak değerlendirme sonucunda ithalini, uygun görebilir.

(4) Başk, basım, matbaya, tekstil, hazır giyim ve konfeksiyon yatırımlarına yönelik teşvik belgeleri kapsamında kullanılmış veya yenileştirilmiş makine ve teçhizat ithal edilemez.

(5) Finansal kiralama yöntemiyile gerçekleşirilecek yatırımlar için finansal kiralama şirketi adına ayrı bir teşvik belgesi düzenlenmemeksinin yatırımının teşvik belgesi dikkate alınarak ithalat işlemlerini yapılır. İthalat işlemleri ile ilgili olarak yatırımcı ile finansal kiralama şirketleri mütesellislen sorumludur.


(7) Otomobil üretime yönelik olarak asgari yüzbin adet/yıl kapasitesi yeni bir yatırım yapılması veya mevcut tesislerin kurulu kapasitelerinin en az yüzbin adet/yıl artırılması halinde, teşvik belgesine katı kayıtlı sabit yatırım tutarının yüzde yirmisinin gerçekleşirilemesine müteakin, yatırım süresi içerisinde olmayak derleyi gümrük vergisine tabi olmaksizin yatırımçılara A, B ve C segmentlerinden otomobil ithaline izin verilebilir. Teşvik belgesi kapsamında ithaline izin verilen toplam otomobil sayısı, belgede katı kayıtlı ilave kapasitenin yüzde onbeşini aşamaz. Ancak, belge kapsamında motor üretimünün de yer alması halinde, motor üretim kapasitesinin yüzde onbeşi kadar daha (motor üretimi kapasitesinin, otomobil üretim kapasitesinden fazla olması durumunda otomobil kapasitesi dikkate alınır) yukarıda belirtilen segmentlerden ilave otomobil ithaline izin verilebilir.

KDV istisnası ve iadesi


(2) Sabit yatırım tutarı besyüz milyon Türk Lirasının üzerindeki stratejik yatırmalar kapsamında yapılacak bina-insaat harcamaları KDV iadesinden yararlanılarabilir.

Faiz desteği

MADE 11 - (1) Talep edilmesi halinde, bölgesel teşvik uygulamaları ve stratejik yatırımlar ile AR-GE ve çevre yatırımlarında desteklerden yararlanacak yatırımlar için bankalardan kullanılabilecek en az bir yıl vadeli yatırım kredilerinin teşvik belgesinde kayıtlı sabit yatırım tutarının yüzde yetmişine kadar olan kısmını için ödenekte faizin veya kara payının;
   a) 3 üncü bölgede yapılacak bölgesel yatırmalar için Türk Lirası cinsi kredilerde üç puani, döviz kredi ve dövize endeksi kredilerde bir puani,
   b) 4 üncü bölgede yapılacak bölgesel yatırmalar için Türk Lirası cinsi kredilerde
dört puanı, döviz kredileri ve dövize endeksi kredilerde bir puanı,
c) 5.inci bölgede yapılacak bölgesel yatırımlar için Türk Lirası cinsi kredilerde beş puanı, döviz kredileri ve dövize endeksi kredilerde iki puanı,
c) 6.inci bölgede yapılacak bölgesel yatırımlar için Türk Lirası cinsi kredilerde yedi puanı, döviz kredileri ve dövize endeksi kredilerde iki puanı,

Bölge ayrımların tüm bölgede gerçekleşirilecek stratejik yatırımlar, AR-GE yatırımları ve çevre yatırımları için Türk Lirası cinsi kredilerde beş puanı, döviz kredileri ve dövize endeksi kredilerde iki puanı.

Bakanlığa da uygulan�i halinde azami ilk beş yıl için ödenmek kaydıyla bütçe kaynaklarından karşılanabilir.

(2) Faiz desteği içeren teşvik belgelerine konu üzerinden finansal kırama yöntemile gerçekleşirilecek olanlar için de faiz veya kâr payi ödemelerini içeren ifta planı yapılması kaynağına aynı şartlarla faiz desteği öngörelabilir.


(4) Faiz desteği tutarı, bölge ayrımlarının olmaksızın AR-GE ve çevre yatırımlarında beşyüzbin Türk Lirasını, stratejik yatırımlar ise sabit yatırım tutarının yüzde beşini aşamamak kaydıyla ellimilyon Türk Lirasını geçemez.


(6) Döviz kredisi ile gerçekleşirilecek yatırımlarda faiz desteği uygulanması, vade tarihindeki Türkiye Cumhuriyet Merkez Bankası döviz satışı kuru dikkate alınarak yapılır.

(7) Kullanılmış makine ve teçhizat için ve kamu itkisadi teşebbüsleri dahil kamu kurum ve kuruluşları ile kamu Kurumu niteliğindeki meslek kuruluşlarının yapacağı yatırımlar için faiz desteği uygulanmaz.

(8) Aynı teşvik belgesi kapsamında yapan için faiz desteği uygulamasına yönelik olarak birden fazla aracın kurum talepne bulunamaz. Ancak, stratejik yatırımlar için faiz desteği uygulamasına yönelik olarak birden fazla aracın kurum talepne bulunabilir.

(9) Kullanılan kredilerin faiz, kâr payı veya anaparanın yatırımı tarafından ifta planlarında belirtilen sürelerde geri ödememesi halinde, yapılan ilk ödeme iliçli aracın kurum tarafından en kısa sürede Bakanlığa bildirilir ve Bakanlığa faiz desteği ödemeleri durdurulur. Yatırımının kredisi geri ödeme yükümlülüklerini yerine getirdiğinin daha sonra iliçli aracın kurumca Bakanlığa bildirilmesi halinde, bildirimi takip eden dönemler için faiz desteği ödemeleri başlangıçta öngörülen ödeme tarihlerinde herhangi bir uzatmaya gidilmeksziniz tekrar başlatılabilir. Kredi geri ödenmesine ait yükümlülüklerin yeniden aksaması halinde faiz desteği ödenmesine son verilir.

(10) Teşvik belgesi kapsamında yapanın başka bir yatırımıyla devam edilmiş durumunda, devran yatırımının teşvik belgesinde faiz desteği'nin öngörülmüş olması ve aracın kurumda da uygulan gördürülen halinde, yeni yatırımı için eski ifta planındaki vade, miktar ve benzeri şartlar değişirilmeksizin bakiye kredi için düzenlenenecek yeni ifta planına göre faiz desteği ödenmesine devam edilir. Aksi takdirde faiz desteği uygulaması durdurulur.

(11) Aracı kurum, faiz desteği ne aksin redinin teşvik belgesi kapsamında harcamalar için kullanılarak sızıda yükümlülüdür. Kredinin amacı dışında kullanıldığını teşpi altı halinde, Bakanlığa ödenen faiz desteği tutarına iliçli bankanın bu kapsamındaki krediye uyguladığı faiz veya kâr payı oranı uygulananmak suretiyle Bankaca tespit edilecek meblağın, finansal kırama şirketlerince ise ödenen faiz desteği miktarına ifta planının düzenlenmesinde uygulanan faiz veya kâr payi üzerinden tespit edilen tutarın beş iş gündü içerisinde bütçe güzel yazılmak üzere muhasebe birimi hesabına yatırılması gerekir. Aksi takdirde söz konusu meblağlar Bakanlığa:

a) Bankalar için Türkiye Cumhuriyet Merkez Bankası nezindeki karşılık hesabından virman yapmakta veya diğer hukuuki yöntemler kullanmaktadırlar.

b) Finansal kırama şirketlerince ise için 21/7/1953 tarihli ve 6183 sayılı Amne Alacaklarının Tahsil Usulü Hakkında Kanun hükümleri uygulanarak,

(11) Aracı kurumların uyguladıkları faiz veya kâr payı oranları, bölgesinde göre belirlenen faiz desteği puanının alta düşüğüğünde, aracı kurumun uyguladığı oran
**Sigorta primi işeren hissesi desteği**

**MADDE 12** - (1) Büyük ölçekli yatırımlar, stratejik yatırımlar ve bölgesel teşvik uygulamaları kapsamında desteklenen yatırımlardan, tamamlama vizesi yapılmış teşvik belgesinde kayıtlı istihdamu aşmamak kâyiddiylə; 
   a) Komple yeni yatırımlarda, teşvik belgesi kapsamında gerçekleşen yatırımla sağlanan,
   b) Diğer yatırımların cinslerinde, yatırımın tamamlanmasına müteakip, yatırımın başlangıç tarihinden önceki son altı aylık dönemde (mevsimsel özellikle taşıyan yatırımlarda bir önceki yıla ait mevsimsel istihdam ortalamaları dikkate alınır) Sosyal Güvenlik Kurumuna verilen aylık prim ve hizmet belgesinde bildirilen ortalama işçi sayısına teşvik belgesi kapsamına girecek yatırımla ilave edilen, istihdam için ödenmesi gereken sigorta primi işeren hissesinin ağır ücrette tekbür eden kısmın Yanıları Sosyal Bahçelik Kurumuna verilen ayüş verilen ayüş verilen ayüş verilen ayüş verilen ayüş verilen ayüş verilen ayüş verilen ayüş verilen ayüş verilen ayüş verilen ayüş verilen ayüş verilen ayüş verilen ayüş verilen ayüş verilen ayüş verilen ayüş verilen ayüş verilen ayüş verilen ayüş verilen ayüş verilen ayüş verilen ayüş verilen ayüş verilen ayüş verilen ayüş verilen ayüş verilen ayüş verilen ayüş verilen ayüş verilen ayüş verilen ayüş verilen ayüş verilen ayüş verilen ayüş verilen ayüş verilen ayüş verilen ayüş verilen ayüş verilen ayüş verilen ayüş verilen ayüş verilen ayüş verilen ayüş verilen ayüş verilen ayüş verilen ayüş verilen ayüş verilen ayüş verilen ayüş verilen ayüş verilen ayüş verilen ayüş verilen ayüş verilen ayüş verilen ayüş verilen ayüş verilen ayüş verilen ayüş verilen ayüş verilen ayüş verilen ayüş verilen ayüş verilen ayüş verilen ayüş verilen ayüş verilen ayüş verilen ayüş verilen ayüş verilen ayüş verilen ayüş verilen ayüş verilen ayüş verilen ayüş verilen ayüş verilen ayüş verilen ayüş verilen ayüş verilen ayüş verilen ayüş verilen ayüş verilen ayüş verilen ayüş verilen ayüş verilen ayüş verilen ayüş verilen ayüş verilen ayüş verilen ayüş verilen ayüş verilen ayüş verilen ayüş verilen ayüş verilen ayüş verilen ayüş verilen ayüş verilen ayüş verilen ayüş verilen ayüş verilen ayüş verilen ayüş verilen ayüş verilen ayüş verilen ayüş verilen ayüş verilen ayüş verilen ayüş verilen ayüş verilen ayüş verilen ayüş verilen ayüş verilen ayüş verilen ayüş verilen ayüş verilen ayüş verilen ayüş verilen ayüş verilen ayüş verilen ayüş verilen ayüş verilen ayüş verilen ayüş verilen ayüş verilen ayüş verilen ayüş verilen ayüş verilen ayüş verilen ayüş verilen ayüş verilen ayüş verilen ayüş verilen ayüş verilen ayüş verilen ayüş verilen ayüş verilen ayüş verilen ayüş verilen ayüş verilen ayüş verilen ayüş verilen ayüş verilen ayüş verilen ayüş verilen ayüş verilen ayüş verilen ayüş verilen ayüş verilen ayüş verilen ayüş verilen ayüş verilen ayüş verilen ayüş verilen ayüş verilen ayüş verilen ayüş verilen ayüş verilen ayüş verilen ayüş verilen ayüş verilen ayüş verilen ayüş verilen ayüş verilen ayüş verilen ayüş verilen ayüş verilen ayüş verilen ayüş verilen ayüş verilen ayüş verilen ayüş verilen ayüş verilen ayüş verilen ayüş verilen ayüş verilen ayüş verilen ayüş verilen ayüş verilen ayüş verilen ayüş verilen ayüş verilen ayüş verilen ayüş verilen ayüş verilen ayüş verilen ayüş verilen ayüş verilen ayüş verilen ayüş verilen ayüş verilen ayüş verilen ayüş verilen ayüş verilen ayüş verilen ayüş verilen ayüş verilen ayüş verilen ayüş verilen ayüş verilen ayüş verilen ayüş verilen ayş...

(8) Bu desteği uygulanan çapında teşvik belgesi kapsamındaki yatırıma ait teşvik, işverenin sosyal güvenlik ödediği kadar sosyal güvence ve yasal sektörüne girer. Maden arama yatırımında ise, bu yatırım ait tamamlama vizesi yapılımadan önce de sağlanabilir.

(9) Sosyal Güvenlik Kurumuna yapılacak aktarımca ilgili usul ve esaslar Bakanlık tarafından belirlenir.

Sigorta primi desteği

MADDE 13 - (1) Bu Karar uyarınca 6 nci bölgesinde; büyük ölçekli yatırımlar, stratejik yatırımlar ve bölgesel teşvik uygulamaları kapsamında teşvik belgesine insteneden gerçekleştilirilecek yatırımla sağlanan ilave istihdam için, tamamlayıcı vizesi yapılan teşvik belgesindeki istihdam sayısının aşırı akım kaydıyla, işveren tarafından Sosyal Güvenlik Kurumuna ödenmesi gereken sigorta primi işçiliği hisselerinin asgari ücrette tekbül eden kısmını tamamlayıcı vizesinin yapılması müteakip on yıl süreyle işveren adına Bakanlık bütçesinden kazanılabilir.

(2) Bu destekten yararlanılabilmesi için, aylık prim ve hizmet belgelerinin yasal süresi içerisinde Sosyal Güvenlik Kurumuna verilmesi ve Bakanlıkca kazanılarak olan işçiliği işverenin ait tutarın yasal süresi içerisinde ödenmiş olması şarttır. Bu destekten yararlanan yatırımcı tarafından ödenmesi gereken primlerin geç ödenmesi halinde, Bakanlık'tan Sosyal Güvenlik Kurumuna yapılacak ödenmenin cezmesi halinde kaynaklanan gelir vergisi zammı一回事endirilir.

(3) 12 nci maddenin sezkizinci fıkrasında yer alan hüküm sigorta primi desteği için de uygulanabilir.

Gelir vergisi stopaji desteği

MADDE 14 - (1) Bu Karar uyarınca 6 nci bölge için düzenlenen teşvik belgeleri kapsamında gerçekleştilirilecek yatırımlarla sağlanan ilave istihdam için, belgeye kayitlı istihdam sayısının aşırı akım kaydıyla, işçilerin ücretlerinin asgari ücrette tekbül eden kısmını üzerinden hesaplanan gelir vergisi, yatırımcının kısmen veya tamamen faaliyete geçtiği tarihten itibaren on yıl süreyle verilecek muhtasar beyannama üzerinden tahakkuk eden vergiden terdir edilir.

(2) Yatırımcın tamamlayıcı masesi veya teşvik belgesinin iptal edilmiş halinde, gelir vergisi stopaji destegi uygulamasına nedeniyle terdir edilen vergiler, vergi ziyaye cezası uygulanmaksızın geçkime faiziyle birlikte tahsil olunur.

(3) Yatırımcın faaliyete geçmesinden önce devri halinde devralan, aynı koşulları yerine getirmek kaydıyla gelir vergisi stopaji desteğinden yararlanır.

(4) Yatırımcının kısmen veya tamamen faaliyete geçmesinden sonra devri halinde, gelir vergisi stopaji destegi uygulamasından devir tarihine kadar devreden, devir tarihinden sonra ise kalan süre kadar devralan yararlanır.

Vergi indirimi

MADDE 15 - (1) (Değişik: 5/10/2016-29848) Büyük ölçekli yatırımlar ile bölgesel teşvik uygulamaları kapsamında gerçekleştirilecek yatırımlarda, 5520 sayılı Kanunun 32/A maddeçii çerçevesinde gelir veya kurumlar vergisi, öngörülen yatırıma katkı tutarına ulaşmama kadar aşağıda belirtilen oranlarda indirimli olarak uygulanır.
Bölgesel Teşvik Uygulamaları | Büyük Öçekli Yatırımlar
---|---
| 1 | 15 | 25 | 50 |
| 2 | 20 | 30 | 55 |
| 3 | 25 | 35 | 60 |
| 4 | 30 | 40 | 70 |
| 5 | 40 | 50 | 80 |
| 6 | 50 | 60 | 90 |


(3) Stratejik yatırımlar için tüm bölgelerde uygulanacak vergi indirimi oranı yüzde doksan ve yatırıma katkı oranı yüzde ellidir.

(4) Bu madde için uygulanacak yatırım katkı tutarı, indirimli gelir veya kurumlar vergisi uygulanmak suretiyle tahsilinden vazgeçilen vergi yoluyla yatırımların Devletçe karakter alınması durumunda tutarına mahsus, gerçekleştirilen yatırım harcaması tutarını aşmamak ve toplam yatırıma ilgili tarihli ve 4706 sayılı Kanun ile 17/11/2011 kararınca kanunan vergilendirme uygulanmaz.

(5) (Değişik: RG-5/10/2016-29848) Bu maddeye göre hesaplanacak yatırım katkı tutarına mahsus, şirketten alan yatırımcının yatırımları yaptığında a) plantlar, b) yenikapı, c) test merkezleri, d) asgari ellibin metrekare kapalı alanı sahibi ulusal pazara faaliyet gösteren kuruluşlarda, e) savunma sanayine ait ve Devletçe karakter alınması durumunda tutarına mahsus, e) yatırım harcaması tutarını aşmaz.


(7) İndirimli oranlar stopaj suretiyle yapılan vergilendirmede uygulanmaz.


**Yatırım yeri tahsis**

**MADDE 16** - (1) Bakanlıkça teşvik belgesi düzenlenmiş büyük öçekli yatırımlar, stratejik yatırımlar ve bölgesel desteklerden yararlanacak yatırımlar için, 29/6/2001 tarihli ve 4706 sayılı Kanunun ek 3 ıncı maddesi çerçevesinde Maliye Bakanlığıma belirlenen usul ve esaslarla gö ze yatırım yeri tahsis edilebilir.

(2) 15 inci maddein altıncı fıkrasında belirtilen yatırımlara yatırım yeri tahsis edilemez.

**Öncelikli yatırım konuları**

**MADDE 17** - (1) Aşağıda belirtilen yatırımların %90’sı öncelikli yatırımlar olup, 5 inci bölgesinde uygulanır. Ancak bu yatırımlar, 6 nci bölgesinde yaraları halinde bulunduğu bölge desteklerine tabidir.

a) Denizyolu ile yük ve veya yolcu taşımaçılığına yönelik yatırımlar.

b) Özel sektör tarafından yapılacak sehirlerarasi yük ve veya yolcu taşımaçılığına yönelik demiryolu yatırımları ile şehir içi yük taşımaçılığına yönelik demiryolu yatırımları.

c) Test merkezleri, rüzgar tüneli ve bu mahiyetleri yatırımlar (otomotiv, uzay veya savunma sanayine yönelik olanlar).


e) Asgari ellibin metrekare kapalı alana sahip ulusal pazara faaliyet gösterecek konaklama ve alışveriş merkezi üniteleri hariç.
Kararın 6ncı maddesiyle metne işlendiği şekilde değiştirilmiştir.

Elektrik

Kanunun 2nci maddesinin 4-b grubunda yer alan madenlerin girdi olarak parçaların asgari 300 milyon TL aksamları düzenlenen tarafından ve KOSGEB yatırımları h)

ğ)

onay kapsam birini sağlar.

Yöntemi ile alüminyum yassı ürünlerin (LNG) yatırımları ve yer altı doğal gaz depolama yatırımları.

birlikte olmak kaydıyla karbon elyaftan mamul kompozit malzeme üretimine yönelik yatırımlar (doğa gazı dayalı üretim tesisleri yer altı doğal gaz depolama alanları).

Kazanım yolu ile elektrik üretimine yönelik yatırımlar (doğal gaza dayalı üretim tesisleri)

yer altı doğal gaz depolama alanları ile 5 yıldan fazla сроку dönüş süresi 5 yıl ve daha az olan enerji verimliliği projesine yönelik yatırımlar.

Atık ısı kaynaklı olarak, bir tesisteki atık ısıdan geri kazanımlar yolu ile elektrik üretimine yönelik yatırımlar (doğal gaza dayalı üretim tesisleri hariç).

Motorlu kara taşıtları ana sanayinde kullanılan madenlerin asgari 500 ton eşdeğer petrol (TEP) enerji tüketimini olan mevcut imalat sanayi tesislerinde gerçekleştirilecek, mevcut durumuna göre en az yüzde yirmi oranında enerji tasarrufu sağlayacak şekilde tasarlanan ve sağlanacak enerji tasarrufu ile yatırımın geri dönüş süresi 5 yıl ve daha az olan enerji verimliliği projesine yönelik yatırımlar.

Atık ısı kaynaklı olarak, bir tesisteki atık ısıdan geri kazanımlar yolu ile elektrik üretimine yönelik yatırımlar (doğal gaza dayalı üretim tesisleri hariç).

Motorlu kara taşıtları ana sanayinde kullanılan madenlerin asgari 500 ton eşdeğer petrol (TEP) enerji tüketimini olan mevcut imalat sanayi tesislerinde gerçekleştirilecek, mevcut durumuna göre en az yüzde yirmi oranında enerji tasarrufu sağlayacak şekilde tasarlanan ve sağlanacak enerji tasarrufu ile yatırımın geri dönüş süresi 5 yıl ve daha az olan enerji verimliliği projesine yönelik yatırımlar.

Ekonomik İşbirliği ve Kalkınma Teşkilatı (OECD) teknoloji yoğunluk tabanına göre yüksek teknoloji sanayi sınıfında yer alan ürünlerin üretimine yönelik yatırımlar (US-97 Kodu: 2423, 30, 32, 33 ve 353).

Maden Kanununa istinaden düzenlenmiş geçerli AramaRuhsat ve Sertifikasına sahip yatırımcıların ruhsatlı sahalarında yapacağı maden arama ve enfeksiyon hastalıkları referans laboratuvarı, ilaç ve tıbbi cihaz analiz ve kontrol laboratuvarı ile deney hayvanları üretim, test ve araştırma merkezi birimlerinin yer aldığı laboratuvar kompleksi yatırımları.

MADDE 18 - (1) Büyük olçekli yatırımlar veya bölgesel teşvik uygulamaları kapsamında teşvik belgesi düzenlenmiş yatırımlar, aşağıdaki belirtilen koşullar dan en az birini sağlayanların halinde vergi indirimi ve sigorta prima işveren hissesi desteği açısından bulundukları bölgelerin bir alt bölgesinde sağlanan oran ve sürelerde bu

(1) Bu madde başlığı "Bir alt bölge destekinden yararlanacak yatırımlar" iken, 7/9/2016 tarihli ve 2016/9139 sayılı Kararın 6nci maddesiyle metne işlendiği şekilde değiştirilmiştir.
desteklerden yararlanabilir.

a) (Değişik: RG-5/10/2016-29848) Yatırımanın organize sanayi bölgesinde gerçekleştirilmesi veya endüstri bölgesinde (imalat sanayine yönelik yatırımlar) gerçekleştirilmesi.

b) Yatırımın, aynı sektörde faaliyet gösteren en az beş gerçek veya tüzel kişinin ortağı olduğu yatırımcı tarafından gerçekleştirilmesi ve ortak faaliyet gösterilen alanda entegrasyonu sağlayacak bir yatırım olması.

(2) Bu madde kapsamında 6 nci bölgede gerçekleştirilirilecek büyük ölçekli ve bölgesel teşvik uygulamaları kapsamdaki yatırımlar için sigorta prizsi hissede desteği, bölgede geçerli olan süreye iki yıl ilave edilmek, vergi indirimi desteği ise bölgede geçerli olan yatırıma katkı oranına beş puan ilave edilmek suretiyle uygulanır.

(3) (Ek: RG-5/10/2016-29848) OECD teknoloji yoğunluğunun tanımına göre orta-yüksek teknolojili sanayi sınıfında yer alan ürünlerdenEK-6'da belirtilenlerin üretimine yönelik yatırımlar, İstanbul ilini hariç olmak üzere 1 inci, 2 nci ve 3üncü bölgede gerçekleştiririlecek yatırımların, bölgede geçerli olan süreye iki yıl ilave edilmek, Başbakanın eylem programına bağlı olarak, İstanbul ilini hariç olmak üzere 1 inci, 2 nci, 3üncü ve 5inci bölgelerindeki organize sanayi bölgeleri ile Kilis ilinde yer alan organize sanayi bölgelerinde gerçekleşecek teşvik belgeleri için asgari batı yatırım tutarı 1 inci ve 2 nci bölgede 1 milyon TL, diğer bölgede 500 bin TL'dir.

(4) (Ek: RG-22/2/2017-29987) Cazibe Merkezleri Programı kapsamında yer alan 4üncü ve 5inci bölgeli il ilerideki organize sanayi bölgeleri ile Kilis ilinde yer alan organize sanayi bölgelerinde gerçekleştirilecek bölgesel, büyük ölçekli ve stratejik teşvik uygulamaları kapsamında yatırımlar, tabii olunan uygulama kapsamında 6 nci bölgede yararlanan desteklerden ayrıca oran, miktar, süre ve şartlarda yararlanır.(2)

AR-GE ve çevre yatırımları


(2) Bu madde kapsamındaki yatırımların, a) ilk 4 yılda devam ettiği için BU madde kapsamında gerçekleştirileci yatırımların, İstanbul ilini hariç olmak üzere 1 inci, 2 nci, 3üncü ve 5inci bölgelerindeki organize sanayi bölgeleri ile Kilis ilinde yer alan organize sanayi bölgelerinde gerçekleşecek teşvik belgeleri için asgari batı yatırım tutarı 1 inci ve 2 nci bölgede 1 milyon TL, diğer bölgede 500 bin TL'dir.

(3) (Ek: RG-22/2/2017-29987) Cazibe Merkezleri Programı kapsamında yer alan 4üncü ve 5inci bölgeli il ilerideki organize sanayi bölgeleri ile Kilis ilinde yer alan organize sanayi bölgelerinde gerçekleştirilecek bölgesel, büyük ölçekli ve stratejik teşvik uygulamaları kapsamında yatırımlar, tabii olunan uygulama kapsamında 6 nci bölgede yararlanan desteklerden ayrıca oran, miktar, süre ve şartlarda yararlanır.(2)
hükümler çerçevesinde ödenmesi gereken destek unsurlarına ait tutarlar.

c) Teşvik belgesi müracaatı ve zayıf olan belgelerle ilgili olarak yatırımların Làmında sevhen veya fazla yatırımların nedeniyle iade edilmesi gereken tutarlar.
d) Yatırımlarda devlet yardımları ile ilgili olarak açıklı davaların aleyhte sonuçlanması nedeniyle ödenmesi gereken tutarlar ile yargılama ve cebrî giderleri.

(2) Bakanlıktan yapılacak ödemeler, Türkiye Cumhuriyet Merkez Bankası aracılığıyla gerçekleştirelir.

**Devir, satış, ihracı ve kiralama**

MADDE 22 - (1) Yatırım tamamlayıcı vizesi yapılmış teşvik belgesi kapsamındaki makine ve teşhisatın devri, satış, ihracı veya kiralanması, söz konusu yatırım mallarının teminini müteakip beş yılı doldurmuş olmaları halinde serbesttir.

(2) Teşvik belgesi kapsamındaki yatırımları tamamlayan ancak tamamlayıcı vizesi yapılmamış yatırımlarla ilgili makine ve teşhisatın, teminini müteakip beş yıl geçiği sona satışın yapılmış olması ve işletmenin asgari beş yıl süreyle faaliyeti bulunmuş olması şartıyla, Bakanlıktan herhangi bir müttveyide uygulanmaksizin tamamlayıcı vizesi yapılabilir.

(3) Tamamlayıcı vizesi yapılmadığına bakılmaksızın beş yılı doldurmuş makine ve teşhisatın yatırımın bütünlüğünün bozulmasını kaydıyla veya bütünü ile birlikte;
   a) Teşvik belgeli bir başka yatırım için devri,
   b) Teşvik belgesi olmayan bir başka yatırım içi satıştı.
   c) Ihracı,
   d) Kiralanması,
   e) Bakanlıktan iznine tabidir.

(4) Tamamlayıcı vizesi yapılmamış veya tamamlayıcı vizesi yapılmış olmakla birlikte beş yılı doldurmuş makine ve teşhisatın satış özni verilebilmesi için yatırımın bütünlüğünün bozulmasını şartı aranır. Bu tür durumlarla satış özni verilen makine ve teşhisatın uygulanan destekler geri alınmaz. Ancak, yatırımcının teşvik belgesinin satış özni müteakip diğer nedenlerle iptali hâlinde özni verilen makine ve teşhisatın uygulanan destekler de ilgili mevzuat çerçevesinde kismen veya tamamen geri alınır.


(6) Teşvik belgeli kapsamında temin edilen makine ve teşhisatin, üretilenece mal veya hizmetlerin teşvik belgesi sahibi yatırımci tarafından satın alınması koşuluyla diğer bir yatırımciya herhangi bir ücret almakmazsın geçici olarak verilmesi veya kiralanması Bakanlıktan iznine tabidir.

(7) Teşvik belgesine konu yatırımlardan tamamlayıcı vizesi ve belgeleri kayıtlı özel şartların vizesi yapılabilecek durumda olanlar için, yatırımcıların cebiri içi takımlerine konu olmasa veya iflas masası durumunda; yatırımcı, içi organı veya iflas organı tarafından icra ile satışın veya iflasın kesinleşmesi tarihinden önce teşhis edilmesi hâlinde, Bakanlıktan teşvik belgesinin tamamlayıcı vizesi yapılabilir. Ancak, satışın kesinleşmesi hâlinde kesinleşmesi tarihi itibariyle varsa satış için gerekli süreleri doldurulamış olan makine ve teşhisata yönelik olarak yararlanılan destekler ilgili mevzuat hükümleri çerçevesinde geri alınır.

(8) Yatırımcının ilgili kanun hükümlerine göre faaliyeti girmesi hâlinde, ilgili tasfiye kurununun veya organının talebi üzerine yedinci fikra hükümlerine göre işlem yapılabilir.

**Yatırımların nakli**

MADDE 23 - (1) Büyük ölçekte yatırımlar ile bölgesel teşvik uygulamaları kapsamında gerçekleştirilen yatırımların, işletmeyeye geçiş tarihinden itibaren asgari beş yıl süre ile bulunan bölgede faaliyeti bulunması gerekir. Ancak, Bakanlıktan izin alınması ve yatırım konusu nunun taşımalıçak bölgede destekleeneck konular arasında yer almamı kaydıyla diğer bölgelere taşınabilir. Bulunduğu bölgeden daha az destek alan üst
bölgelere, aynı bölgede bulunan OSB’den OSB dışında veya ilgili yatırım konusunun desteklenmediği bölgede taşınmalarla, taşıdığı bölümün yararlandığıacağı aşın kısım ile taşıdığı bölgede bulunmayan destekler ilgili mevzuat çerçevesinde geri alınır. İşletmeye geçiş tarihinden itibaren beş yıl süre ile bulunduğu bölgede faaliyette bulunan yatırımların diğer bölgede taşınması serbesttir.

(2) Tamamlanmış yatırımlardan beş yıllık süreyi doldurmuş ancaq tamamlama vizesi yapılmamış olanlar, tasarımın öncesinde Bakanlığa müracaat ederek tamamlama vizesini yaptırtı. Bu kapsamdaki yatırımların yer değişikliği talepleri, tasarım sonrasında da uygun görülebilir.

(3) Genel teşvik uygulamasından yararlanan yatırımların yer değişikliği talepleri, yatırım dönemi de dahil olmak üzere Bakanlıkça değerlendirilerek proje bazında sonuçlandırılır.

**MADDE 23/A-** (Ek: RG-22/2/2017-29987) (1) Cazibe Merkezleri Programı kapsamında yer alan “Üretim Tesisı Taşıma Destek Paketi” çerçevesinde Kalkınma Bankası tarafından desteklenmesi uygun görülen yatırımlar ikinci ve üçüncü fikralarda belirtilen şartlara bağlı olarak Karar kapsamındaki destekleri de olup biten ve yararlanan yatırımların; a) Program kapsamındaki 4 ve 5inci bölge illerinde tescil edilen yatırımların, tasarımın doğrudan ya da ek olarak ilgili yatırımın yatırım tarihi ve asgari kapasite şartlarının sağlanamasını sağlanması halinde, tasarımın tescili, bina- inşaat, makine ve teçhizat (avans ve ödenekler dahil) ile diğer yatırım harcamalarına yönelik olarak teşvik belgesinin ilk düzenleniği tarihindeki yatırıma yatırım tarihi esas alınarak ülkenin tamamenビュー şemaları, belirtitlen şartlara bağlı olarak Karar kapsamındaki desteklerden de yararlanır.

(2) Program kapsamındaki illere tasarım nihayetinde ilave yatırım yapılması veya yapılmakla birlikte asgarilevant yatırım tutarı ve asgari kapasite şartlarının sağlanamasını sağlamak; a) Program kapsamındaki 4 ve 5inci bölge illerinde tasarımın nihayetinde ilave yatırım yapılması veya yapılmakla birlikte asgarilevant yatırım tutarı ve asgari kapasite şartlarının sağlanamasını sağlamak;

b) 6inci bölge illerine tasarımın teşvik belgesinin 1. ve 5. inci bölgede geçerli olan süre ve miktarlarla Sigorta Primi İşveren Hissesi Desteğinden, yararlanır.

(3) Program kapsamındaki illere tasarımın gerçekleştirilmesi ve ilave yatırımın asgarilevant yatırım tutarı ve kapasite şartlarının sağlanması halinde, tasarımın tescili, bina- inşaat, makine ve teçhizat (avans ve ödenekler dahil) ile diğer yatırım harcamalarına yönelik olarak teşvik belgesinin ilk düzenleniği tarihindeki yatırıma yatırım tarihi esas alınarak ülkenin tamamenビュー şemaları, belirtitlen şartlara bağlı olarak Karar kapsamındaki desteklerden de yararlanır.

**Yatırım süresi ve tamamlama vizesi**

**MADDE 24 -** (1) Yatırımın başlangıç tarihi, teşvik belgesi için Bakanlığa ya da ilgili yatırımın özü ortaya çıkarması, belge verilmesi için Bakanlığa başvuruların kabul edilebilmesi, yatırımın başlangıç tarihindenden sonra arazi-arxa, altyapı, bina-inşaat, makine ve teçhizat (avans ve ödenekler dahil) ile diğer yatırım harcamalarına yönelik olarak teşvik belgesinin ilk düzenleniği tarihindeki yatırıma yatırım tarihi esas alınarak ülkenin tamamenビュー şemaları, belirtitlen şartlara bağlı olarak Karar kapsamındaki desteklerden de yararlanır.

(2) Teşvik belgesi kapsamındaki yatırımların proje bazında yapılacak değerlendirme sonucunda öngörülen sürede gerçekleştirilmesi esastır. Yatırının öngörülen sürede gerçekleştirilmesi halinde, teşvik belgesinde kayıtlı ilk sürenin yarısı kadar ek süre verilebilir. Bu şekilde hesaplanan ek sürenin bir yıldan az olması halinde ek sürenin bir yıl olarak uygulanabilir.

(3) İlgili mevzuat gereği kamu kurum ve kuruluşlarından alınması gerektiği özel ruhsat gibi diğer belgelerin temin edilmesi veya kamu kurum ve kuruluşlarının uygulamaları sonucu yatırımcıların faaliyetleri durdurulması veya yürütülememesi, yatırım süresi içerisinde gerçekleşecek mücbir veya sebep veya tevkalde hâl durumu nedeniyle yatırımın belgede kayıtlı süre içerisinde gerçekleşeceklişilemedenin yatırımcıların tarafından teşvik edilmesi hâlinde Bakanlıkça bu durum gözönünde bulundurularak ilave süre verilebilir.

(4) Yatırımcı, öngörülen süre veya ek süre bitimini muteakip altı ay içinde yatırımın tamamlama vizesini yapması için teşvik belgesini düzenlenen yerel birime veya Bakanlığa müracaat eder. Bu süre içerisinde müracaat edilmemesi ve daha sonra teşvik
belgesinin herhangi bir nedenle iptal edilmesi veya kısmi müeyyide uygulanması durumunda geçten süreden kaynaklanan cezanın sorumluluğu yatırımcıya aittir.

(5) Bakanlıkta, yatırımların tamamlayıcı vizesi işlemlerleri için Kalkınma Ajansı, ticaret ve sanayi odaıları, sanayi odaıları, bankalar veya yatırının bulunduğu il valiliği görevlendirebilir.

(6) Bakanlıkta uygulanması halinde, daha önceki kararlarla istinaden düzenlenen teşvik belgeleri de dahil olmak üzere tamamlayıcı vizesi işlemlerini, teblig ile belirlenen bilgi ve belgelere ilave olarak yeminli mali müşavirlerçe düzenlenenecek tamamlayıcı ekspertiz raporuna istinaden de yapılabilir.

(7) (Ek: RG-06/08/2014-29080) Kamu kurum ve kuruluşları adına düzenlenen teşvik belgeleri için asgari sabit yatırım tutarı şartı ve yatırım tamamlayıcı vizesi şartı aranamaz.


(9) (Ek: RG-5/10/2016-29848) Daha önceki kararlarla istinaden düzenlenen teşvik belgeleri de dahil olmak üzere, otel yatırımlarından, yatırım tamamlayıcı vizesi esnasında turizm işletme belgesi ibraz edilemeyen, ancak otel işletmesi olarak işyeri açma ve çalışma ruhsati bulunan yatırımlara ait teşvik belgelerinin tamamlayıcı vızeleri, belgenin genel teşvik sistemine dönüştürülmesi suretiyle yapılabilir.

Belge zayıf

MADDE 25 - (1) Teşvik belgesi veya eki belgelerin zayı olması nedeniyle yatırımçı tarafından yeniden tasdikinin talep edilmesi durumunda, teblig ile belirlenen müebbet sebebi ve fevkalede hal durumları hariç olmak üzere tasdikten sonra bir belge için Bakanlık Dönüş Sermaye İşletmesi hesabına ücretli Türk Lirası yatırır. Söz konusu meblag hiçbir surette iade edilemez.

Üyelik ve denetim

MADDE 26 - (1) Teşvik belgesinde öngörülen destek unsurlarının ilgili kurum ve kuruluşlar tarafından uygulanması zorunludur.

(2) Bakanlık, tebligler ile belirlenen usul ve esaslar çerçevesinde bu Karar kapsamındaki uygulamaya yönelik bazı işlemleri diğer kurum ve kuruluşlar aracılığı ile yürütülebilir.

Yetki ve denetim

MADDE 27 - (1) Bu Kararın uygulanmasını teminettir Bakanlık;

a) Uygulamaya ilişkin usul ve esasları belirlemeye, talimat vermeye,

b) Makroekonomik politikalardan ve gelirгерi şartları göz önünde bulundurarak gerekli tedbirleri almayı ve bu yönde düzenlemeler yapmayı,

c) İlgili kişi, kurum ve kuruluşlardan gerekli görülen her türlü ilave bilgi, belge, görüş, izin, ruhsat vb. istemeye,

d) Bu Kararda öngörülen hâller dışında kalan özel durumları incceleyip sonuçlandırmaya, görüş vermeyi, müebbet sebebi ve fevkalede hal durumlarının varlığı hâline teşvik belgesi ile ilgili gerekli işlemleri yapmaya ve uygulamada ortaya çıkacak ihtilafları çözmeyi,

e) Teşvik belgesinde öngörülen şartlara uyulup uymadığını denetleye ve denetim sonuçlarına göre gerekli tedbirleri almayı,

(1) Denetim sırasında, denetim görevlilerinin yatırımla ilgili her türlü bilgi ve belgeyi inceleme taleplerinin karşılanması, talep edilmesi halinde belgelerin onaylı örnekleinin verilmesi ve mahalli incelemeye izin verilmesi zorunludur.

Müeyyide

MADDE 28 - (1) Bu Karar ile uygulama mevzuatında belirlenen hükmümlere aykırı davranış, teşvik belgesindeki kayıt ve koşulları yerine getirmeyen, teşvik belgesi ile diğer belgelere tahrifler yapan, sahte ve muhteşem itibarlıya yanılıtıcı belge düzenleyen veya kullanlan, yanlış ve yanılıtıcı bilgi veren, diğer kurum, kuruluş veya firmalara karşı
yükümlülüklerin yerine getirilmemesi nedeniyle icra veya iflas yoluyla yapılan işlemler de dahi belge kapsamındaki makine ve teşhisatı öngörlen süreçlerden önce satın veya satılmasması, sebebeyet veren, teşvık belgesinde öngörlen sürede yatırımları tamamlayamayan, belirlenen asgari yatırımlar tutarlarına uymayan yatırımcıların teşvik belgeleri bu madde'nin ikinci fıkrası hükümleri saklı kalmak kaydıyla iptal edilir.

(2) Yatırımcının mükellefiyetini ksmen yerine getirmemiş ancak, belge iptalinin de gerekmedi durumlarda belge kapsamında sağlanan desteklerden bir kısmı müsyiide uygulanarak geri alınır.

(3) Teşvık belgelerinin iptal edilmesi veya kısımlı müsyiide uygulanması halinde sağlanan destekler 6183 sayılı Kanun hükümleri çerçevesinde yatırımcıdan geri alınır.

(4) Yatırımcının mükellefiyetini yerine getirmemesi halinde uygulanacak olan müsyiyiiderden finansal kiralama konu makine ve teşhizata tekabül edenxml, kısımen veya tamamen finansal kiralama sirketlerine de uygulanabilir.

Diğer desteklerden yararlanma

Yürürlüken kaldırılan mevzuat
MADDE 30 - (1) 14/7/2009 tarihli ve 2009/15199 sayılı Bakanlar Kurulu Kararı ile yürürlüğe konulan Yararlanmlarda Devlet Yardımları Hakkında Karar yürürlüken kaldırılmıştır.


Sonuçlandırlanmış müracaatlar
GEÇİCİ MADDE 1 - (1) Bu Kararın yayımı tarihinden önce sonuclandırılmış müracaatlar, müracaat tarihinde yürürlükte bulunan Karar çerçevesinde sonuclandırılır. Ancak, yeni teşvık belgesi düzenlenmesi için sağlanan müracaatlar, talep edilmesi halinde bu Karara instendan değerlendirilir.

Daha önceki kararlara ilişkin uygulama

(2) (Ek:RG-06/08/2014-29080) Daha önceki kararlara instendan düzenlenen teşvık belgeleri kapsamında temin edilen makine ve teşhizatın bu Karara instendan düzenlenen teşvık belgesine devri halinde, söz konusu makine ve teşhizat için devranal yatırımcı, genel teşvık uygulamalari dışındaki diğer desteklerden yararlanamaz. Ancak, aynı yatırımcıya ait belgeler arası devir işlemlerinde, bu Karara instendan düzenlenen teşvık belgesinin müracaat tarihi ile belge tarihi arasında diğer belge kapsamında temin edilen makine ve teşhizat için belgede kayıtlı desteklerin tamamı uygulanır.

(3) (Değişik:RG-06/08/2014-29080) 22 nci maddenin ikinci fıkrası ile 24 ünüzü maddenin ikinci ve yedinci fıkraları daha önceki kararlara instendan düzenlenmiş teşvık belgelerine de uygulanır. Bu hüküm, iptal edilmiş ancak ilgili kurumlarca müsyiide uygulanamamış veya müsyiide uygulanmasına rağmen henüz tahsıl edilmemiş teşvık belgeleri kapsamında yararlananlar için de geçerlidir.
(4) Daha önceki yıllarda ait Bakanlar Karulu Kararlarına istinaden düzenlenen üçüncü teşvik belgelerinden Kaynak Kullanımı Destekleme Primı hıpta edilenlerin tamamlama vizesi işleri, ılgili banka tarafından fiziki, mali ve teknik inceleme yapılmak suretiyle tanzim edilmiş olan ve prim ödemesine esas teşkil eden raporlarla istinaden doğrudan Bakanlıkça yapılabilir.


(2) Bu maddeyi ihdas eden Kararın (2015/7496) lelte olan hükümleri, talep edilmesi halinde, 1/1/2012 tarihinden sonra yapılan müreacaatlara istinaden düzenlenen teşvik belgelerine de uygulanır.


GEÇİCİ MADDE 6- (Ek:RG-8/4/2016-29678) (1) Bu maddeyi ihdas eden Kararın (2016/8715) 1 inci maddesi ile lege getirilen hükümler, talep edilmesi halinde, 1/1/2015 tarihinden sonra yapılan müreacaatlara istinaden düzenlenen teşvik belgelerine de uygulanır.

GEÇİCİ MADDE 7- (Ek:RG-22/2/2017-29987) (1) Bu maddeyi ihdas eden Kararın (2016/8715) 1 inci maddesi ile lege getirilen hükümleri Ekonomi Bakanlığıyürütür.

GEÇİCİ MADDE 8- (Ek:RG-22/2/2017-29987) (1) Bu maddeyi ihdas eden Kararın (2016/8715) 1 inci maddesi ile lege getirilen hükümler, talep edilmesi halinde, 1/1/2017 ile 31/12/2017 tarihleri arasında gerçekleştirilecek yatırım harcamaları için;

a) Bina-inşaattı harcamalarında KDV iadesi,

b) Bölgeel, büyük ölçülü ve stratejik teşvik uygulamaları kapsamında vergi indirimi deşteğinde uygulanacak yatırım katkı katkısını oranları her bir bölge geçerli olan yatırım katkı oranını 15 puan ilave edilmiş suretiyle, kurumlar vergisi veya gelir vergisi indirimi indirimi tüm bölgesinde yüzde yüz oranda ve yatırım katkı tütünün yatırım döneminde yatırımının diğer faaliyetlerinden elde ettiği kazançları uygulanacak oranı yüzde yüz olmak üzere, teşvik belgesi üzerinde herhangi bir işlem yapılmaksızın uygulanır.

GEÇİCİ MADDE 9- (Ek:RG-22/2/2017-29987) (1) Bu Kararın EK-1B sayılı ve “İLELерIN BÖLGESEL DESTEKLERDEN YARARLANABİLCEK SEKTÖRLERINE İLİŞKIN SEKTÖR NUMARALARI” başlıklı tablosunun 10 numaralı dipnotunun (g) ve (ğ) bentleriyle lege getirilen hükümler, talep edilmesi halinde, 1/1/2012 tarihinden sonra yapılan müreacaatlara istinaden düzenlenen teşvik belgelerine de uygulanır.

Yürürlük

MADDE 31 - (1) Bu Karar günü tarihinde yürürlüğe girer.

Yürütme

MADDE 32 - (1) Bu Karar hükümlerini Ekonomi Bakanlığı yürüttür.
DECREE OF THE COUNCIL OF MINISTERS

Decree Number: 2012/3305

It has been resolved by the Council of Ministers on 15/6/2012 that the attached “Decree On State Incentives In Investments” shall be put into effect upon the Report No 43145 of the Ministry for Economy on 15/6/2012 according to Additional Article 2 of Law No. 474 dated 14/5/1964, Article 3 of Law No. 4706 dated 29/6/2001, Additional Article 2 of Law No. 5510 dated 31/5/2006, Article 13 and Temporary Article 30 of Law No. 3065 dated 25/10/1984, Articles 11 and 26 of Decree Law No. 637 dated 3/6/2011 and Article 32/A of Law No. 5520 dated 13/6/2006.

Abdullah GÜL
PRESIDENT

Recep Tayyip ERDOĞAN
Prime Minister

B. ARINÇ  C. YILMAZ  R. ATALAY  B. BOZDAĞ
Deputy Prime Minister  Acting Deputy Prime Minister  Deputy Prime Minister

S. ERGİN  E. BAĞIŞ  N. ERGÜN
Minister of Justice  Minister for EU Affairs  Minister for Science, Industry and Technology

F. ŞAHİN  E. BAYRAKTAR  A. DAVUTOĞLU  M. Z. ÇAĞLAYAN
Minister for Family and Social Policies  Minister for Environment and Urbanization  Minister for Foreign Affairs  Ministry for Economy

F. ÇELİK  T. YILDIZ  H. YAZICI
Minister for Labor and Social Security  Minister for Energy and Natural Resources  Minister for Customs and Trade

E. BAYRAKTAR  M. M. EKER  M. ŞİMŞEK
Acting Minister for Youth and Sports  Minister for Food, Agriculture and Livestock  Minister for Finance

T. YILDIZ  İ. N. ŞAHİN
Minister for Energy and Natural Resources  Minister for Internal Affairs

A. DAVUTOĞLU
Minister for Foreign Affairs

C. YILMAZ  E. GÜNAY
Minister for Development  Minister for Culture and Tourism

M. ŞİMŞEK
Minister for Environment and Urbanization

Ö. DİNÇER  I. YILMAZ  V. EROĞLU
Minister for National Education  Minister for Defense  Minister for Forestry and Water Affairs

R. AKDAĞ  I. YILMAZ
Minister for Health  Minister for Transportation, Maritime and Communication

DECREE ON STATE INCENTIVES IN INVESTMENTS

Purpose
ARTICLE 1 - (1) The purpose of the this Decree is to set the procedures and principles to channel savings to investments with high added value, enhance production and employment rate, encourage regional and big scale investments and strategic investments with a large research and development content and capacity to increase international competitiveness, increase direct foreign investments, dispel regional development differences, support investments aimed at aggregation and environment and research and development activities in accordance with the targets estimated in development plans and annual programs.

Definitions
ARTICLE 2 - (1) In the implementation of this Decree the following terms shall mean;
a) Intermediary institution: Banks and leasing companies including the public banks to give interest support,
b) Research and Development (R&D) Investment: Investments for research and development activities based on scientific principles and of which each phase is previously determined in order to develop new products, increase product quality and standards, and adopt any new technology that would reduce the costs and enhance the standards to conditions of the country,
c) Minister: Minister for Economy,
d) Ministry: Ministry for Economy,
e) Large scale investment: Investments stated in Annex-3 and defined within the scope of Article 32/A of the Corporate Tax Law No. 5520 dated 13/6/2006,
f) Environment Investment: Investments concerning the cleaning or disposal of waste such as solid, liquid or gas waste of facilities that already exists or will be established, and which are not directly concerned with commodity production,
g) General Directorate: Ministry for Economy General Directorate for Incentive Implementation and Foreign Capital,
h) Commission: Strategic Investments Evaluation Commission established with the approval of the Minister within the structure of the Ministry for Economy,
i) Accounting Unit: Accounting unit of the Ministry for Economy,
j) Fixed investment amount: Total amount of the items for real property-land, building-construction, machinery and equipment and other investment expenditures,
k) Incentive certificate: Investment incentive certificate,
l) Product: Processed product(s) of the manufacturing industry which are aimed to be obtained by the investment subject to the incentive certificate,
m) Investor: Real persons or legal entities who will realize the investment within the scope of the incentive certificate,
n) Local units: Development Agencies, chambers of industry and other chambers to be assigned by the Ministry.

Regions

ARTICLE 3 - (1) The provinces with regard to the implementation of the supports contained within the scope of this Decree are divided to six regions by taking into consideration the socio-economic development levels and are listed in Annex-1.

Incentive system and support elements

ARTICLE 4 - (1) The incentive system consists of the investment incentive implementations for the general, regional, large scale and strategic investments.
(2) General incentive implementations: Except for regional, large scale and strategic investments, and those listed in Annex-4 not to be supported and also investment subjects which do not comply to the conditions set forth in Annex-4, investments at or above the fixed investment amounts in Article 5 may benefit from the following support elements regardless of the region.
a) Customs duties exemption.
b) Value added tax (VAT) exemption.
c) Income tax stoppage support (for investments in Region 6).
d) Social security premium employer share support (for ship building investments of shipyards).
(3) Regional incentive implementations: Sectors whose numbers are stated in Annex-2B on basis of provinces may benefit from the following support provided that they comply with the criteria of the relevant region where the province is Located as stated in Annex-2A.
a) Customs duties exemption.
b) VAT exemption.
c) Tax discount.
d) Social security premium employer share support.
e) Investment land allocation.
f) Interest support (for investments in Regions 3, 4, 5 and 6).
g) Income tax stoppage support (for investments in Region 6).
h) Social security premium support (for investments in Region 6).
(4) Large scale investments: The investment subjects fulfilling the minimum amounts stated in Annex-3 may benefit from the following supports.
a) Customs duties exemption.
b) VAT exemption.
c) Tax discount.
d) Social security premium employer share support.
e) Investment land allocation.
f) Income tax stoppage support (for investments in Region 6).
g) Social security premium support (for investments in Region 6).
(5) Strategic investments: Investments that fulfill the criteria in Article 8 may benefit from the following supports regardless of the region.
   a) Customs duties exemption.
b) VAT exemption.
c) Tax discount.
d) Social security premium employer share support.
e) Investment land allocation.
f) Interest support.
g) VAT return.
h) Income tax stoppage support (for investments in Region 6).
i) Social security premium support (for investments in Region 6).
(6) For investments which are eligible to obtain incentive certificates within the scope of paragraph three, four and five, an investment certificate can be issued within the framework of general investment implementations.

Fixed investment amount and minimum capacity
ARTICLE 5 - (1) For an investment to be eligible to benefit from support elements, the minimum fixed investment amount should be one million Turkish Liras in Regions 1 and 2 and five hundred thousand Turkish Liras in Regions 3, 4, 5 and 6. However, investments to benefit from the support items should also fulfill the minimum capacity, fixed investment amount and the other conditions defined in Article 8 or attached lists if any.
(2) The total amount pertaining to the machinery and equipment subject to leasing in the investments to be made via leasing method should be minimum two hundred thousand Turkish Liras for each leasing company.
(3) The rate of intangible fixed assets (trademark, license, know-how etc.) which are deemed as investment expenditure within the scope of the incentive certificate cannot exceed fifty percent of the fixed investment amount that is registered to the incentive certificate.

Application
ARTICLE 6 - (1) Incentive certificate applications must be addressed to the Ministry together with necessary information and documents which are published in the relevant communiqué. However, the applications for investments that falls within the scope of general and regional incentive implementations, do not exceed a fixed investment amount of ten million Turkish Liras, and will be determined by a communiqué can be submitted to the local units in the location of investment on the own discretion of the investor.
(2) If the application for an incentive certificate is to be made directly to the Ministry, a fee amounting to four hundred Turkish Liras must be deposited to the account of the Circulating Capital Directorate of the Ministry, and if it is to be made to the local units, a fee amounting to three hundred Turkish Liras must be deposited to the account of the Circulating Capital Directorate of the Ministry and one hundred Turkish Liras to the account of the relevant local unit by the applicant. These amounts are certainly non-refundable. However, applications made to the Ministry as part of the investment incentive certificate process relating to the import of complete second-hand facilities are subject to a fee of 10,000 TL.
(3) Except for transaction fees determined by the communiqué related with the incentive certificate, no additional fee can be charged by the relevant local units.

Issuance of the incentive document
ARTICLE 7 - (1) In order for investments to benefit from the support elements covered under this Decree, project must be approved within the frame of the sectoral, financial and technical evaluations, which are made by taking into consideration the macro-economic programs and the demand-supply balance, and an incentive certificate must be issued.
(2) Investment expenditures which are realized before the application date for the incentive certificate are not covered by the incentive certificate.
(3) An individual investment certificate is not issued on behalf of the financial leasing company for investments to be realized by the financial leasing method.

Strategic investments
ARTICLE 8 - (1) Investments, which satisfy all of the following criteria together and are aimed at the production of products with high import dependency are considered as strategic investments.
a) The minimum fixed investment amount is above fifty million Turkish Liras (exclusively including the part to be proportioned to the facility’s established power for the energy investments not based on natural gas to meet the energy needs of these investments).
b) The total domestic production capacity for the product subject to the investment is less than the importation.
c) Based on the principles set by the Ministry, the added value to be provided by the investment contained in the certificate is minimum forty percent.
d) The total import amount of the subject product to be invested in is above fifty million US Dollars within the last year.
(2) Sub-clause (d) of the first paragraph does not apply for the investments for production of products which are not produced domestically, and sub-clause (c) does not apply for refinery and petro-chemical investments.
(3) Applications to the Ministry in this matter shall be examined and evaluated by the Commission and incentive certificates shall be issued for appropriate projects.
(4) Investment subjects listed in Annex-4 which are not subject to support and investments to be realized by State institutions and organizations shall not be evaluated within the scope of this article.
(5) Priority investments with a minimum fixed investment amount above 3 billion TL shall be deemed strategic investments. However, the interest subsidy to be granted for such investments shall not exceed 700,000 TL.

**Customs duties exemption**

**ARTICLE 9 - (1)** Within the scope of the incentive certificate, import of investment goods machinery and equipment, import of CKD components and parts in automobile and light commercial vehicle investments provided that it remains within investment period, and import of hulls in investments for the construction of yachts above fifty meters and ships are exempted from customs duty in accordance with the Import Regime Decree in effect.

(2) If bus, tow truck (excluding those with green motors in conformity with Euro norms), furniture, motorboats, trucks (excluding off-road dump trucks which are not allowed to highways), trans-mixers, concrete plants, forklifts, and concrete pumps are imported within the scope of incentive certificate, customs duties at the rate specified by the current Import Regime Decree are collected. Also, the import of spare parts not exceeding five percent of the cost of machinery and equipment may be imported without providing and customs duty exemption and added to the fixed investment amount.

(3) By considering the sectoral restrictions, following may be deemed suitable by the Ministry;

a) Used or renewed machinery and equipment (excluding land transport vehicles) deemed as appropriate for import in accordance with the Import Regime Decree and the machinery and equipment eligible for import according to Article 7 of the Import Regime Decree can be included within the scope of the incentive certificate,

b) The import of the entire used facility upon evaluation to be made on basis of the project.

(4) Used or renewed machinery and equipment within the scope of incentive certificates for print, press, textile, ready-made clothing and confection investments cannot be imported.

(5) For investments to be realized by the financial leasing method, import transactions are performed by considering the incentive certificate of the investor without issuing an individual investment certificate on behalf of the financial leasing company. The investor and the financial leasing company are severally liable for the import transactions.

(6) Import of machinery and equipment, concerning the investments for which application for incentive certificate is made but not concluded yet, is permitted by the Ministry for Customs and Trade, upon approval of the Ministry, provided that a guarantee in the total amount of tax and other deductions that would be exempted under the investment certificate is deposited. In imports against collateral, the maximum one-time term for collaterals is six months, which begins when the goods are released for free circulation. In case the incentive certificate is not granted during this period, within three months from the end of the term the investor may apply directly to the Ministry of Customs and Trade to extend the term. The start date of the extended term shall be the expiration date of the previous term. The investor must apply to the Ministry of Customs and Trade with the incentive certificate and the annexed list of imported machinery and equipment in order to release the collateral. Otherwise, amount collected as guarantee is retained as revenue.

(7) If a new investment is made concerning the production of automobiles with a minimum capacity of one hundred thousand pieces/year, or if the capacity of existing facilities is increased by minimum one hundred thousand pieces/year, the investors are permitted to import automobiles in A, B and C segments without being subjected to any customs duties after the fixed investment amount registered to the incentive certificate is realized by twenty percent, provided these are within the investment period. The total number of automobiles that are permitted to be imported within the scope of the incentive certificate cannot exceed fifteen percent of the additional capacity registered in the certificate. However, if the certificate contains also the production of motors, the investor is allowed to import automobiles from the above mentioned segments up to an additional fifteen percent of the motor production capacity (if the motor production capacity is greater than the automobile production capacity, the automobile capacity shall prevail).
VAT exemption and return

ARTICLE 10 - (1) In accordance with the Law on Value Added Tax no. 3065 and dated 25/10/1984, deliveries of imported or domestic machinery and equipment to be made within the scope of an incentive certificate to the investors that possess an incentive certificate can be exempted from VAT. The same provision applies also to the transfer transactions of the incentive certificate or machinery and equipment contained within the scope of incentive certificate and the partial delivery of the goods stated as sets, units, kits and etc. in the machinery and equipment lists.

(2) Building-construction expenditures to be made within the scope of strategic investments of above a fixed investment amount of five hundred million Turkish Liras may benefit from VAT return.

Interest support

ARTICLE 11 - (1) Upon request, for investments that would benefit from supports within the scope of regional incentive implementations and strategic investments, as well as the R&D and environment investments, the following points of interest rate or profit share to be paid for the investment loans extended by the banks with a maturity of at least one year and not exceeding seventy percent of the fixed investment amount recorded in the incentive certificate can be compensated from the budget resources for the first five years at maximum upon the approval of the Ministry;

a) for the regional investments to be realized in Region 3, three points for the loans in Turkish Lira, one point for the foreign currency and foreign exchange loans,
b) for the regional investments to be realized in Region 4, four points for the loans in Turkish Lira, one point for the foreign currency and foreign exchange loans,
c) for the regional investments to be realized in Region 5, five points for the loans in Turkish Lira, two points for the foreign currency and foreign exchange loans,
d) for the regional investments to be realized in Region 6, seven points for the loans in Turkish Lira, two points for the foreign currency and foreign exchange loans,
e) for the strategic investments, R&D investments and environment investments to be realized in any region regardless of the regions, five points for the loans in Turkish Lira, two points for the foreign currency and foreign exchange loans.

(2) For those investments covered under incentive certificates containing interest support and to be realized with financial leasing method, interest support can be supplied under the same conditions provided that a disbursement plan including interest and profit share payments is prepared.

(3) The amount of interest support to be provided on project basis within the scope of regional investment implementations cannot exceed five hundred thousand Turkish Liras in Region 3, six hundred thousand Turkish Liras in Region 4, seven hundred thousand Turkish Liras in Region 5 and nine hundred thousand Turkish Liras in Region 6.

(4) Regardless of the region, the amount of interest support cannot exceed five hundred thousand Turkish Lira for R&D investments and environment investments, fifty million Turkish Liras provided that this does not exceed five percent of the fixed investment amount for strategic investments.


(6) Interest support implementation for investments to be realized by foreign currency credits is made by taking into account of foreign exchange selling rate of Central Bank of Turkey applicable at the date of maturity.

(7) Interest support shall not apply to investments for used machinery and equipment and for investments made by State institutions and organizations including public economic enterprises and public occupational organizations.

(8) It is not admissible to apply by more than one intermediary for interest support in relation with the investment within the scope of the same incentive certificate. However, it is admissible to apply by more than one intermediary for interest support in relation with strategic investments.

(9) In case of failure by the investor in the reimbursement of the interest, profit share or the principal in due period as specified in the disbursement plan for the first time, the case is notified by the intermediary institutions to the Ministry within the shortest time and upon the notification the Ministry suspends the payments of the interest support. In case of a subsequent notification by the intermediary institution to the Ministry about fulfillment of reimbursement obligation by the investor, the interest support payments are resumed for the remaining periods, without granting an extension period on the payment dates specified at the beginning. In case of failure in obligations regarding the loan reimbursement for the second time, payment of interest support is terminated.

(10) In case of transfer of the investment within the scope of incentive certificate to another investor, and if the incentive certificate of the investor taking over is entitled to interest support and the approval of the intermediary institution is obtained, payment of interest support is proceeded for the new investor in accordance with the new
disbursement plan to be issued for the remaining part of the loan without making any modification in the previous plan concerning the maturity, amount and similar conditions. Otherwise, the interest support implementation is ceased.

(11) The intermediary institution is liable to ensure the use of the loan subject to interest support for the expenditures within the scope of incentive certificate. In case the loan is determined to have been used for purposes other than specified, for the banks the amount determined by the Bank by applying the interest or profit share rate specified for a loan within this scope by the relevant bank to the interest support amount already paid by the Ministry, for financial leasing companies the total amount determined by applying the interest or profit share specified in issuance of the disbursement plan to the interest support amount already paid are required to be deposited in the account of accounting unit within five work days to be retained as revenue to the budget. Otherwise, the same amounts are collected by the Ministry;

a) Through transfer from the reserve account in Central Bank of Turkey or by exercising other means of legal remedy for banks,

b) By applying the provisions of the Procedure Law on Collection of Public Claims, law no. 6183 dated 21/7/1953, for financial leasing companies,

(12) In case the interest or profit share rates applied by the intermediary institutions fall below the interest support point determined by regions, the rate applied by the intermediary institution shall be taken into account.

Social security premium employer share support

ARTICLE 12 - (1) For large scale investments, strategic investments and the investments supported within the scope of regional incentive implementations, part of employers share in social security premium corresponding to minimum wage amount is compensated from the budget of the Ministry for the employments specified below provided that the employment recorded in the incentive certificate whose completion visa is issued is not exceeded;

a) for completely new investments, all employment created by the investment realized within the scope of the incentive certificate,

b) for all other types of investments, following the completion of the investment, amount of employment created by the investment within the scope of the investment certificate and added to the average number of employees notified to the Social Security Institution with the monthly premium and service document in the last six months before commencement of the investment (for investments bearing seasonal characteristics, preceding years’ seasonal average employment figures are taken into account).

(2) Investments which are supported within the scope of large scale investments and regional investment implementations, the above mentioned support shall be implemented for the periods as stated below.

<table>
<thead>
<tr>
<th>Regions</th>
<th>Duration of Implementation</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>2 years</td>
</tr>
<tr>
<td>2</td>
<td>3 years</td>
</tr>
<tr>
<td>3</td>
<td>5 years</td>
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<tr>
<td>4</td>
<td>6 years</td>
</tr>
<tr>
<td>5</td>
<td>7 years</td>
</tr>
<tr>
<td>6</td>
<td>10 years</td>
</tr>
</tbody>
</table>

(3) For strategic investments, this support is implemented for ten years in Region 6 and for seven years in all other regions.

(4) The amount of the social security premium employer share support benefited from may not exceed the rates specified below for fixed investment amount concerning the investments supported under regional incentive implementations and for large scale investments.
### Regional Incentive Implementations

<table>
<thead>
<tr>
<th>Regions</th>
<th>Insurance Premium Employer Share / Fixed Investment Amount Ratio (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>10</td>
</tr>
<tr>
<td>2</td>
<td>15</td>
</tr>
<tr>
<td>3</td>
<td>20</td>
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<tr>
<td>4</td>
<td>25</td>
</tr>
<tr>
<td>5</td>
<td>35</td>
</tr>
</tbody>
</table>

### Large-Scale Investments

<table>
<thead>
<tr>
<th>Regions</th>
<th>Insurance Premium Employer Share / Fixed Investment Amount Ratio (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>5</td>
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<tr>
<td></td>
<td>8</td>
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<td>10</td>
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<td></td>
<td>11</td>
</tr>
</tbody>
</table>

(5) For strategic investments, the amount of the social security premium employer share shall not exceed fifteen percent of the fixed investment amount in Region 1, 2, 3, 4, and 5.

(6) In order for the premiums corresponding to employers’ share are compensated, employers are required to submit the monthly premium and service documents for the employees they employ to the Social Security Institution within the legally prescribed period in accordance with the Social Security and General Health Insurance Law No 5510 dated 31/5/2006 and the amount that corresponds to the employee’s share in social security premium and the amount representing the portion of the employers’ share that is not compensated by Ministry must be paid within the legally prescribed period. In case of late payment of the premiums to be paid by the employer, the overdue fine arising out of late payment to the Social Security Institution by the Ministry is collected from the employer.

(7) For shipbuilding investments in shipyards that are supported under general incentive implementations, the portion of social security premium employer share corresponding to the minimum wage to be paid for employees employed in building the ship registered in the certificate may be covered by the Ministry without requiring the completion visa. This support can be applied for maximum eighteen months beginning from the start date of the investment, even if the ship building activity takes longer. Yachts, floating facilities and marine vehicles are considered within this scope. For prospecting investments, the subsidy may be granted before the completion visa is issued, in line with the terms specified in paragraph two.

(8) In the facility for the investment contained in the incentive certificate for which this support shall be applied, the number of employees employed under the same social security workplace number of the employer by the sub-contractors specified in the relevant regulation may also count towards this support.

(9) The procedures and principles for the transfers to the Social Security Institution are determined by the Ministry.

**Social security premium support**

**ARTICLE 13** - (1) According to this Decree in Region 6; for additional employment to be created by the investment to be realized in line with the incentive certificate within the scope of large scale investments, strategic investments and regional incentive implementations, the portion of the social security employer share corresponding to the minimum wage to be paid to the Social Security Institution by the employer may be paid by the Ministry budget on behalf of the employer for ten years following the issuance of completion visa provided that the number of employment registered in incentive certificate whose completion visa is issued is not exceeded.

(2) In order to benefit from this support, the monthly premium and service documents have to be submitted in the legally prescribed period to the Social Security Institution and the employee share of the premium, which is not covered by the Ministry should be duly and timely paid. In case of late payment of the premiums to be paid by the investor who benefit from this support, the overdue fine arising out of late payment to the Social Security Institution by the Ministry is collected from the employer.

(3) The provision stated in paragraph eight of Article 12 may also be applied to the social security premium support.

**Income tax stoppage support**

**ARTICLE 14** - (1) For additional employment created by the investments to be realized within the scope of the incentive certificates issued for Region 6 according to this Decree, the income tax that is calculated on basis of the portion of the employees’ wages that corresponds to the minimum wage shall be cancelled from the tax accrual by means of tax declaration to be submitted for ten years starting from the whole or partial commissioning of the investment provided that the number of employees registered in the certificate is not exceeded.

(2) In case the investment is not completed or the incentive certificate is cancelled, all taxes that are cancelled within the scope of the income tax stoppage support shall be collected together with delay interest, but without tax loss.
fines.

(3) In case the investment is transferred before it is commissioned, the transferee shall be entitled to benefit from the same income tax stoppage support, provided the transferee fulfills the same conditions.

(4) In case the investment is transferred after it is commissioned wholly or partially, the transferee shall be entitled to benefit from the income tax stoppage support after the date of transfer and the transferor until the date of transfer.

**Tax discount**

**ARTICLE 15**

(1) For large scale investments and investments to be realized within the scope of the regional incentive implementations, the corporate tax or income tax pursuant to article 32/A of Law No 5520 shall be applied with reduction at the following rates until the estimated investment contribution amount is attained.

<table>
<thead>
<tr>
<th>Regions</th>
<th>Investment contribution rate (%)</th>
<th>Regional Incentive Implementations</th>
<th>Corporate tax or income tax reduction rate (%)</th>
<th>Investment contribution rate (%)</th>
<th>Corporate tax or income tax reduction rate (%)</th>
</tr>
</thead>
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(3) For strategic investments, the tax discount rate to be applied shall be ninety percent and investment contribution rate shall be fifty percent in all regions.

(4) Investment contribution amount that is to be applied within the scope of this Article, means the discounted income or corporate tax that is paid by the state by remission to collect, and the rate to be calculated by dividing this amount to the total investment amount means the investment contribution rate.

(5) Income or corporate tax may be applied to the profits of the investor during the investment period not exceeding the amount of the investment expenditure incurred to be calculated according to this article and exceeding 80 percent of the total investment contribution amount.

(6) Investments made in connection to land, building land, royalty, spare parts and expenditures which are not part of amortization, also institutions that operate under Law No. 5520 in the finance and insurance field, joint ventures, investments realized under Law No. 4283 on Establishing and Operating Electric Power Plants and Sale of Energy through the Build-Operate Model and Law No. 3996 Regarding the Realization of Certain Investments and Services by the Build-Operate-Transfer Model and royalty contracts shall not benefit from tax discount support.

(7) The reduction rate does not apply in taxation through withholding (stoppage).

(8) Regarding priority investments as stated in Article 17 of this Decree, tax deduction support for investments with a fixed amount of 1 billion TL or above shall be subject to a 10 point increase to the investment contribution rates valid in Region 5.
Investment land allocation
ARTICLE 16 - (1) Pursuant to additional article 3 of the Law dated 29/6/2001 and No 4706 and in accordance with the procedures and principles set forth by the Ministry of Finance, land can be allocated to large scale investments, strategic investments and investments to benefit from regional supports with incentive certificate issued by the Ministry. 
(2) Investments pursuant to paragraph six of Article 15 are not subject to land allocation.

Primary investment subjects
ARTICLE 17 - (1) The following investment subjects may benefit from regional supports in Region 5. However, if these investments are located in Region 6, they are subject to the regional supports in the Region they are located.
   a) Investments for cargo and/or passenger transportation by seaway.
   b) Railway investments of the private sector for intercity cargo and/or passenger transportation and railway investments for urban cargo transportation.
   c) Test centers wind tunnels and similar investments (automotive, space and defense industry).
   d) Thermal resort or accommodation investments located in Cultural or Touristic Reserve and Development areas, and suitable to receive local grants.
   e) Tourism accommodation investments to be realized in Culture and Tourism Protection and Development Regions and eligible for regional supports.
   g) Investments in the fields of defense, aviation and space which are to be realized after the project approval of the Ministry for Defense and with a minimum amount of twenty million Turkish Liras.
   h) (Amended: RG-9/5/2014-28995) Nursery, daycare center; pre-, primary, secondary and high school investments made by the private sector.
   i) (Amended: RG-13/10/2012-28440) Investments for the manufacture of products and parts developed as a result of the Ministry of Science, Industry and Technology, TÜBİTAK and KOSGEB-supported projects.
   j) (Annex: RG-15/2/2013-28560) Investments in motor vehicle industry with a minimum amount of 300 million TL, engine investments of 75 million TL and above, and engine component/drivertrain & components and motor vehicle electronics investments of 20 million TL and above.
   k) (Annex: RG-15/2/2013-28560) Power generation investments that use as input mines that have a valid mine operation license by the Ministry of Energy and Natural Resources, and are in the 4-b group as per Article 2 of the Mining Law No. 3213.
   l) (Annex: RG-9/5/2014-28995) In accordance with the project approval from the Ministry of Energy and Natural Resources, and with the exception of the investments specified in the list of “Non-Incentivized Investments” in Annex 4, energy efficiency investments for existing manufacturing plants with an annual energy consumption of 500 tons of oil equivalent (TOE), achieving an energy saving of 20% per unit of product, and have a maximum return of investment of 5 years.
   m) (Annex: RG-06/08/2014-29080) Investments in carbon fiber production or carbon fiber composite material production alongside carbon fiber production.
   o) (Annex: RG-8/4/2015-29320) Prospecting investments in licensed areas by investors with a valid Prospecting License or Certificate prepared in accordance with the Mining Law.

Investments to benefit from sub-region support
ARTICLE 18 - (1) Investments with incentive certificates within the scope of large scale investments or regional incentive implementations may benefit from tax discount and social security premium employer share support over the rates and periods valid in one region below the region they exist, provided that they satisfy at least one of the following conditions.
   a) If the investment is realized in an organized industrial zone (OIZ).
   b) If the investment is realized by an investor who has at least five real person or legal entity partners in the same sector and the investment provides integration to the field of common activity.
(2) The social security premium employer share support for large scale investments and investments within the scope of regional incentive implementations to be realized in Region 6 in accordance with this Article shall be applied by adding two years to the effective period in the Region, and the tax discount support shall be applied by adding five points to the investment contribution rate effective in the Region.

R&D and environment investments
ARTICLE 19 - (1) R&D investments may benefit from VAT exception, customs duty exemption and interest support. If the mentioned investments are in Region 6, they may also benefit from income tax stoppage and social security premium support.
Procedures to be executed by local units

ARTICLE 20 - (1) Incentive certificate is issued and sent to Ministry for evaluation for those incentive certificate applications submitted to local units and found appropriate. Incentive certificates found to be appropriate by the Ministry are approved and returned to the relevant local units.

(2) All the procedures, excluding those mentioned in the subparagraph (b) of third paragraph of Article 9 and Article 22 and 23 of this Decree, are concluded by the related local unit who has issued the incentive certificate.

(3) Concerning the investments whose completion visas shall be issued, the relevant local units shall determine the realization of the relevant investments and notify the Ministry according to the format to be determined by the communiqué. The procedures related to completion visa are not deemed to be finalized unless approved by the Ministry.

(4) The local units are obliged to employ adequate number of technical personnel on a full-time basis to carry out the procedures related to incentive certificates.

(5) The local units which are determined to be in breach of the provisions of this Decree are withdrawn from their duties by decision of the Ministry and shall not be assigned for duty before necessary measurements are taken.

(6) The Development Agencies monitor the realization of the investments within the scope of incentive certificates issued by the Ministry and report the development status to the Ministry in six months periods.

Payments to be made from the budget

ARTICLE 21 - (1) Payments specified below can be made according to the procedures and principles stipulated in the relevant legislation and within the appropriation limit specified in the annual budget for support of investments.

a) Payments to be made in accordance with this Decree.

b) Balance due regarding investment and operational loans payable in accordance with the Council of Ministers’ Decrees published previously.

c) Amounts payable regarding support items foreseen in accordance with the provisions of previous Decrees concerning the State incentives to investments.

d) Return of the amounts which are over-deposited inadvertently or deposited in excess for the incentive certificate application and loss of the documents.

e) The amounts which are required to be reimbursed at the end of the court trials concluded adversely in connection with the claims related to State incentives to investments and expenses such as court and execution fees and charges.

(2) The payments to be made by the Ministry are carried out by the Central Bank of Turkey.

Transfer, sale, export and rental

ARTICLE 22 - (1) Transfer, sale, export and rental of the machinery and equipment within the scope of the incentive certificate with investment completion visa is permitted after a period of five years following the procurement of the subject investment goods.

(2) In case the machinery and equipment related with investments, whose investment is completed within the scope of the incentive certificate but the completion visa is not issued, are sold after five years as of the date of procurement, and the undertaking has been in operation at least for five years, the Ministry may issue completion visa without imposing any sanctions.

(3) Without taking into consideration whether the completion visa has been issued, the Ministry is authorized for giving permission to:

a) transfer to any other investment with incentive certificate,

b) the sale to another investor not holding an incentive certificate,

c) the exportation,

d) the rental,

e) machinery and equipment, that have not fulfilled a service span of five years, partially without disturbing the integrity of the investment or entirely.

(4) Permission of sale for machinery and equipment whose completion visa has not been issued or that have not fulfilled a service span of five years despite its completion visa has been issued, can be granted on the condition that investment integrity is maintained. In such cases, the support items provided for the machinery and equipment for which permission of sale is granted cannot be recovered. However, in case of cancellation of the investor's incentive certificate for any reason following the grant of sale permission, the support items provided for the relevant machinery and equipment are recovered partially or entirely according to the related legislation.

(5) In case of selling or causing to be sold without permission the machinery and equipment that have not fulfilled the period of five years, regardless of the issuance of a completion visa for them, such issue is to be reported to the Ministry as soon as possible. In such a case, support items benefited by means of uncollected customs duties and VAT as well as discounted corporate or income tax, if any, for the sold machinery and equipment are recovered according to the related legislation. In case of decrease in the maximum loan amount due to decline in investment amount resulting from the sale of machinery and equipment, the overpaid amount of interest support corresponding to excess part of the loan is recovered in accordance with Article 11 and uncollected Resource Utilization Support Fund cut-offs are recovered according to relevant legislation.

(6) The rental or free temporary transfer of machinery and equipment procured within the scope of the incentive certificate, to another investor on the condition of purchasing the resulting goods or services by the investor that holds the incentive certificate is subject to the consent of the Ministry.

(7) In case of commencement of execution proceedings or insolvency procedure under court decision against the investors,
completion visa of the incentive certificate can be issued by the Ministry for those investments contained in incentive certificate for which completion visa can be issued and the visa for special conditions registered in the certificate can be issued upon the application made by the investor, execution or insolvency authority before the date of finalization of sale by execution or insolvency. However, in case of finalization of sale transaction, the support items benefited for the machinery and equipment, which have not yet completed the periods prescribed for sale, if any, as of the finalization date, are recovered according to the provisions of the relevant legislation.

(8) In case of liquidation of the investor in accordance with the provisions of the relevant law, upon request of the liquidation committee or authority the provisions of the seventh paragraph can be applied.

Relocation of investments

ARTICLE 23 - (1) The large scale investments and investments within the scope of regional incentive implementations are required to be maintained within the region concerned for a minimum period of five years as of becoming operational. However, under the consent of the Ministry, investments can be moved to other regions if the subject of investment is included among the subjects to be supported in the region to be moved to. Regarding relocations to upper regions with less support, from one OIZ (Organized Industrial Zone) to outside the OIZ or within the same region or to regions where concerned subject of investment is not supported, the portion that exceeds the already benefited support and the support items not included in the new region are recovered according to the related legislation. The relocation of investments operating in the originally designated region for five years from the date of becoming operational to other regions is unrestricted.

(2) Completed investments which have been maintained for at least five years in the region concerned but whose completion visa is not issued yet are required to apply to the Ministry for the issuance of completion visa prior to relocation. Relocation requests of such investments may receive consent after relocation as well.

(3) Request of relocation of investments benefiting from incentive implementations, including the investment period, are evaluated and concluded by the Ministry per project basis.

Investment period and completion visa

ARTICLE 24 - (1) The starting date of the investment is the date of the application for the incentive certificate to the Ministry or to the relevant local unit. However, for an investment to be deemed to have started, it is necessary to make an expenditure of at least ten percent of the fixed investment amount (this amount is at least five million Turkish Lira for investments with a fixed investment amount above fifty million Turkish Lira) for land, infrastructure, building-construction, machinery and equipment (advance payments and down payments included) and other investment expenditures, by taking into consideration the fixed investment amount on the initial issuance date of the incentive certificate.

(2) Investments within the scope of incentive certificates should be realized within the period foreseen as a result of the assessment performed on basis of the project. In case of failure in realization of the investment within the foreseen period, the investment period can be extended up to half of the initial period registered in the incentive certificate. If such additional period is calculated less than a year, the period may be applied as a full year.

(3) In the case where necessary permissions and licenses from state institutions or organizations according to relevant legislation could not be obtained or the investors stop activity or conduct due to practices of state institutions and organizations, the investment cannot be completed within its period due to force majeure or state of emergency and such situation is documented by the investor, the Ministry may grant an additional period by considering the situation.

(4) Investors are required to apply to the Ministry or authorized local unit which has issued the incentive certificate, to obtain the completion visa within six months following the expiry of the initial or extension period. In case of failure of such application or if the incentive certificate is cancelled for any reason or a partial sanction has been imposed, the investor shall be liable for relevant fine arising from such delay.

(5) The Ministry may assign Development Agencies, Chambers of Industry and Commerce, Chambers of Industry, banks or the governorship of the province where the investment is located for the procedures regarding the completion visas of the investments.

(6) If deemed appropriate by the Ministry, completion visa procedures, including incentive certificates that are issued based on previous Decrees, may also be issued in relation to completion expertise report to be prepared by certified public accountant, in addition to information and documents prescribed by the relevant communiqué.

(7) Minimum fixed investment amount and completion visa is not mandatory for incentive certificates granted for public institutions and organizations.

Loss of documents

ARTICLE 25 - (1) In case of request by the investor for re-certification of the incentive certificate or its attachments due to loss of these documents, an amount of three hundred Turkish Liras for each document is required to be deposited to the account of the Circulating Capital Directorate of the Ministry except for situations of force majeure and state of emergency specified by the relevant communiqué. This amount is certainly non-refundable.

Implementation

ARTICLE 26 - (1) Implementation of the support items foreseen in the incentive certificate by related public authorities and institutions is obligatory.

(2) The Ministry may delegate the implementation authority concerning certain procedures within the scope of this Decree to other public authorities and institutions within the framework of procedures and principles to be determined by the
Authorities and auditing

ARTICLE 27 - (1) In order to implement this Decree the Ministry shall have the authority;
   a) to determine the procedures and principles regarding the implementation and to give instructions,
   b) to take necessary measurements by considering macroeconomic policies and developing conditions and make relevant arrangements,
   c) to demand all kind of necessary additional information, documentation, opinion, permission, license etc. from the relevant persons, institutions and organizations,
   d) to inspect and finalize special situations which are not mentioned in this Decree, to give opinion, to perform necessary procedures in relation to the incentive certificate in cases of force majeure and state of emergency situations and to solve disputes that may arise during the implementation,
   e) to audit the compliance to the conditions stated in the incentive certificate and take necessary measures accordingly,

(2) It is mandatory during auditing to provide all relevant information and documents that are requested by the inspection officers and to submit certified copies of the documents and to grant access for on-site inspection.

Sanctions

ARTICLE 28 - (1) Preserving the rules of the second paragraph of this Article, any breach of the provisions in this Decree or implementation regulations, incompliance to the terms and conditions of the incentive certificate, forgery on the incentive certificate or its attachments, falsely provided information issuance and use, forged document use, sale of the machinery and equipment that is within the scope of the incentive certificate before the allowed period, including due to law enforcement and bankruptcy, or cause such sale, uncompleted investments within the given period of the incentive certificate, incompliance to the investment amounts will result with the cancellation of the incentive certificate.

(2) In cases where the investors have not completely fulfilled their obligations but where it is also not deemed as necessary to cancel the incentive certificate, some parts of the provided supports, which have been granted in relation to the certificate shall be taken back as sanction.

(3) In case the incentive certificates are cancelled or partial sanctions are applied, the supports that are provided shall be taken back from the investor in accordance with the provisions of Law No. 6183.

(4) The part of the sanction that correspond to machinery and equipment that is subject to financial leasing, which is imposed in cases where the investors have not completely fulfilled their obligations, may also be partially or entirely applied to financial leasing companies.

Benefiting from other supports

ARTICLE 29 - (1) Investment expenditures which benefit from the support items within the scope of this Decree shall not benefit from support items provided by other state institutions or organizations. It is not admissible to apply to the Ministry to benefit from supports within the scope of this Decree, for investment expenditures that are supported or will be supported by other state institutions or organizations. In case of breach of this Article, the supports which have been granted under this Decree shall be taken back in accordance with the provisions of the relevant legislation. However, investments by other public institutions and organizations, receiving subsidized loan support alone, may benefit from other forms of support within the scope of this Decree.

Repealed legislation

ARTICLE 30 - (1) The “Decree Concerning State Incentives To Investments” which entered into force under the Council of Minister’s Decree dated 14/7/2009 and No. 2009/15199 is repealed.

Pending applications

PROVISIONAL ARTICLE 1 - (1) The applications not concluded prior to publication of this Decree shall be concluded in accordance with the provisions of the Decree in effect on the date of application. However, upon request, applications concerning to issuance of new incentive certificate can be evaluated in accordance with the provisions of this Decree.

Implementation regarding previous Decrees

PROVISIONAL ARTICLE 2 - (1) Implementations in relation to incentive certificates that have been issued before this Decree has come into force shall continue within the frame of the relevant Decree and other related Decrees. However, in relation to Council of Ministers Decree No. 2009/15199, all issued incentive certificates based on the applications made between 1/1/2012 until the date of publishing of this Decree shall benefit from the favorable provisions of this Decree if requested.

(2) In case of transfer of the machinery and equipment that has been procured within the scope of incentive certificates that have been issued based on previous Decrees, the transferee investor of such machinery and equipment shall not be entitled to benefit from other supports apart from the general incentive implementations. However, regarding transfers between certificates of the same investor, the machinery and equipment obtained within the scope of the other certificate during the period between the date of the application for the incentive certificate and the certificate date are eligible to receive all forms of support registered in the certificate.

(3) The second paragraph of Article 22 and the second and seventh paragraphs of Article 24 of this Decree also apply to the incentive certificates issued according to previous Decrees. This provision also applies to the investments that are within the scope of incentive certificates that are cancelled but do not have any sanctions imposed on or investments that have sanctions imposed on but not collected yet.

(4) The completion visa procedures for those incentive certificates that have been issued according to previous Council of Ministers Decrees and that contain Resource Utilization Support Premiums, can be issued directly by the Ministry based
on reports which have been prepared by the bank after physical, financial and technical inspections and on which the premium payments are based.

(5) Those investment certificates for the investments to be realized in Van province, whose investment period including the additional period has not expired as of 23/10/2011 may be granted an additional period equal to the period registered on the certificate upon request.

PROVISIONAL ARTICLE 3- (1) Favorable provisions specified in Article 2 of the Decree (2014/7273) that form the basis of this Article may, upon request, be applied to incentive certificates granted for applications made after January 1, 2012.

PROVISIONAL ARTICLE 4- (1) In accordance with Article 9, paragraph 6 of this Decree, imports against collateral that have so far not received an extension within the prescribed period or forfeited the collateral in question are eligible for an extension by the Ministry of Customs and Trade upon application within two months of the issuance of this Decree. This provision also applies to investments granted permission by previous Decrees to import against collateral. (2) Favorable provisions of the Decree may, upon request, be applied to incentive certificates granted for applications made after January 1, 2012.

PROVISIONAL ARTICLE 5- (1) Within the scope of incentive certificates granted based on this Decree, deductions to income and corporate taxes for investment expenses made between January 1, 2015 and December 31, 2016 shall be calculating based on the investment support amount, and may not exceed the actual investment expenses. Such deductions may also be applied to revenues generated by the investor’s operations in other fields, on condition that they do not exceed the amounts specified herein in relation to the total investment support amount: a) For large-scale and regional investments: 50% in Region 1, 55% in Region 2, 60% in Region 3, 65% in Region 4, 70% in Region 5, and 80% in Region 6; b) For strategic investments, 80% in Region 6, 70% in other Regions.

Entry into force
ARTICLE 31 - (1) This Decree shall enter into force on the day of its publication.

Enforcement
ARTICLE 32 - (1) Provisions of this Decree shall be enforced by the Minister for Economy.
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<td>Pestisit (hisarat ilaç) ve diğer zira-tikimyasal ürünlerin imalati</td>
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<td>Iç ve dış lastik imalati</td>
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<td>Parfüm ile kozmetik ve tuvalet malzemeleri imalati</td>
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<td>Metalik olmayan mineral ürünlerin imalati (cam ve cam ürünleri, fırınsalmiş kilden kiremit, briket, tügla ve inşaat malzemeleri, çimento, hazir beton ve harç)</td>
<td>4 Milyon TL</td>
<td>3 Milyon TL</td>
<td>2 Milyon TL</td>
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<td>Metalik olmayan mineral ürünlerin imalati (çok katlı yalıtım camları, kiremit, briket, tügla, çimento, hazir beton ve harç)</td>
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<td>Metalik olmayan mineral ürünlerin imalati (fırınsalmiş kilden, kiremit, briket, tügla ve inşaat malzemeleri, çimento, inşaat maçlı beton ürünleri, hazir beton, harç, çok katlı yalıtım camları hariç)</td>
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<td>21 2610.1, 2610.2, 2610.3, 2610.4</td>
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<td>Düz cam, düz camın şekillendirilmesi ve işlennmesi (çok katlı yalıtım camları hariç) çukur cam ve cam elyafı imalati</td>
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<td>Düz cam, düz camın şekillendirilmesi ve işlenmesi (çoğunlukla yatakların ve cam yatakların yatakları) cam, cam elyaf ve camdan elektrik izolatörleri ve seramik yatakların malzemesi imalatı</td>
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<td>2695.1, 2699.2.06.30</td>
<td>Inşaat amaçlı beton ürünleri imalatı ve ısı veya ses izole edici esya ve parçalar</td>
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<td>Elektrikli makine ve cihazlar imalatı</td>
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<td>Mobil alet imalatı (sadece plastikten imal edilenler hariç)</td>
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- Ek-4’te yer alan teşvik edilmeyen veya teşvik edilebilmesi için belirtilen şartları sağlamayan yatırımlar.
- Enerji üretimine yönelik yatırımlar.
- Kamu kurum ve kuruluşları ile kamu kurum niteliğindeki diğer kuruluşlar tarafından gerçekleştirilen hizmet ve altyapı yatırımları.
- Müteharrisir karakterli yatırımlar (dipnot 2 ve 12 hükümleri saklı kalmak durumda).

Aşağıda yer alanlar hariç, diğer yatırımlar bölgesel desteklerden yararlanırlar:

- İstanbul ili hariç olmak üzere, Bilim, Sanayi ve Teknoloji Bakanlığı tarafından ilan edilen İhtisas Örgütü Sanayi Bölgelerinde gerçekleştirilen İhtisas konusundaki yatırımlar, ilgili bölgede seçilmiş sektörler arasında yer alması koşuluyla bölgesel desteklerden yararlanırlar.
- Havayolu ile yük ve veya yolcu taşımacılığına yönelik yatırımlar 1. bölgedede uygulanan desteklerden yararlanırlar. Havayolu taksi işletmeciliği yatırımları teşvik edilmez.
- Turizm yatırımları ile belirtilen özel tesis, yazılı/dağı evi ve butik otel yatırımlarında “3 yıldız ve üzeri” şartı aranır.

6. Bölge

- İstanbul ili hariç olmak üzere, sadece kaçırmadaki hızlı tren ve hızlı tren hizmetleri konusundaki yatırımlar bölgesel desteklerden yararlanabilir.

Entegre hayvançılık yatırımlarında:

- 1. ve 2. bölgedede: süt yönlü büyükbaş entegre yatırımlarında 500 büyükbaş, et yönlü büyükbaş entegre yatırımlarında 700 büyükbaş/dönem, damızlık büyükbaş entegre yatırımlarında 500 büyükbaş, damızlık küçükbaş entegre yatırımlarında 2.000 küçükbaş/dönem ve kanatlı entegre yatırımlarında 200.000 adet/dönem asgari kapasite şartı aranır (damızlık kanatlı entegre yatırımlarında kapasite şartı aranmaz).
- 3. bölgede, 4. ve 5. bölgedede: süt yönlü büyükbaş entegre yatırımlarında 300 büyükbaş, et yönlü büyükbaş entegre yatırımlarında 500 büyükbaş/dönem, damızlık büyükbaş entegre yatırımlarında 300 büyükbaş, damızlık küçükbaş entegre yatırımlarında 1.000 küçükbaş, süt ve et yönlü küçükbaş entegre yatırımlarında 1.000 küçükbaş/dönem ve kanatlı entegre yatırımlarında 200.000 adet/dönem asgari kapasite şartı aranır (damızlık kanatlı entegre yatırımlarında kapasite şartı aranmaz).

4. Bölge

- İstanbul ili hariç olmak üzere, gıda ürünleri ve içecek imalatı konusundaki yatırımlar bölgesel desteklerden yararlanır.

6. Bölge

Denen tabloların sadece organize sanayi bölgelerinde teşvik edildiir.

Altınće Bölgeler hariç olmak üzere, iplik ve dokuma (yün ipliği, akilli ve çok fonksiyonlu teknik tekstil, halı, tafting, dokumamaş-örümlü kumaş, çuval hayvan) konulardaki yatırımlar bölgesel desteklerden yararlanır.

6. Bölge hariç olmak üzere, l. grup madenler ve mısır yatırımları ile İstanbul ilinde gerçekleştirilen hizmet ve veya ödeme yatırımları bölgesel desteklerden yararlanamaz.

Müteharrisir karakterli araçlar hariç lehetmek üzere lojistik hizmetler

Jedeminal enerji ile veya enerji santralleri atık isyis ile konut rısmat/soğutma yatırımları.

c) İstanbul ili hariç olmak üzere, asgari 2 milyon TL tutarındaki "demiryolu ve tramvay lokomotifleri ile vagonlarının imalati" ve "hava ve uzay taşıtılarım imalati" ile bunların aksam ve parça konusundaki yatırımlar.

ç) Asgari 5 Milyon TL tutarındaki liman ve liman hizmetleri yatırım (yat limanı ve marina dahil).

11- Birden fazla bölgeye gerçekleştirilecek bölgesel yatırımlar, goede daha fazla gelişmiş bölgenin desteklerinden yararlanır.

12- Asgari 50 Milyon TL tutarındaki yerel dogalgaz depolama yatırımları ile asgari 5 Milyon TL tutarındaki sondaj yatırımının 2. bölgedede uygulanan bölgesel desteklerden yararlanır.
<table>
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<th>Asgari Sabit Yatırım Tutarları (Milyon TL)</th>
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<td>Liman ve Liman Hizmetleri Yatırımları</td>
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<td>Motorlu Kara Taşıtlarının İmalatı Yatırımları:</td>
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<td>a) Motorlu Kara Taşıtlarını Ana Sanayi Yatırımları</td>
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<td>[Maden Kanununda belirtilen IV/c grubu metalik madenlerin cevher ve/veya konsantresinden nihai metal üretimine yönelik yatırımlar (bu tesislere entegre madencilik yatırımları dahil)]</td>
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TEŞVİK EDİLMYECEK VEYA TEŞVİKİ BELİRLİ ŞARTLARA BAĞLI YATIRIM KONULARI

I - TEŞVİK EDİLMYECEK YATIRIMLAR

A. TARIM VE TARIMSAL SANAYİ
1- Ün, irmik (makarna imalatı ile entegre irmik yatırımları ve mısır irmiği yatırımları hariç), yem (balık unu, balık yağı, balık yemi ve entegre hayvancılık üretimi içindeki yem üretimi hariç), nişasta ve nişasta bazlı şeker.
2- Dışarıya yemek hizmeti sunan işletmeler (hazır yemek).
3- Küp şeker.
4- 5 dekarın altında seracılık yatırımları.
5- Bitkisel üretim (5 dekar ve üstü seracılık yatırımları, kültür mantarı yetiştiriciliği ve entegre hayvancılık yatırımları içerisindeki yem bitkileri yetiştiriciliği hariç).
6- Bölgesel uygulamalar kapsamında teşvik edilecek entegre hayvancılık yatırımları ve şartlı desteklenecek hayvancılık yatırımları dışındaki hayvancılık yatırımları.
7- 5 ton/gün ve altında üretim kapasitesine sahip süt işleme yatırımları.

B. İMALAT, ENERJİ VE MADENCİLİK YATIRIMLARI
1- Tuğla ve kiremit üretimine yönelik modernizasyon cinsi dışındaki yatırımlar.
2- Kültürlü pamuk işleme yatırımları.
3- İplik ve dokuma (yün ipliği, 15 Milyon Türk Lirasının üzerindeki iplik yatırımları, 5 Milyon Türk Lirasının üzerindeki dokuma yatırımları, akıllı ve çok fonksiyonlu teknik tekstil, halı, tafting, dokunmanmış/orulmemiş kumaş ve çuval üretimine yönelik yatırımları hariç) konularında modernizasyon yatırımları dışındaki yatırımlar.
4- Doğalgaza dayalı elektrik üretimi yatırımları.
5- Rödovans sözleşmesine instinden gerçekleştirilecek madencilik yatırımları (Kamu kurum ve kuruluşları veya bunların doğrudan iştirakları ile yapılan anlaşmalara instinden kamuya ait maden sahipleri tarafından yapılan madencilik yatırımları bu kapsamda değerlendirilemez).
6- Kömür istihracına yönelik yatırımlar (Birleşmiş Milletler Avrupa Ekonomik Komisyonunun uluslararası kodifikasyon sistemine göre “düşük C” kategorisinde yer alan kömürler hariç).
7- Ek-5’de yer alan demir çekil ürününün üretimine yönelik yatırımlar (Ancak, bu üretim konularında aşağıdaki kriterleri birlikte sağlayan işletmeler sadece genel teşvik sisteminden desteklenebilir.
   a) Ortaklık yapındaki bir veya birden fazla tüzül kişisinin veya kamu kurum ve kuruluşun hisseleri toplamının %25 veya daha fazla olması.
   b) Başka bir işletmenin sermayesinin %25 veya daha fazlasına sahip olması.
   c) Çalışan sayısı yıllık 250 kişiden az olması.
   d) Yıllık net satış hasılatı 50 milyon Avro veya mali bilançosu değeri 43 milyon Avro karşılığı Türk Lirasını aşması.

Bu kriterler, 2009/15199 sayılı Bakanlar Kurulu Karara instinden düzenlenen belgelere de uygulanabilir.
8- Sentetik elyaf veya sentetik ipliğin ekstrüzyon yöntemyle üretimine yönelik modernizasyon cinsi dışındaki yatırımlar (Ancak, söz konusu modernizasyon yatırımları ile 7 nci maddede belirtilen kriterleri birlikte sağlayan işletmelerin sentetik elyaf veya sentetik ipliğin ekstrüzyon yöntemiyle üretimine yönelik yatırımları sadece genel teşvik sisteminden desteklenebilir).

C. HİZMETLER SEKTÖRÜ
1- İlkokul, ortaokul, lise, yüksekokul, üniversite, yükseköğretim ve teknik ve mesleki eğitim dışında kalan eğitim yatırımları ile yetiştiriklerin eğitilmesine yönelik (kurslar, dershaneler vb) yatırımlar.
2- Hastane yatırımları, tip merkezleri, diyaliz merkezleri, tahlil laboratuvarları ve manyetik görüntüleme merkezleri dışında kalan sağlık yatırımları.
3- Turizm yatırım/isletme belgeli oteller, butik oteller, tatil köyleri, özel konaklama tesisleri ve dağ/yayla evleri dışında kalan turizm konaklama tesisleri.
Ülke genelinde yayım yapan günlük gazete basım hizmetleri, televizyon/radyo yayınıncılığı ve baskı, basın, matbaa ve ambalaj yatırımları dahilinde basın ve yayın yatırımları.

5. Sinema salonu yatırımları.
6. Müteahhitlik hizmetleri ve konut üretimine yönelik yatırımlar.
7. Yolcu ve yük taşımacılığına yönelik otobüs ile çekici ve trelar yatırımları (Belediyelerin yapacakları yatırımlar hariç).
8. Hipermarket, ticaret merkezi, alışveriş merkezi ve otopark yatırımları dahil toptan ve perakende ticaretine yönelik yatırımlar.
10. Petrol ürünleri (LPG dahil) dağıtımı yatırımları, akaryakıt istasyonu yatırımları.
11. Lojantalar, kafeteryalar, eğlence yerleri, gündüzlik tesisleri, termal kür tesisleri, sağlıklı yaşam tesisleri, yüzme havuzları.
12. Yat ithalı yatırımları.
13. Taşıt kiralama yatırımları.
15. Gayrimenkul kiralama ve iş faaliyetleri (Yazılım, AR-GE faaliyetleri, veri tabanı faaliyetleri, veri işleme, teknik test ve analiz faaliyetleri, ambalajlama faaliyetleri ile gösteri, sergi ve kongre faaliyetleri hariç).
16. Finansal kiralama faaliyetleri hariç olmak üzere mali aracı kuruluşların yatırımları.
17. Kapalı alanı 500 m²'nin altında olan soğuk hava deposu yatırımları.
18. Komple yeni ve tevis niteliğindeki tersane yatırımları.

II - TEŞVİKİ BELİRLİ ŞARTLARA BAĞLI YATIRIM KONULARI

A. TARIM VE TARIMSAL SANAYİ
1. Süt yönlü büyükbaş entegre yatırımlarında asgari 150 büyükbaş/dönem.
2. Et yönlü büyükbaş entegre yatırımlarında asgari 150 büyükbaş/dönem.
3. Damızlık büyükbaş entegre hayvan yetiştiriciliğinde (et/süt yönlü) asgari 150 büyükbaş/dönem.
4. Kanatlı entegre yatırımlarında 100.000 adet/dönem.
5. Süt ve et yönlü küçükbaş entegre yatırımlarında (damızlık dâhil) 1.000 küçükbaş/dönem şartı aranır.

B. İMALAT SANAYİ
1. Düz örme konusunda yapılacak yatırımlarda toplam makine sistem sayısının asgari 60 olması şartı aranır.
2. Hazır beton yatırımlarında asgari 100 m³/saat ve üzerindeki komple yeni yatırımlar için teşvik belgesi düzenlenebilir.

C. HİZMETLER SEKTÖRÜ
1. Bir veya birkaç yerde gümüş克莱me ve sigortacılık hizmetlerinin de sunulduğu antrepo, elleçleme-paketleme ve otomasyon hizmetlerini birlikte içeren, asgari toplam kapali alanı 10.000 m² olan entegre lojistik yatırımların için, Ulaştırma, Denizcilik ve Haberleşme Bakanlığından alınmış L2 belgesinin yatırım süresi sonuna kadar ibraz edilmesi kaydıyla, teşvik belgesi düzenlenebilir. Söz konusu teşvik belgeleri kapsamında yük taşımacılığına yönelik araçlar dâhil edilmemektedir.
2. Boru hattıyla taşmacılık, petrol ve doğalgaz ürünleri, dolum ve depolama tesisi yatırımlarında dağıtımı araçları ve tüpler hariç olmak üzere, sadece sabit tease Yönelik harcamalar için teşvik belgisi düzenlenebilir.
4. Kültür ve Turizm Bakanlığından alınacak turizm belgesini haiz eğlence merkezi ve temalı tesis gibi konaklama içerikliden turizm yatırımlarını teşvik belgesine bağlanabilir. Ancak, münhasıran bu amaçla inşa edilenler dışında, yeme-içme, spor, eğlence ve satış üniteleri gibi birimler kapsamına dâhil edilmemektedir.
5. Kültür ve Turizm Bakanlığından alınacak Kültür veya Turizm Belgesini haiz fuar, kongre, sergi ve gösteri merkezi yatırımları için teşvik belgesi düzenlenebilir. Fuar ve sergi merkezlerinde,
otopark hariç asgari kapalı alanın 5000 m², kongre merkezlerinde asgari koltuk sayısının 1000, gösteri merkezlerinde ise asgari koltuk sayısının 2500 olması şartı artır.

6- Spor tesisleri yatırımlarında asgari 10 Milyon TL sabit yatırım şartı artır.

7- Havaalanı yer hizmeti yatırımlarında teşvik belgesi kapsamında trafikte çıkmayan ve sadece apronda kullanılan motorlu taşıtlar dâhil edilebilir. Binek otomobilleri proje kapsamına dâhil edilmmez.

8- Havayolu işletmeciliği ve kargo taşmacılığı yatırımlarında teşvik edilecek uçaklarda birim başına asgARI kapasitenin 50 koltuk, kargo uçaklarında ise asgari kargo kapasitesinin 30.000 kg olması şartı artır. Faaliyet konusu bizatlı havayolu işletmeciliği ve/veya kargo taşmacılığı olan yatırımlar dışında genel amaçlı ve hava taksı işletmeciliği amaçlı yatırımlar için teşvik belgesi düzenlenmez.

9- Uydu, tel, kablo vb. iletişim ortamlarından gelen haberleşme, radyo, televizyon ve veri sinyallerini birleştirebilecek tek bir paket halinde nihai tüketiciye iletimini sağlayan hizmet yatırımlarında nihai hizmeti alanlar tarafından kullanılan yatırım malları destek unsurlardan faydalanamaz.

10- Kamu kurum ve kuruluşları, belediyeler, özel idareler, birlik, kooperatif vb. kuruluşların görev alanlarına yönelik olarak yapılacak yatırımlar proje bazında değerlendirilerek teşvik belgesi düzenlenebilir.

11- Sadece vinç hizmetlerine yönelik yatırımlarda her bir vinç için asgari 100 ton kaldırma kapasitesi artır. 500 ton kaldırma kapasitesinin altında kullanılmış vinç ithaline izin verilmez.

12- Çamaşır yıkama ve kurutma yatırımlarında asgari 2 Milyon TL sabit yatırım şartı artır.

13- Yat inşaatı yatırımlarında teşvik belgesi düzenlenenebilmesi için yat boyunun asgari 24 metre olması şartı artır.
<table>
<thead>
<tr>
<th>Ürün</th>
<th>Gümrük Tarife İstatistik Pozisyonu (G.T.I.P.)</th>
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<tbody>
<tr>
<td>Pik demir</td>
<td>7201</td>
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<tr>
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<td>7202 11 20 7202 11 80 7202 99 11</td>
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<td>Demir cevherinin doğrudan indirgenmesi suretiyle elde edilen demirli ürünler ve diğer sünger görünüşlü demirli ürünler</td>
<td>7203</td>
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<tr>
<td>Demir ve alaşımsız çelik</td>
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<tr>
<td>yarı mamul demir veya alaşımsız çelik ürünleri</td>
<td>7207 11 11 7207 11 14 7207 11 16 7207 12 10 7207 19 11 7207 19 16 7207 19 31 7207 20 11 7207 20 15 7207 20 32 7207 20 51 7207 20 55 7207 20 57 7207 20 71</td>
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<td>Demir ve alaşımsız çelikten yassı hadde ürünleri</td>
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<td>7213 10 00 7213 20 00 7213 91 7213 99</td>
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<td>7214 20 00 7214 30 00 7214 91 7214 99 7215 90 10</td>
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<td>Demir veya alaşımsız çelikten profiller</td>
<td>7216 10 00 7216 21 00 7216 22 00 7216 31 7216 32 7216 33 7216 40 7216 50 7216 99 10</td>
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<tr>
<td>Paslanmaz çelik</td>
<td>7218 10 00 7218 91 11 7218 91 19 7218 99 11 7218 99 20</td>
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<td>Paslanmaz çelikten yassı hadelenmiş ürünleri</td>
<td>7219 11 00 7219 12 7219 13 7219 14 7219 21 7219 22 7219 23 00 7219 24 00 7219 31 00 7219 32 7219 33 7219 34 7219 35 7219 90 10 7220 11 00 7220 12 00 7220 20 10 7220 90 11 7220 90 31</td>
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<tr>
<td>Paslanmaz çelikten çubuk ve filmaşınlar</td>
<td>7221 00  7222 11  7222 19  7222 30 10  7222 40 10</td>
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<td>7222 40 30</td>
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<tr>
<td>Diğer a$a$am$1$l çelikten yass$1$ hadde ürünleri</td>
<td>7225 11 00  7225 19  7225 20 20  7225 30 00  7225 40</td>
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<td>7225 50 00  7225 91 10  7225 92 10  7225 99 10  7226 11 10</td>
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<td>7226 19 10  7226 19 30  7226 20 20  7226 91  7226 92 10</td>
</tr>
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<td>7226 93 20  7226 94 20  7226 99 20</td>
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<td>Diğer a$a$am$1$l çelikten çubuk ve filmaşınlar</td>
<td>7224 10 00  7224 90 01  7224 90 05  7224 90 08  7224 90 15</td>
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<td>7224 90 31  7224 90 39  7227 10 00  7227 20 00  7227 90</td>
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<td>7228 30 70  7228 30 89  7228 60 10  7228 70 10  7228 70 31</td>
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<td>Palplan$1$lar</td>
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<td>Raylar ve traversler</td>
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<td>7302 10 20</td>
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<td>Dikişsiz tüpler, borular ve delikli profiller</td>
<td>7303 7304</td>
</tr>
<tr>
<td>Dış çapı 406,4 mm’nin üzerindeki kaynaklı demir veya çelik tüpler ve borular</td>
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Barcode:3698437-42 C-489-834 INV - Investigation -
## ANNEX -1

### REGIONS IN INVESTMENT INCENTIVE APPLICATIONS

<table>
<thead>
<tr>
<th>1st Region</th>
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<th>3rd Region</th>
<th>4th Region</th>
<th>5th Region</th>
<th>6th Region</th>
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<td>Balıkesir</td>
<td>Afyonkarahisar</td>
<td>Adıyaman</td>
<td>Ağrı</td>
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<td>Bilecik</td>
<td>Amasya</td>
<td>Aksaray</td>
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<td>Burdur</td>
<td>Artvin</td>
<td>Bayburt</td>
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<td>Çanakkale</td>
<td>Gaziantep</td>
<td>Bartın</td>
<td>Çankırı</td>
<td>Bingöl</td>
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<td>Excluding Bozcaada and Gökçeada Districts</td>
<td>Gaziantep</td>
<td>Bartın</td>
<td>Çankırı</td>
<td>Bingöl</td>
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<td>Yozgat</td>
<td>Bozcaada and Gökçeada Districts</td>
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<tr>
<td>Sector Code</td>
<td>US-97 Code</td>
<td>Sectors to Benefit From Regional Incentives</td>
<td>1st Region</td>
<td>2nd Region</td>
<td>3rd Region</td>
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<tr>
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</tr>
<tr>
<td>1</td>
<td>121</td>
<td>Integrated livestock investments including integrated breeding livestock investments (excluding investments which are not in compliance with minimum capacity conditions stated in footnote 5)</td>
<td>1 Million TL</td>
<td>1 Million TL</td>
<td>500 Thosand TL</td>
</tr>
<tr>
<td>2</td>
<td>0500.0.04</td>
<td>Water products farming (including tiddler and egg production)</td>
<td>1 Million TL</td>
<td>1 Million TL</td>
<td>500 Thosand TL</td>
</tr>
<tr>
<td>3</td>
<td>15</td>
<td>Production of foodstuff and beverage (excluding investment issues stated in footnote 6)</td>
<td>2 Million TL</td>
<td>2 Million TL</td>
<td>1 Million TL</td>
</tr>
<tr>
<td>4</td>
<td>17</td>
<td>Production of textile products (yarn and weaving investments which do not meet the terms stated in footnote 8)</td>
<td>10 Million TL for investments in finishing the textile, 2 Million TL for other investment issues.</td>
<td>10 Million TL for investments in finishing the textile, 2 Million TL for other investment issues.</td>
<td>10 Million TL for investments in finishing the textile, 1 Million TL for other investment issues.</td>
</tr>
<tr>
<td>5</td>
<td>18</td>
<td>Production of clothing product not supported not supported</td>
<td>Extension and modernization investments over 1 Million TL</td>
<td>Extension and modernization investments over 1 Million TL</td>
<td>500 Thosand TL</td>
</tr>
<tr>
<td>6</td>
<td>19</td>
<td>Tannery and leather processing</td>
<td>1 Million TL</td>
<td>1 Million TL</td>
<td>1 Million TL</td>
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<td>7</td>
<td>1911</td>
<td>Tannery and leather processing (only investments to be made in Istanbul Leather Specialization Organized Industrial Site (OIS) and Tuzla OIS)</td>
<td>1 Million TL</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>8</td>
<td>1912 and 1920</td>
<td>Production of chemical substances and products</td>
<td>1 Million TL</td>
<td>1 Million TL</td>
<td>1 Million TL</td>
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<tr>
<td>9</td>
<td>20</td>
<td>Production of furniture products (excluding furniture) production of mat and similar substances that are made by knitting</td>
<td>4 Million TL</td>
<td>3 Million TL</td>
<td>2 Million TL</td>
</tr>
<tr>
<td>10</td>
<td>21</td>
<td>Production of paper and paper products</td>
<td>10 Million TL</td>
<td>10 Million TL</td>
<td>10 Million TL</td>
</tr>
<tr>
<td>11</td>
<td>24</td>
<td>Production of chemical substances and products</td>
<td>4 Million TL</td>
<td>3 Million TL</td>
<td>2 Million TL</td>
</tr>
<tr>
<td>12</td>
<td>2412</td>
<td>Production of Chemical Fertilizer and Nitrogenous Components</td>
<td>4 Million TL</td>
<td>3 Million TL</td>
<td>2 Million TL</td>
</tr>
<tr>
<td>13</td>
<td>2421</td>
<td>Production of pesticide (insecticide) and other agricultural-chemical products</td>
<td>4 Million TL</td>
<td>3 Million TL</td>
<td>2 Million TL</td>
</tr>
<tr>
<td>14</td>
<td>2423</td>
<td>Production of medication/ products of chemical and herbal origin that are used in medicine</td>
<td>4 Million TL</td>
<td>3 Million TL</td>
<td>2 Million TL</td>
</tr>
<tr>
<td>15</td>
<td>2424</td>
<td>Production of perfume and cosmetic and toilet materials</td>
<td>1 Million TL</td>
<td>1 Million TL</td>
<td>1 Million TL</td>
</tr>
<tr>
<td>16</td>
<td>2429,1</td>
<td>Production of explosives</td>
<td>2 Million TL</td>
<td>2 Million TL</td>
<td>1 Million TL</td>
</tr>
<tr>
<td>17</td>
<td>2511</td>
<td>Production of tube and tire</td>
<td>4 Million TL</td>
<td>3 Million TL</td>
<td>2 Million TL</td>
</tr>
<tr>
<td>18</td>
<td>26 (excluding 261, 2693.2, 2694.1, 2695.3 and 4)</td>
<td>Production of non-metallic mineral production (excluding glass and glass products, tile from kiln-dried clay, brick, brick and construction materials, cement, ready mixed concrete and mortar)</td>
<td>4 Million TL</td>
<td>3 Million TL</td>
<td>2 Million TL</td>
</tr>
<tr>
<td>Sector Code</td>
<td>US-97 Code</td>
<td>Sectors to Benefit From Regional Incentives</td>
<td>1st Region</td>
<td>2nd Region</td>
<td>3rd Region</td>
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</tr>
<tr>
<td>19</td>
<td>26 (excluding 2610.2.03.01, 2693.2, 2694.1, 2695.3, 2695.4)</td>
<td>Production of non-metallic mineral production (excluding multi-layer insulation glasses, tile, bricket, brick, cement, ready mixed concrete and mortar)</td>
<td>4 Million TL</td>
<td>3 Million TL</td>
<td>2 Million TL</td>
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<tr>
<td>20</td>
<td>26 (excluding 2693.2, 2694.1, 2695.1, 2695.4, 2610.2.03.01)</td>
<td>Production of non-metallic mineral production (excluding tile from kiln-dried clay, bricket, brick and construction materials, concrete products for construction purposes, ready mixed concrete, mortar, multi-layer insulation glasses)</td>
<td>4 Million TL</td>
<td>3 Million TL</td>
<td>2 Million TL</td>
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<tr>
<td>21</td>
<td>2610.1, 2610.2 (excluding 2610.2.03.01) 2610.3, 2610.4</td>
<td>Flat glass, shaping and processing flat glass (excluding multi-layered insulation glasses) production hollow glass and glass fibre</td>
<td>4 Million TL</td>
<td>3 Million TL</td>
<td>2 Million TL</td>
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<tr>
<td>22</td>
<td>2691.2, 2693.1</td>
<td>Flat glass, shaping and processing flat glass (excluding multi-layered insulation glasses) production electric isolators from hollow glass and glass fibre and ceramic insulation materials</td>
<td>4 Million TL</td>
<td>3 Million TL</td>
<td>2 Million TL</td>
</tr>
<tr>
<td>23</td>
<td>2695.1</td>
<td>Production of concrete products for construction purposes</td>
<td>4 Million TL</td>
<td>3 Million TL</td>
<td>2 Million TL</td>
</tr>
<tr>
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<td>2695.1, 2694.2.01, 2694.3.01</td>
<td>Production of non-metallic mineral products; production of concrete products for construction purposes; lime, plaster</td>
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<td>3 Million TL</td>
<td>2 Million TL</td>
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<tr>
<td>25</td>
<td>2695.1, 2699.2.06.30</td>
<td>Production of concrete products for construction purposes and goods and mixtures insulation heat or sound</td>
<td>4 Million TL</td>
<td>3 Million TL</td>
<td>2 Million TL</td>
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<tr>
<td>26</td>
<td>2720, 273</td>
<td>Main metal industry, metal casting industry other than iron - steel</td>
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<td>3 Million TL</td>
<td>2 Million TL</td>
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<td>27</td>
<td>28</td>
<td>Metal goods</td>
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<td>Production of central heating radiators and boiler, production of steam boiler (excluding central radiator boilers)</td>
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<td>3 Million TL</td>
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<tr>
<td>29</td>
<td>29</td>
<td>Production of machine and equipment</td>
<td>4 Million TL</td>
<td>3 Million TL</td>
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<tr>
<td>30</td>
<td>2929</td>
<td>Industrial mold</td>
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<td>3 Million TL</td>
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<tr>
<td>31</td>
<td>30</td>
<td>Production of office, accounting and data processing materials</td>
<td>4 Million TL</td>
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<td>2 Million TL</td>
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<td>32</td>
<td>31</td>
<td>Production of electrical machines and devices</td>
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<td>3 Million TL</td>
<td>2 Million TL</td>
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<tr>
<td>33</td>
<td>32</td>
<td>Production of radio, television, communication equipment and device</td>
<td>4 Million TL</td>
<td>3 Million TL</td>
<td>2 Million TL</td>
</tr>
<tr>
<td>34</td>
<td>33</td>
<td>Production of medical tools and optical tools</td>
<td>1 Million TL</td>
<td>1 Million TL</td>
<td>500 Bin TL</td>
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<tr>
<td>Sector Code</td>
<td>US-97 Code</td>
<td>Sectors to Benefit From Regional Incentives</td>
<td>1st Region</td>
<td>2nd Region</td>
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<td>34</td>
<td>34</td>
<td>Motor land vehicle and sub-industry</td>
<td>Investment amount in motor land vehicles is 50 Million TL; investment amount in motor land vehicle sub-industry is 4 Million TL</td>
<td>Investment amount in motor land vehicles is 50 Million TL; investment amount in motor land vehicle sub-industry is 3 Million TL</td>
<td>Investment amount in motor land vehicles is 50 Million TL; investment amount in motor land vehicle sub-industry is 2 Million TL</td>
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<tr>
<td>35</td>
<td>3530.0.15</td>
<td>Air vehicles and maintenance and repairing of their engines</td>
<td>4 Million TL</td>
<td>3 Million TL</td>
<td>2 Million TL</td>
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<tr>
<td>36</td>
<td>39</td>
<td>Production of motorcycle and bicycle</td>
<td>4 Million TL</td>
<td>3 Million TL</td>
<td>2 Million TL</td>
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<tr>
<td>37</td>
<td>361</td>
<td>Furniture production (excluding only those that are made of metal and plastic)</td>
<td>4 Million TL</td>
<td>3 Million TL</td>
<td>2 Million TL</td>
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<td>38</td>
<td>5510.1.01</td>
<td>Hotels</td>
<td>3 stars and above</td>
<td>3 stars and above</td>
<td>3 stars and above</td>
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<td>Student Dormitories</td>
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<td>Cold storage services</td>
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<td>41</td>
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<td>Licensed warehousing</td>
<td>2 Million TL</td>
<td>2 Million TL</td>
<td>1 Million TL</td>
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<tr>
<td>42</td>
<td>6302.0.03</td>
<td>Education services (excluding pre-school education services; excluding the education of adults and other educational activities)</td>
<td>1 Million TL</td>
<td>1 Million TL</td>
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<tr>
<td>43</td>
<td>8511.0.05</td>
<td>Hospital investment, retirement home</td>
<td>Hospital 1 Million TLRetirement home 100 people</td>
<td>Hospital 1 Million TLRetirement home 100 people</td>
<td>Hospital 500 Thousand TLRetirement home 100 people</td>
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<td>44</td>
<td>8511.99</td>
<td>Smart, multi-function technical textile</td>
<td>1 Million TL</td>
<td>1 Million TL</td>
<td>500 Bin TL</td>
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<tr>
<td>45</td>
<td>8531.0.01</td>
<td>Waste recycling or disposal facilities</td>
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<td>1 Million TL</td>
<td>500 Bin TL</td>
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<td>46</td>
<td>8531.0.01</td>
<td>Greenhousing</td>
<td>40 decare</td>
<td>40 decare</td>
<td>20 decare</td>
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### SECTOR NUMBERS OF PROVINCES RELATED WITH SECTORS IN WHICH THEY CAN BENEFIT FROM REGIONAL SUPPORTS

<table>
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<th>REGION</th>
<th>PROVINCE NAME:</th>
<th>SECTOR NUMBERS WHICH MAY BENEFIT FROM THE REGIONAL SUPPORTS</th>
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<td>ÇANAKKALE (excluding Bozcaada and Gökçeada districts)</td>
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### SECTORS NUMBERS RELATED WITH SECTORS IN WHICH THEY CAN BENEFIT FROM REGIONAL SUPPORTS

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<tr>
<td>Other investments benefit from regional supports other than the followings.</td>
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**FOOTNOTES:**

1. Investments which will be made on specialization in Specialization Organized Industrial Sites which are declared by Ministry of Science, Industry and Technology, excluding Istanbul province, can benefit from local supports even if they are not included within the selected sectors in the related region.

2. Investments on freight and/or passenger transportation via airways benefit from supports that are implemented within the first region. Investments on airway taxi establishment are not encouraged.

3. Investments on integrated paper and paper products, starting solely from pulp, can benefit from regional supports other than the 6th region.

4. Investments on integrated livestock investments;

   - In the 1st and 2nd regions: In milk-oriented bovine integrated investments, 500 bovines; in meat-oriented bovine integrated investments, 700 bovines / period; in breeder bovine integrated investments, 500 bovines; in breeder ovine integrated investments, 2000 ovines; in milk and meat-oriented ovine integrated investments, 2000 ovines / period and in poultry integrated investments, 200,000 pcs./period minimum conditions are required (capacity condition is not required for breeder poultry integrated investments).
   - In the 3rd, 4th and 5th regions: In milk-oriented bovine integrated investments, 300 bovines; in meat-oriented bovine integrated investments, 500 bovines / period; in breeder bovine integrated investments, 300 bovines; in breeder ovine integrated investments, 1,000 ovines; in milk and meat-oriented ovine integrated investments, 1,000 ovines / period and in poultry integrated investments, 200,000 pcs./period minimum conditions are required (capacity condition is not required for breeder poultry integrated investments).

5. Except for the 6th region; “production of pasta, pasta and integrated semolina investments, noodle, couscous, phyllo dough, shredded pastry dessert, rice, prepared feed for domestic animals, fish flour, fish oil, fish feed, bread, beer, dried fruits, pickle, linter cotton, tea, shattered/roasted hazelnut, instant soup and meat broth and their preparations and classification and packaging of cereals and legumes” investments of foodstuff and beverage production investments can not benefit from regional supports.

6. Tannery-oriented investments are only encouraged in organized industrial sites.

7. Solely modernization-type investments in yarn and weaving issues (excluding wool yarn, smart and multi-functional technical textile, carpet, taffeta, nonwoven-unknitted fabric, sack) can benefit from regional supports, other than the sixth region.

8. The following investment issues can benefit from regional supports where they are available.

   - Logistics investments other than moving-character vehicles.
   - Geothermal energy and power plant waste heat and house heating / cooling investments.

9. Investments on “Railroad and troller locomotives and railway car production” at the amount of minimum 2 million TL and “production of air and space vehicles” and their components and parts, other than Istanbul province.

10. Minimum 5 Million TL investments on harbor and harbor services (including marina)

11. Regional investments, which will be made in more than one region, benefit from the supports of the region which is relatively more developed.

12. Underground natural gas storage investments at the amount of minimum 50 Million TL and drilling at the amount of minimum 5 Million TL can benefit from regional supports that are implemented in the 2nd region.
**ANNEX 3**

**LARGE SCALE INVESTMENTS**

<table>
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<tr>
<th>Order No</th>
<th>Subjects of Investment</th>
<th>Minimum Fixed Investment Amounts (Million TL)</th>
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<tr>
<td>1</td>
<td>Production of Refined Petrol Products</td>
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<td>2</td>
<td>Production of Chemical Substance and Products</td>
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<td>3</td>
<td>Investments of Harbors and Harbor Services</td>
<td>200</td>
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<tr>
<td>4</td>
<td>Investments on Production of Motor Land Vehicles:</td>
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</tr>
<tr>
<td></td>
<td>a) Motor Land Vehicles Main Industry Investments</td>
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<td>b) Motor Land Vehicles Sub-Industry Investments</td>
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<tr>
<td>5</td>
<td>Investments on Production of Railroad and Tramway Locomotives and/or Railway Car</td>
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</tr>
<tr>
<td>6</td>
<td>Investments on Transportation Services via Transit Pipeline.</td>
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<tr>
<td>7</td>
<td>Electronic Industry Investments</td>
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<tr>
<td>8</td>
<td>Investment on Production of Medical Device, Sensitive and Optical Devices</td>
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<td>9</td>
<td>Investment on Medication Production</td>
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<td>10</td>
<td>Investment on Production of Air and Space Vehicles and/or their Parts</td>
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<td>11</td>
<td>Investment on Production of Machine (Including Electrical Machines and Devices)</td>
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<td>12</td>
<td>Investments on Metal Production: Investments on final metal production from ore and/or concentrate of metallic minerals of IV/c group, stated in Mining Law (including integrated mining investments of these facilities).</td>
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ANNEX-4

INVESTMENT ISSUES DEPENDING ON CONDITIONS NOT TO BE PROMOTED OR SETTLED TO BE PROMOTED

1- INVESTMENTS NOT TO BE PROMOTED

A. AGRICULTURE AND AGRICULTURAL INDUSTRY
1- Flour, semolina (except for pasta production, integrated semolina investments and corn semolina investments), feed (except for fish flour, fish oil and feed production within integrated feed production), starch and starch based sugar.
2- Companies providing food service for outside. (ready to serve food)
3- Cube sugar
4- Greenhouse investments below 5 decare.
5- Plant production (Except for greenhouse investments of 5 decare and above, fungiculture and feed plants cultivation within livestock investments).
6- Integrated livestock investments to be promoted within the scope of regional applications and livestock investments except for the ones to be promoted conditionally.
7- Dairy processing investments having a production capacity of 5 tons/day and below.

B. PROCESSING, ENERGY AND MINING INVESTMENTS
1- Investments except for modernization-type investments oriented to brick and tile production.
2- Coton unseed processing investments.
3- Investments except for modernization ones in the fields of thread and texture. (except for investments oriented to wool thread, thread investments above 15 Million Turkish Liras, texture investments above 5 Million Turkish Liras, smart and multifunctional technical textile, carpet, tufting, nonwoven/unwoven fabric and sack production.
4- Electricity production depending on natural gas
5- Mining investments to be made in accordance with royalty contract. (In accordance with the agreements made with public institutions or their direct associates. Mining investments made within public owned mine sites can not be evaluated within this scope)
6- Investments oriented to coal hoisting (except for the coals within “low C” category in accordance with international codification system of United Nations Economic Commission for Europe).
7- Investments oriented to the production of iron and steel products included in Annex-5.
   a) It shall not be and exceed 25% of total shares of one or more legal entities or state institutions and organizations.
   b) It shall not have 25% or more than 25% of another company’s capital.
   c) The number of employees shall be less than 250, annually.
   ç) Annual net sales revenue shall not exceed 50 million Euro or financial balance sheet shall not exceed 43 million Euro and corresponding Turkish Lira.
These criterias may be applied on the documents drafted in accordance with Cabinet Decision no: 2009/15199.
8- Investments except for modernization-type investments oriented to synthetic fiber or extrusion of synthetic fiber method. (However, modernization investments and the investments oriented to synthetic fiber or extrusion of synthetic fiber method of companies ensuring the criterias indicated in Article 7 may only be supported by general promotion system).

C. SERVICES SECTOR
1- Educational investments except for primary school, secondary school, high school, graduate school, university, higher education and technical and vocational education and investments oriented to training of adults.
   Health investments except for hospital investments, medical centers, dialysis centers, analytical laboratory and magnetic imaging centers.
3- Tourism accommodation facilities except for tourism investment/business certified hotels, boutique hotels, holiday villagesi private accommodation facilities and mountain hostels/houses.
4- Pres investments except for publishment services of daily newspapers issuing throughout the country, broadcasting, printing, press and package investments.

5- Cinema hall investments

6- Investments oriented to contracting services and dwelling production.

7- Bus, tractor and trailer investments oriented to passanger transportation and freight shipment. (except for investments to be made by municipalities)

8- Investments oriented to retail commerce including hypermarket, commercial center, shopping center and parking lot investments.

9- Maintainance, repair and service station investments on land vehicles

10- Petroleum products (including LPG) distribution investments, petrol station investments.

11- Roadhouse investments, breakpoints.

12- Traditional restaurants, cafes, entertainment venues, establishments for excursionists, thermal cure facilities, fitness centers, swimming pools.

13- Yacht import investments.

14- Charter investments.

15- Carpet washing investments.

16- Real estate rent and business activities (except for software, r&d activities, data base activities, data processing, technical test and analysis activities, packaging activites and dispaly, exhibition and congress activities).

17- Investments of financial intermediaries except for financial lease activities.

18- Cold storage investments indoor space of which is below 500 m²

19- Completely new and expanding shipyard investments.

II- INVESTMENT ISSUES DEPENDING ON CONDITIONS SETTLED TO BE PROMOTED

A. AGRICULTURE AND AGRICULTURAL INDUSTRY

These conditions are required:

2- Minimum 150 bovines in meat oriented bovine integrated investments.

3- Minimum 150 bovines /period in integrated breeding bovine raising (meat/milk oriented).

4- 100.00 quantity/period in winged integrated investments.

5- 1.000 ovines/period in milk/meat oriented ovine integrated investments.

Investments.

B. MANUFACTURING INDUSTRY

1- It is required that total machine system number shall be minimum 60 in investments to be made on flatbed knitting.

2- Promotion document may be drafted for completely new investments of 100 m³/hour and above in ready mixed concrete investments.

C. SERVICES SECTOR

1- Promotion document may be drafted for integrated logistic investments minimum total indoor space of which is 10.000 m² including warehouse, handling packaging and otomation systems, on condition that L2 document is submitted until the end of investment process received from Ministry of Transportation, Maritime Affairs and Communications. Vehicles related to freight shipment shall not be included within the scope of incentive certificates in question.

2- Incentive certificate shall only be drafted for expenditures of permanent facility except for distribution vehicles and tubes in pipeline transportation, petroleum and natural gas products, filling and storage facility investments.

3- Incentive certificate for culture investments may be drafted in accordance with culture certificate to be received from The Ministry of Culture and Tourism. However, such units as refreshments, sport, entertainment and sales unit shall not be included within the scope.

4- Tourism licence to be received from Ministry of Culture and Tourism may be attached to tourism investments incentive certificate not including accomodation such as entertainment center and facilities. However, such units as refreshments, sport, entertainment and sales unit shall not be included within the scope.
5- Incentive certificate may be drafted for Tourism licence including fair, congress, exhibition and performance center investments to be received by Ministry of Culture and Tourism. It is required that minimum indoor space except for parking lod shall be 5000 m², minimum seat number shall be 1000 and minimum seat number in performance centers shall be 2500 in fair and exhibition centers.

Fixed investment of minimum 19 Million TL condition is required in fitness center investments.

The scope of Incentive Certificate in airport ground service may include motor vehicle which can not hit the roads and used in aprons. Personal cars shall not be included within the Project.

8- It is required that minimum capacity shall be 50 seats in planes to be supplied in airline business and cargo transportation investments and minimum cargo capacity shall be 30000 in cargo planes. Inventive certificate shall not be drafted for investments of general purpose and air taxi business except for the investments issues of which is airline business and/or cargo transportation.

In service investments providing consumer with communication, radio, television and data signals coming from such communication environments as satellite, radiophone, wire etc. in a package, investment goods do not benefit from investment goods support received by people taking final service.

10- Incentive certificate may be drafted by evaluating investments to be made with regard to the mission areas of state institutions and organizations, municipalities, provisionals special administrations, union, cooperative etc. on the basis of the project.

11- A minimum 100 ton lifting capacity is required for each winch in investments oriented to winch services. Import of winch lifting less than 500 ton lifting capacity is not allowed.

12- In laundry and cloth drying investments, minimum 2 Million TL fixed investment condition is required.

13- In order to draft incentive certificate in yacht construction investments, it is required that length of yacht shall be minimum 24 metres.
## ANNEX -5

### IRON AND STEEL PRODUCTS

<table>
<thead>
<tr>
<th>Product</th>
<th>Customs Tariff Statistics Position (C.T.S.P.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pig Iron</td>
<td>7201</td>
</tr>
<tr>
<td>Iron alloys</td>
<td>7202 11 20 7202 11 80 7202 99 11</td>
</tr>
<tr>
<td>Ironed products, which are obtained via direct reduction of iron ore, and other sponge-like ironed products</td>
<td>7203</td>
</tr>
<tr>
<td>Iron and unalloyed steel</td>
<td>7206</td>
</tr>
<tr>
<td>Half-product steel or unalloyed steel products</td>
<td>7207 11 11 7207 11 14 7207 11 16 7207 12 10 7207 19 11</td>
</tr>
<tr>
<td></td>
<td>7207 19 14 7207 19 16 7207 19 31 7207 20 11 7207 20 15</td>
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<tr>
<td></td>
<td>7207 20 71</td>
</tr>
<tr>
<td>Flat mill products made of iron and unalloyed steel</td>
<td>7208 10 00 7208 25 00 7208 26 00 7208 27 00 7208 36 00</td>
</tr>
<tr>
<td></td>
<td>7208 37 7208 38 7208 39 7208 40 7208 51</td>
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<tr>
<td></td>
<td>7208 52 7208 53 7208 54 7208 90 10 7209 15 00</td>
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<td></td>
<td>7209 16 7209 17 7209 18 7209 25 00 7209 26</td>
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<td>7212 10 10 7212 10 91 7212 20 11 7212 30 11 7212 40 10</td>
</tr>
<tr>
<td></td>
<td>7212 40 91 7212 50 31 7212 50 51 7212 60 11 7212 60 91</td>
</tr>
<tr>
<td>Hot-milled bar and wire rod in coil form made of iron or unalloyed steel</td>
<td>7213 10 00 7213 20 00 7213 91 7213 99</td>
</tr>
<tr>
<td>Other bars and wire rods made of iron and unalloyed steel</td>
<td>7214 20 00 7214 30 00 7214 91 7214 99 7215 90 10</td>
</tr>
<tr>
<td>Profiles made of iron or unalloyed steel</td>
<td>7216 10 00 7216 21 00 7216 22 00 7216 31 7216 32</td>
</tr>
<tr>
<td></td>
<td>7216 33 7216 40 7216 50 7216 99 10</td>
</tr>
<tr>
<td>Stainless steel</td>
<td>7218 10 00 7218 91 11 7218 91 19 7218 99 11 7218 99 20</td>
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<tr>
<td>Milled flat products made of stainless steel</td>
<td>7219 11 00 7219 12 7219 13 7219 14 7219 21</td>
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<td>7219 22 7219 23 00 7219 24 00 7219 31 00 7219 32</td>
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Barcode:3698437-42 C-489-834 INV - Investigation -

Filed By: agarv@ekonomi.gov.tr, Filed Date: 4/23/18 7:53 AM, Submission Status: Approved
<table>
<thead>
<tr>
<th>Product</th>
<th>Customs Tariff Statistics Position (C.T.S.P.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bars and wire rods made of stainless steel</td>
<td>7221 00 7222 11 7222 19 7222 30 10 7222 40 10</td>
</tr>
<tr>
<td></td>
<td>7222 40 30</td>
</tr>
<tr>
<td>Flat mill products made of other alloyed steel</td>
<td>7225 11 00 7225 19 7225 20 20 7225 30 00 7225 40</td>
</tr>
<tr>
<td></td>
<td>7225 50 00 7225 91 10 7225 92 10 7225 99 10 7226 11 10</td>
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<td>7226 19 10 7226 19 30 7226 20 20 7226 91 7226 92 10</td>
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<tr>
<td></td>
<td>7226 93 20 7226 94 20 7226 99 20</td>
</tr>
<tr>
<td>Bars and wire rods made of other alloyed steel</td>
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</tr>
<tr>
<td></td>
<td>7224 90 31 7224 90 39 7227 10 00 7227 20 00 7227 90</td>
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<td>7228 10 10 7228 10 30 7228 20 11 7228 20 19 7228 20 30</td>
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<tr>
<td></td>
<td>7228 30 20 7228 30 41 7228 30 49 7228 30 61 7228 30 69</td>
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<td>7228 80</td>
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<tr>
<td>Sheet piles</td>
<td>7301 10 00</td>
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<tr>
<td>Rails and traverses</td>
<td>7302 10 31 7302 10 39 7302 10 90 7302 20 00 7302 40 10</td>
</tr>
<tr>
<td></td>
<td>7302 10 20</td>
</tr>
<tr>
<td>Seamless tubes, pipes and perforated profiles</td>
<td>7303 7304</td>
</tr>
<tr>
<td>Welded steel tubes and pipes, outside diameters of which are above 406.4</td>
<td>7305</td>
</tr>
</tbody>
</table>
Exhibit CVD - TR - 22
Turkey unveils super incentives for high-impact investments

Turkey recently introduced one of the most competitive investment incentive packages in emerging markets in a move to foster economic growth by stimulating industrial production and boosting exports.

Aimed at technology investments in the petrochemicals, energy, metals and mining, healthcare, manufacturing, and agricultural industries, the comprehensive package of
incentive certificates is worth TRY 135 billion and covers 23 projects. 19 companies received project-based certificates that were granted in person by President Recep Tayyip Erdoğan during a ceremony held in the Presidential Complex in Ankara.

The introduction of these incentives is set to further empower Turkey’s position against emerging markets such as Mexico, India, and Indonesia. The incentive instruments cover a broad range that includes land allocation, various tax refunds/exemptions/reductions, insurance premium support, and utility support. It is expected that these incentivized projects will help to reduce Turkey’s current account deficit by USD 19 billion in 2-3 years, while boosting output in high-tech and medium-high tech products that are import dependent, such as electric batteries, drug-eluting stents, energy systems, and hybrid engines.

As per the program, Assan, BMC, CFS, Dow Aksa, SASA, Most Makine, Metcap Energy, Oyak Renault and Vestel will engage in medium-high tech investments, while Alvimedica, Atayurt, Ekore, and TAI will undertake high-tech investments. Vestel will grab the largest incentive worth TRY 28.4 billion for electric vehicle energy storage systems and is expected to contribute the lion’s share to the reduction of the current account deficit.
account deficit to the tune of USD 4.6 billion annually. Oyak Renault's hybrid engine production project is another high-tech investment that will make a substantial annual contribution of USD 2.3 billion to reduction of the current account deficit.

Nearly 34,000 people will be offered direct employment, while indirect employment is expected to hit upwards of 134,000 with the initiative.
Exhibit CVD - TR - 23
Aluminium Flat Products Production Facilities were founded within ASAŞ organization in Sakarya – Karapürçek in 2014 to meet the growing demand for high quality products in Turkey and in world markets. The facility provides services in a total 310.000 m² area, of which 135.000 m² is enclosed, and has total annual capacity of 120.000 tons of flat rolled products, of which 50.000 tons are coated products.

**Casting:**

Plates and foils that have different alloys (1000-3000-5000-7000-8000 ranges), demanded tempers, sizes and surface properties (flat, embossing, tread plate, painted, laminated) are produced in the facility.
ASAŞ, which is one of few facilities in Europe that can continuously cast for the production of rolls with 2,200 mm width and 2,600 mm external diameter (approximately 26 tons), is one of the facilities that have the highest technology in its sector thanks to its special raw material loading carts on casting lines, contactless liquid metal mixing system, vertical liquid metal filtering systems and automatic plate profile measurement system.

**Rolling mill:**
ASAŞ is the only facility in Turkey that can efficiently roll 5000 and 6000 range hard alloys with its 6 roller CVC cold rolling mill, which is a first in Turkish aluminium sector. Thanks to the thickness control system at both inlet and outlet of the roller which is a first in Turkish aluminium sector; the company produces materials at thickness tolerances lower than the half of the European norms.

**Painting:**
Flat Products Production Facility is one of the few facilities in the world that can paint lateral roll with 2,100 mm width and has a wide range of products thanks to the embossing, static lubrication, hot and cold lamination units on this line.

**Foil:**
ASAŞ is the leader in the world with its capability of producing 2,170 mm-wide foil at 2,000 m/minute speed. ASAŞ aims to provide the best products to its clients at all times and also with the production capacity starting from 6 microns, aims to become world leader in terms of quality by adding VCR (variable dished back roll) to its foil mill and hot oil system.

Sustainable healthy living and production aspects are considered sensitively in the state-of-the-art Flat Products Production Facility, and all environment-friendly systems that are available based on today's technology have been incorporated into the facility. Based on this approach, ASAŞ has become the first facility in Turkey that makes investment to facilities that recycle the oils discharged through chimney at cold rolling and foil rolling mills.

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**CORPORATE**

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History (/corporate-/history/)
Mission, Vision, Values (/corporate-/mission-vision-values/)
Policies (/corporate-/policies/information-security-policy/)
Sustainability (/corporate-/sustainability/)

**PRODUCTION FACILITIES**

Aluminium Extrusion Production Facility (/production-facilities-/aluminium-extrusion-production-facility/)
Aluminium Flat Rolled Products Production Facility (/production-facilities-/aluminium-flat-rolled-products-production-facility/)
Aluminium Composite Panel Production Facility (/production-facilities-/aluminium-composite-panel-production-facility/)
PVC Profile Production Facility (/production-facilities-/pvc-profile-production-facility/)
Roller Shutter Production Facility (/production-facilities-/roller-shutter-production-facility/)

**GROUP OPERATIONS**
Exhibit CVD - TR - 24
Turkey to grant new incentives for eligible investments on a project basis

SEP 07, 2016

Turkey to grant new incentives for eligible investments on a project basis

The Law on Supporting Investments on Project Basis and Amending Certain Laws and Decree Laws (Law No. 6745), which seeks to improve Turkey’s investment climate through a project-based investment incentives package, entered into force.
following its publication in the Official Gazette on September 7, 2016.

The new law, which contains 82 articles, was drafted to facilitate Turkey's achievement of its long-term macroeconomic targets. Some of those targets include increasing its share in global trade, ensuring the security of supply, encouraging investors to conduct business in Turkey, and improving its rank in production of information, technology, and innovation. The most significant article, numbered 80, embraces a project-based investment incentives package that provides financial support for innovative, technology-oriented, R&D focused, high value-added projects that also help to reduce foreign dependency. Projects seeking support under the new law must be in conformity with the Turkish government’s targets set forth in national development plans and annual programs, and also with those specifically promoted by the Ministry of Economy. Some of the project-based support instruments and exemptions are as follows:

- Corporate tax exemption up to 100 percent and investment support up to 200 percent; or a corporate tax exemption exclusively for the profits derived from the investment for the first 10 years following the commencement of operations
- Income tax withholding support

- Customs duty exemption

- Free land allocation for 49 years in instances where the investment is made on an immovable property belonging to the Turkish Treasury

- Free transfer of these immovable properties for projects completed and that provided the anticipated employment for at least five years

- Social security premium support for employer’s share for up to 10 years

- Compensation of up to 50 percent for energy consumption expenses related to the investment for up to 10 years

- Abolishment of interest on loans utilized to cover fixed investments

- Salary support for qualified employees for up to five years; eligible support is capped at twenty times the gross monthly minimum wage
State partnership of up to 49 percent provided that an IPO or direct sale to investors will be conducted within 10 years.

Support within the scope of this article of the new law will be paid through the Ministry of Economy’s budget. After the approval of the Council of Ministers on the amount and time interval, goods produced in these factories will be subject to guarantee of purchase. In order to make life easier in the investment process, investors will be granted exemptions in certain allocation, license, and registration processes. Moreover, subject to the approval of the Council of Ministers, all infrastructure investments will be reimbursed. Finally, in case of an ownership transfer of the investment, all acquired rights with regard to the investment scheme will be passed to the new investor.
Exhibit CVD - TR - 25
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- The General Assessment of the Audit Committee for the Year 2018 Regarding Activities and Risk Management, Internal Control and Internal Audit Systems at Turk Eximbank
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- Risk Management Policies Based on Risk Types
- Credit Ratings Assigned to Turk Eximbank by International Rating Agencies
- Financial Indicators for the 2014-2018 Period
- Unconsolidated Financial Statements as of and for Year Ended 31 December 2018 with Independent Auditors’ Report Thereon

### Directory

The PDF version of the report is available at: https://www.eximbank.gov.tr/en/investor-relations/annual-reports
Turk Eximbank has a central role through its policies in support of exports. The Bank’s main objectives are to increase the volume of exports, to diversify of export goods and services, to develop new export markets, to increase the exporters’ share of international trade and providing necessary support for their initiatives, to gain competitiveness and bringing assurance to exporters, overseas contractors and investors on the international markets, and to promote and support the production and sale of investment goods for export through overseas investments.
Compliance Opinion

CONVENIENCE TRANSLATION INTO ENGLISH OF INDEPENDENT AUDITOR’S REPORT ON THE BOARD OF DIRECTORS’ ANNUAL REPORT ORIGINALLY ISSUED IN TURKISH

To the Shareholders of Türkiye İhracat Kredi Bankası Anonim Şirketi

Opinion

We have audited the annual report of Türkiye İhracat Kredi Bankası Anonim Şirketi (the “Bank”) for the period between 1 January 2018 and 31 December 2018, since we have audited the complete set unconsolidated financial statements for this period.

In our opinion, the unconsolidated financial information included in the annual report and the analysis of the Board of Directors by using the information included in the audited unconsolidated financial statements regarding the position of the Bank are consistent, in all material respects, with the audited complete set of unconsolidated financial statements and information obtained during the audit and provides a fair presentation.

Basis for Opinion

We conducted our audit in accordance with “Regulation on Independent Audit of the Banks” published in the Official Gazette No.29314 dated 2 April 2015 by Banking Regulation and Supervision Agency (“BRSA Auditing Regulation”) and Standards on Auditing which is a component of the Turkish Auditing Standards published by the Public Oversight Accounting and Auditing Standards Authority (“POA”) (“Standards on Auditing issued by POA”). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Annual Report section of our report. We declare that we are independent of the Bank in accordance with the Code of Ethics for Auditors issued by POA (POA’s Code of Ethics) and the ethical requirements in the regulations issued by POA that are relevant to audit of financial statements, and we have fulfilled our other ethical responsibilities in accordance with the POA’s Code of Ethics and regulations. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Auditor’s Opinion on Complete Set of Unconsolidated Financial Statements

We have expressed an unqualified opinion on the complete set of unconsolidated financial statements of the Bank for the period between 1 January 2018 and 31 December 2018 on 21 February 2019.

Board of Directors’ Responsibility for the Annual Report

In accordance with the Articles 514 and 516 of the Turkish Commercial Code numbered 6102 (“TCC”) and Regulation on the Principles and Procedures Concerning the Preparation of and Publishing Annual Reports by the Bank (“Regulation”) published in the Official Gazette dated 1 November 2006 and Numbered 26333, the Bank’s management is responsible for the following regarding the annual report:

a) The Bank’s management prepares its annual report within the first three months following the date of statement of financial position and submits it to the general assembly.

b) The Bank’s management prepares its annual report in such a way that it reflects the operations of the year and the unconsolidated financial position of the Bank accurately, completely, directly, true and fairly in all respects. In this report, the financial position is assessed in accordance with the Bank’s unconsolidated financial statements. The annual report shall also clearly indicates the details about the Bank’s development and risks that might be encountered. The assessment of the Board of Directors on these matters is included in the report.
c) The annual report also includes the matters below:

- Significant events occurred in the Company after the reporting period,
- The Bank’s research and development activities.
- Financial benefits such as wages, premiums and bonuses paid to board members and key management personnel, appropriations, travel, accommodation and representation expenses, benefits in cash and kind, insurance and similar guarantees.

When preparing the annual report, the Board of Directors also considers the secondary legislation arrangements issued by the Ministry of Trade and related institutions.

**Auditor’s Responsibility for the Audit of the Annual Report**

Our objective is to express an opinion on whether the unconsolidated financial information included in the annual report in accordance with the TCC and the Regulation, and analysis of the Board of Directors by using the information included in the audited unconsolidated financial statements regarding the position of the Bank are consistent with the audited unconsolidated financial statements of the Bank and the information obtained during the audit and give a true and fair view and form a report that includes this opinion.

We conducted our audit in accordance with BRSA Auditing Regulation and Standards on Auditing issued by POA. Those standards require compliance with ethical requirements and planning of audit to obtain reasonable assurance on whether the unconsolidated financial information included in the annual report and analysis of the Board of Directors by using the information included in the audited unconsolidated financial statements regarding the position of the Bank are consistent with the unconsolidated financial statements and the information obtained during the audit and provides a fair presentation.

KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Muşavirlik Anonim Şirketi
A member firm of KPMG International Cooperative

[Signature]

21 February 2019
**Corporate Profile**

Export Credit Bank of Turkey (Turk Eximbank) is the only official export credit agency in Turkey.

Founded in 1987, Turk Eximbank’s performance enabled it to quickly join the ranks of the world’s leading issuers of export financing even though it was set up nearly half a century later than similar institutions in advanced economies like COFACE (France), Euler Hermes (Germany), SACE (Italy), Atradius (Netherlands), ECGD (UK), etc.

Turk Eximbank supplies an extensive lineup of financing products to international contractors, investors, shippers, tourism operators, and other cross-border businesses. Furthermore, unlike the export credit agencies of many other countries, Turk Eximbank’s ability to combine credit, guarantee, and insurance products under the same roof allows it to provide its customers with fully-integrated service.
As the first financial institution in Turkey to provide export credit insurance, Turk Eximbank fostered awareness of the concept and promoted its widespread adoption. Turk Eximbank insurance programs today provide Turkish exporters with coverage against their commercial (importer) and political (importing country) risks. In addition to export credit insurance, the domestic credit insurance provides commercial risk coverage on the domestic receivables of exporters.

A major restructuring took place in Turk Eximbank in 2017, its thirtieth year in operation, in a bid to more efficiently fulfill its mission of supporting exports. Thanks to the resulting reorganization, the Bank acquired a structure that will allow it to work with the exporters directly. The Bank was reorganized to cover marketing, allocation and operation units as do commercial banks.

Having undergone reorganization with the purpose of working with the exporters directly, Turk Eximbank converted its liaison offices into branches in order to provide on-site service to more exporters. Accordingly, the Bank is headquartered in Istanbul (Asian Side) and has Ankara and Aegean Regional Directorates, along with 16 units covering Main Branch and Istanbul European Side, Istanbul Odakule (February 2019), Gaziantep, Denizli, Bursa, Kayseri, Konya, Antalya, Adana, Gebze, Çorlu (February 2019) Manisa (February 2019) Branches, and 14 liaison offices in Samsun, Trabzon, Izmir Konak, Izmir Kemalpaşa, Izmir Alsancak, Aydın, Eskişehir, Erzurum, Kahramanmaraş, Hatay, Çerkezköy, Sakarya and İskenderun (January 2019).

8 of Turk Eximbank’s employees have PhD, 214 master’s degrees, 346 bachelor’s degrees, and 30 associate degrees; 268 of them are proficient in at least one foreign language.
Strong support for the exporters all the time

We provided financial support to Turkish exporters for a total amount of USD 44.2 billion in 2018, consisting of USD 27.3 billion of credit and USD 16.9 billion of insurance support.
Financial Summary

**Turk Eximbank's Summary Financial Statements for 2014-2018 are presented on page 69.**

**+63.3%**
Total assets were up by 63.3% and realized as TL 139.4 billion as of end-2018.

**+48.1%**
Turk Eximbank's net profit for 2018 increased by 48.1% to reach TL 841.8 million.

---

### TURK EXIMBANK IN FIGURES

#### Balance Sheet Accounts (TL thousand)

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loans</td>
<td>129,497,250</td>
<td>80,271,104</td>
</tr>
<tr>
<td>Total Assets</td>
<td>139,429,094</td>
<td>85,375,189</td>
</tr>
<tr>
<td>Loans Borrowed</td>
<td>108,730,948</td>
<td>67,368,670</td>
</tr>
<tr>
<td>Securities Issued (Net)</td>
<td>17,178,988</td>
<td>10,279,210</td>
</tr>
<tr>
<td>Subordinated Debt Instruments</td>
<td>2,995,130</td>
<td>31,596</td>
</tr>
<tr>
<td>Money Market Loans</td>
<td>139,005</td>
<td>152,000</td>
</tr>
<tr>
<td>Equity</td>
<td>7,654,051</td>
<td>5,774,083</td>
</tr>
<tr>
<td>Paid-up Capital</td>
<td>6,350,000</td>
<td>4,800,000</td>
</tr>
</tbody>
</table>

#### Profit-Loss Statement Accounts (TL thousand)

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest Income</td>
<td>3,391,095</td>
<td>2,238,086</td>
</tr>
<tr>
<td>Interest Income on Loans</td>
<td>3,046,371</td>
<td>2,092,254</td>
</tr>
<tr>
<td>Interest Expenses</td>
<td>-2,531,631</td>
<td>-1,224,198</td>
</tr>
<tr>
<td>Net Interest Income</td>
<td>859,464</td>
<td>1,013,888</td>
</tr>
<tr>
<td>Net Commissions and Other Operating Income</td>
<td>154,632</td>
<td>207,362</td>
</tr>
<tr>
<td>Provisions for Loans</td>
<td>-81,696</td>
<td>-77,418</td>
</tr>
<tr>
<td>Personnel Expenses</td>
<td>-170,115</td>
<td>-132,734</td>
</tr>
<tr>
<td>Other Operating Expenses</td>
<td>-102,346</td>
<td>-161,502</td>
</tr>
<tr>
<td>Net Profit for the Period</td>
<td>841,802</td>
<td>568,475</td>
</tr>
</tbody>
</table>

Turk Eximbank’s summary financial statements for 2014-2018 are presented on page 69.
Summary Activity Indicators

Credit Activities (USD million)*

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Credit Activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Short-Term Credits</td>
<td>25,026</td>
<td>21,522</td>
</tr>
<tr>
<td>Short-Term TL Credits</td>
<td>1,644</td>
<td>3,370</td>
</tr>
<tr>
<td>Short-Term FX Credits</td>
<td>23,382</td>
<td>18,152</td>
</tr>
</tbody>
</table>

| **Medium- and Long-Term Credit Activities** | 2018   | 2017   |
| total Short-Term Credits | 2,225  | 2,586  |

| **Total Credit Activities** | 2018   | 2017   |
| Total Credits               | 27,251 | 24,108 |

* The amounts allocated include credits with extended terms.

Insurance Activities (USD million)

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Short-Term Credit Insurance</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Covered Shipments</td>
<td>16,741</td>
<td>15,040</td>
</tr>
</tbody>
</table>

| **Medium- and Long-Term Export Credit Insurance** | 2018   | 2017   |
| Covered Transaction Amount | 160    | 186    |

| **Total Insurance Activities** | 2018   | 2017   |
| Claims Paid                  | 22     | 16     |
| Total Insurance               | 16,901 | 15,226 |

Turk Eximbank’s Total Support (USD million)

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Credit/Insurance/Guarantee Support</td>
<td>44,152</td>
<td>39,324</td>
</tr>
</tbody>
</table>

Increase in credits in 2018 was recorded as 13% on USD basis.

Total credit/insurance/guarantee support provided by Turk Eximbank increased by 12.3% on USD basis during 2018 and amounted to USD 44.2 billion.
We are the leader supporter of exports

Our financing support for Turkish exporters in 2018, USD 44.2 billion in value, accounted for the 26% of Turkey’s total exports.
Chairman’s Message

Although it was a year in which the outlook for global growth remained positive, 2018 was also a period in which the differences among countries became more pronounced and the effects of protectionist trade measures and tendencies were felt even more.

In the United States, the course of labor market developments and growth, the general level of prices, and fiscal policies associated with all of these were factors that set the roadmap for the US Federal Reserve Bank’s interest rate decisions. The result of this was that inflation hovered around the 2% level and that the Fed completed the year having raised its policy rate four times.

In the euro area, which is Turkey’s biggest foreign trade market, there were signals that economic growth was losing its momentum in 2018. Another important development in this process was the termination of the European Central Bank’s asset-buying program as of the end of 2018. Policy concerns arising from Brexit appeared to be elements of risk for the euro area’s economy. In the Far East, China’s central bank continued to adhere to expansionist monetary policies by means of macroprudential tools in its efforts to deal with contracting market liquidity.

Owing to rising levels of global debt, to the ongoing trend among developed countries to tighten monetary policy, to the appreciation of the US dollar, to protectionist trade measures, and to policy uncertainties in the UK and some euro area countries, markets’ appetites for developing country risk waned with the result that such countries registered net portfolio investment outflows last year.

Here in Turkey we were witness to the start of a stabilization process in the country’s domestic economic activity as of the second quarter of 2018. That process, amplified by erosion in the value of the Turkish lira as well as by exchange rate volatility and tighter financing conditions, became even more evident in domestic demand. Despite a huge—6.73 percentage point—contribution by net exports, third-quarter growth still contracted to just 1.6%. Notwithstanding the mounting pressures of protectionism in international trade, Turkey’s own exports rose from USD 157 billion to USD 168 billion in 2018, a 7% year-on-year increase and also a new record.

The outlook for 2019 is that the world’s central banks will take a somewhat more dovish monetary policy stance owing both to the possibility of recession and to concerns about trade wars in the period ahead. Here in Turkey we foresee that net exports will continue to contribute to growth, especially with the support afforded by a strong recovery in tourism revenues. This not only will limit the adverse effects of weak domestic demand but should also significantly help counterbalance the country’s current account deficit.

As envisaged in the New Economic Program (NEP) covering the period 2019-2021 with the slogan “Stabilization, Discipline and Transformation”, we expect the Turkish economy to become more resilient to external shocks and, with the normalization of financial markets, to show improvement beyond the expectations in the NEP itself.

For our part as Turk Eximbank, we are aware that we will need to play

Contractor services and tourism

Both tourism and international contractor services are critically important to the Turkish economy and in recognition of this, Turk Eximbank will also continue to support them both in 2019.
as envisaged in the NEP covering the period 2019-2021 with the slogan “Stabilization, Discipline and Transformation”, we expect the Turkish economy to become more resilient to external shocks and, with the normalization of financial markets, to show improvement beyond the expectations in the NEP itself.

International contractor services have long been an engine of Turkey’s economic growth owing to the outstanding contributions that they make to national income, to the balance of payments, to exports, and to employment. Nor should we overlook their other benefits such as technology transfer, machine park expansion, and encouraging other sectors to venture abroad. In 2005, the projects overtaken by Turkish contractors worth of USD 10 billion, where as in 2018 this value reached up to USD 19.9 billion covering 276 projects. In the early 2000s, the average value of a project was on the order of USD 21 million. That figure peaked at USD 86.5 million in 2015 and in 2018 it was still a respectable level USD 72.1 million.

Just like international contractor services, tourism also makes a significant contribution to national income, to the balance of payments, to exports, and to employment. In 2017 the number of foreign tourist arrivals in Turkey was 32.4 million; last year that figure increased by 14.5% and, at 39.5 million, it was back to the record numbers that were registered in 2014.

Record exports

Turkey’s exports rose from USD 157 billion to USD 168 billion in 2018, a 7% year-on increase and also a new record.
General Manager’s Message

Increasing exports is very important in terms of meeting the country’s long-term foreign currency requirements. The issue requiring careful attention is the risk of trade wars occupying a significant place in the coming period. Giving export industries a competitive edge becomes more important especially at times when trade wars are raging.

Having been worth of USD 168 billion in 2018, Turkey’s exports made a good start in 2019. In the twelve months to end-January 2019, they already weighed in at more than USD 168.8 billion and are now expected to make a substantial contribution to the country’s economic growth during the rest of the year.

For Turk Eximbank, 2018 was a year in which the bank came up with new solutions to address the financing needs of the country’s exporters. In 2019 our bank will be carrying out an important mission as it continues to support Turkey’s export.

2018 was the first full year of Turk Eximbank’s “Three-Dimensional Working Model”

In principle Turk Eximbank adheres to what it refers to as a “Three-Dimensional Model” in the conduct of its operations. The first dimension of this model involves a close collaboration with real-sector concerns and with financial institutions. This allows us to devise suitable products and revise existing ones by working closely with them and identifying their needs. Collaboration with financial institutions enables us to expand the financing opportunities that can be made available to exporters.

The second dimension of our model makes it possible for us to bring about structural changes at our bank that can respond to exporters’ requirements. Through the Turk Eximbank structural transformation that began in 2017 we have created a structure that is capable of working directly with the country’s exporters. This has allowed us both to expand our service network and to work directly and more effectively with exporters by developing Turk Eximbank’s own internal systems.

The third dimension of the model is concerned with the international scope of Turk Eximbank’s operations. This entails relations with other countries’ financial institutions as well as with supranational organizations, buyers credits and funding from international markets.

Thanks to the approach made possible by this model, Turk Eximbank moved in the direction of innovating and diversifying the financing opportunities that it can offer. Our bank has already made significant progress in its ability to provide Turkey’s exporters with credit, insurance, and guarantee products under favorable terms and at affordable prices.

In order to make our services directly available to exporters, we have converted a number of what used to be liaison offices into full-fledged branches. In addition to the Denizli, Bursa, Adana, Antalya, Konya, Kayseri, Gebze, and Istanbul Avrupa Yakası branches that we opened in 2017, in 2018 we also began serving exporters at our newly-opened Istanbul Merkez branch. As of end-2018, Turk Eximbank was conducting its operations through twelve branches.

SMEs have share of 70.7% in the number of exporters we support

As of end-2018, the number of Turkish exporters receiving Turk Eximbank support was 11,072, 16% more than was the case twelve months earlier.
Three-Dimensional Working Model

Thanks to the approach made possible by the “Three-Dimensional Working Model”, Turk Eximbank moved in the direction of innovating and diversifying the financing opportunities that it can offer. Our bank has already made significant progress in its ability to provide Turkey’s exporters with credit, insurance, and guarantee products under favorable terms and at affordable prices.

Increasing support

2018 was a year in which Turk Eximbank expanded both the quality and the quantity of the support that it provides exporters with.

USD 44.2 billion worth of financing support for Turkey’s exporters in 2018

One outcome of the transformation to which I referred above is that 2018 was a year in which Turk Eximbank expanded both the quality and the quantity of the support that it provides exporters with. There was a 13% year-on-rise in the bank’s cash loans, which reached a total of USD 27.3 billion in value. Last year we also registered an 11% increase in Turk Eximbank export credit insurance/guarantee support, which amounted to USD 16.9 billion. This means that the total value of all financing support supplied to Turkey’s exporters in 2018 was worth USD 44.2 billion or 12.5% more as compared with the previous year. It also means that the Turk Eximbank-supported share of Turkey’s export trade increased by one percentage point from 25% in 2017 to 26% in 2018. Putting that another way, USD 26 worth of every USD 100 worth of goods and services shipped out of Turkey last year was with the support of Turk Eximbank.

As of end-2018, the number of Turkish exporters receiving Turk Eximbank support was 11,072, 16% more than was the case twelve months earlier. Well over two-thirds (70.7%) of those firms were in the “small and medium-sized enterprise” category by the way.
General Manager’s Message

Growth in Turk Eximbank’s funding sources

Having changed over to the registered capital system and increased Turk Eximbank’s capital ceiling from TL 3.7 billion to TL 10 billion in 2017, in 2018 the bank increased its paid-in capital from TL 4.8 billion to 6.35 billion, of which increase TL 1 billion consisted of a cash injection supplied by the Treasury and the remainder was the result of capitalizing the bank’s retained 2017 profits. In addition, TL 2.9 billion worth of supplementary capital that was received during the year gives our bank the ability to expand the volume of affordably-priced and conveniently-termed Turkish lira-resources which it can offer to borrowing firms.

In order to increase Turk Eximbank’s foreign currency resources, we continued our efforts to tap both domestic and international money and capital markets for suitably-priced funds. In 2018 Turk Eximbank secured a total of USD 3.7 billion worth of syndicated loans and bilateral trade credits from supranational organizations as well as from leading financial institutions located all over the world. Access to such funding resources is evidence of the confidence that lenders have in Turk Eximbank. The upshot is that even with the exclusion of its CBRT resources, Turk Eximbank’s external funding amounted to USD 9.5 billion last year. With the inclusion of central bank FX resources, it amounts to USD 23.8 billion while the addition of supplementary capital brings the total to USD 24.3 billion.

Turkey’s 8th biggest bank in terms of lending

 Turk Eximbank advanced in the lenders’ league table by one position, becoming Turkey’s eighth biggest bank on that measure.

Turk Eximbank rediscount credit remained an important source of financing for exporters in 2018

The rediscount credit that Turk Eximbank extends within the limit assigned to it by CBRT is in strong demand because it is the most cost-effective financing available not only from our own bank but on the market as well.

Furthermore in the cases of exports of high-added value goods, of exports of high-tech manufactured goods for the purpose of market diversification, of exports to new markets, and of exports of foreign currency-earning services, it is possible to provide lower-cost financing on more favorable terms.

Under the Turk Eximbank Post-Shipment Rediscount Credit Program, exporters’ receivables on shipments which they have made under the Turk Eximbank Receivables Insurance Program are accepted as rediscount credit collateral. In effect this means that exporters can borrow against such receivables without having to put up any additional security.

In addition to the foregoing, in late 2018 a change was made in the communique governing Turk Eximbank-provided financing for sales made to other countries from free zones located in Turkey as a result of which, sales of services made out of free zones also qualified for rediscount credit as well and sales of goods were included within the scope of the Turk Eximbank Post-Shipment Rediscount Credit Program and the Turk Eximbank Receivables Insurance Program. Because of these changes we expect that there will be significant growth both in the number of free zone-based firms taking advantage of Turk Eximbank credit support and in the total volume of such support.

The support provided through Turk Eximbank rediscount credit programs in 2018 was worth USD 21.7 million in value and accounted for a 79% share of all of the bank’s lending last year.
Making Turkey’s investment landscape more export-focused by expanding medium and long-term credit opportunities

In keeping with its mission to support Turkey’s exporters, Turk Eximbank wants to move away from being mainly a supplier of short-term credit and to increase its medium and long-term credit support instead. For this purpose, conveniently-termed medium and long-term financing is being provided for purchases of machinery and equipment made by export-oriented exporters. Turk Eximbank also has a special program whose aim is to support firms in their acquisition of internationally-recognized brands in order to enhance the added value of Turkey’s exports. We believe that by increasing the weight of medium and long-term lending in its portfolio, the bank can contribute significantly to the shift of Turkey’s exports towards high-tech goods.

In addition to its own sources of medium and long-term credit support, Turk Eximbank also obtains medium and long-term foreign currency funding both by tapping international bond markets and by means of suitably-priced medium and long-term FX loans obtained from supranational financial institutions or from banks with the backing of such institutions’ guarantees. In the wake of a USD 500 million eurobond issue undertaken in May 2018, Turk Eximbank was able to extend up to five-year euro-denominated loans intended to meet the medium and long-term financing requirements of Turkish exporters. In addition, another USD 550 million worth of ten-year funding underwritten by the Multilateral Investment Guarantee Agency (an arm of the World Bank) was also obtained from a consortium of international banks. Since July 2018, this is likewise being used to lend to Turkish exporters.

Expanding and diversifying the scope of buyer’s credit

In order to make Turkey’s exporters’ business easier, Turk Eximbank also seeks to increase their buyers’ access to financing. Our goal in this is to address an issue which is often overlooked in the export period but which may be vitally essential to the completion of a deal. By supporting the purchasing power of Turkish exporters’ and international contractors’ public and private-sector customers, Turk Eximbank seeks to reduce such customers’ dependence on the financing terms available in their own countries while also facilitating Turkish firms’ goods and services sales and making their dealings more secure.

The financing opportunities that Turk Eximbank provides to buyers apply not only to large-scale projects involving contractor services and suchlike but also to Turkish firms’ export sales of machinery and equipment and other capital goods. This financing model is one that the export credit agencies of many other countries have recourse to more often than not; by making it available to Turkey’s exporters, we are leveling the competitive playing field for them as well.

As of end-2018, Turk Eximbank had extended a total of USD 310.6 million worth of credit under this international lending program and had been a party to 60 letters of intent for projects and deals with the potential to export goods and services worth some USD 5.4 billion in value.

The projects that we launched to diversify our buyer’s credit options have begun to bear fruit and we will begin offering new products that we have developed in the period ahead. Our another goal in 2019 will be to diversify and increase the range of non-cash support available for use in project and trade financing by introducing new programs intended to assume the risk that buyer’s credit is not repaid by non-resident public or private-sector borrowers and the risk that non-resident issuing banks do not fulfill their export letter of credit payment obligations.

Through export credit insurance we share in exporters’ risks in their existing markets while also encouraging them to expand into new ones

When Turkish firms have to do business in countries that they are not familiar with and/or with companies of which they have no knowledge, Turk Eximbank provides export receivables insurance through which it assumes some of the risks entailed by such uncertainties. Turk Eximbank export receivables insurance products make it possible for Turkey’s exporters to sell goods to new buyers in new markets with greater assurance and confidence. Turk Eximbank export receivables insurance provides exporters with coverage for their exposure both to buyer’s risk and to the commercial and political risks of the countries in which they do business. In 238 countries, Turk Eximbank (rather than exporters themselves) assesses the risks inherent in a deal and provides coverage for 90% of them.

Turk Eximbank also has a domestic insurance program under which it insures short-term receivables that are owed to exporters by their domestic suppliers etc. The aim of this program is to provide exporters with coverage against the risk that their financial situation will be impaired should such receivables go unpaid.

The total volume of Turk Eximbank export credit insurance support increased by 11% and reached USD 16.9 billion in value in 2018.

Continuing to speed up Turk Eximbank’s digital transformation

As mentioned a while ago, the second dimension of Turk Eximbank’s Three-Dimensional Working Model is concerned with transforming the bank’s internal structure. Efforts are also being made to speed up transactions and to reduce costs by transferring the bank’s processes.
General Manager’s Message

New solutions

In 2019 we will be providing new solutions designed to address Turkish exporters’ different financing needs.

to electronic environments. One example of this renovation of our system infrastructure was moving the approval processes in rediscount credit program into an online platform by means of CBRT’s Rediscount Credit Management System Project on July 2018. As a result of the integration of CBRT’s and Turk Eximbank’s systems, CBRT rediscount credit documents that used to require physical processing by both CBRT and Turk Eximbank have begun to be processed electronically, which means that both credit approvals and account monitoring can be taken care of online.

Under an agreement with the Credit Bureau of Turkey (KKB) and Vakıfbank, an electronic platform for managing letters of credit became operational on 4 July 2018. Turk Eximbank was the first financial institution in Turkey to use this platform, which runs on KKB’s infrastructure, as drawee bank while Vakıfbank was the first to issue an electronic letter of credit on it. In November last year Yapı Kredi Bank also joined the project and is now sending its letters of credit to Turk Eximbank electronically as well. This system significantly reduces the amount of handling and time involved in processing letters of credit as well as operational risks and it is expected that all banks in Turkey will have joined it by the end of 2019.

Another innovation aimed at speeding up and improving business processes last year was the changeover to an Electronic Document Management System for all of the bank’s internal and external correspondence. This system substantially reduces the amount of physical paperwork that needs to be processed.

Another important undertaking last year was a new project concerned with Turk Eximbank’s insurance programs under which all of the processes and software related to the bank’s existing insurance products are to be reviewed and updated. This project’s process-analysis stage has been completed and software development work is currently in progress.

With the completion of this project, it will become possible to respond to exporters’ requests for insurance more quickly, to help exporters minimize their export transaction risks by means of new products and services, to be more flexible when providing exporters with the insurance support that they require, and to more effectively manage our bank’s own exposure to the insurance-related risks that it assumes.

Protecting Turkey’s exporters against exchange rate and interest rates risks

Last year Turk Eximbank continued to offer forward-rate trading contracts in foreign currencies, a method that is much employed by the banking industry because it is a simpler alternative to option contracts. Goods and services exporters that had previously entered into a derivatives framework agreement with Turk Eximbank were the first to be allowed to take advantage of the cash-settlement-at-maturity exchange rate trading contracts offered by the bank.

In July last year, Turk Eximbank also began offering variable/fixed interest rate swaps denominated in USD, EUR, and other currencies that are most often in demand. Besides allowing exporters to protect themselves against interest rate risks, Turk Eximbank interest rate swap contracts are competitively priced.

Financing for small and medium-sized service providers

Turk Eximbank provides financing to firms that provide FX-earning services and are active in the tourism, health, logistics, software, and international consultancy and engineering business lines. In January 2018, the scope of firms qualifying for such financing was expanded to include those that fall in the SME category. On July 16th, the twelve-month net sales proceeds
Threshold requirement for SMEs to qualify for such financing was raised from TL 40 million to TL 125 million. This change allowed more exporters to be accepted in the SME category and to take advantage of low-cost Turk Eximbank financing. FX-earning firms are also being allowed to take advantage of medium and long-term Turk Eximbank financing as well. TL 300 million in funding has likewise been earmarked for group A travel agencies that are in the SME category.

In late November a Seasonal Credit Support Program was introduced as a result of efforts to formulate credit options capable of addressing the needs of the agricultural sector. Under this program, those who export cotton, figs, grapes and raisins, olives, hazelnuts, apricots, and other farm produce are allowed to benefit from CBRT rediscounting while USD 200 million of additional funding has also been set aside for them from other Turk Eximbank programs. As of end-2018, about 88% of the allocation (worth about USD 150.4 million) had been lent out.

**Continuing to support SME**

For Turk Eximbank 2018 was a year in which the process of transforming and renewing the bank continued without letup. Firstly, with the aim to address SME’s financing problems, TL credits (provision of which is limited by the bank’s own equity) have continued to be directed towards borrowers in that category. In that way, they remained the only ones qualifying for Turk Eximbank-supplied pre-shipment export and pre-export Turkish lira credits. The TL 5 billion worth of funding which had been allocated for these programs in 2018 was exhausted and indeed surpassed: a total of TL 7.7 billion worth of credit was extended to the bank’s SME customers, a figure that corresponds to a year-on year rise of 83%. Another USD 1.5 billion worth of FX-denominated credit was also provided.

**11 new insurance and guarantee products to be offered in 2019**

In 2019 we will be providing new solutions designed to address Turkish exporters’ different financing needs. 11 new guarantee, letter of credit, and insurance programs will be coming on stream and made available not just to Turkey’s exporters but also to its international contractors. 4 of these products have already been approved by Turk Eximbank’s board of directors. Two were launched in February and the other two will become available in April. These offerings will give borrowers uninterrupted access to low-cost financing without the need for letters of credit.

**Turk Eximbank’s goal in 2019 is to finance 27% of Turkey’s exports by supplying exporters with USD 44.4 billion worth of support**

Turning now to 2019, Turk Eximbank has set a target of providing exporters with a total of USD 48.4 billion worth of financing support consisting of USD 29.4 billion in cash credit and USD 19 billion in export credit insurance and guarantees. By doing this we will also be increasing the share of Turkey’s total export trade that is being supported by Turk Eximbank from 26% to 27%.

We also plan to introduce other new programs and practices by working more closely with exporters in order not only to come up with ways that better serve their needs but also to help Turk Eximbank carry out its mission. Turk Eximbank’s expanding network of branches and liaison offices and its ongoing digital transformation will enable it to provide Turkey’s exporters with precisely-targeted, rapid service. One goal in 2019 is to increase the number of exporters benefiting from the bank’s products and services from the low 11 thousand range to at least 12.5 thousand.

We expect to balance the support that we provide through diversification of the types of collateral we will accept and our program of Treasury-backed guarantees by strengthening our export credit insurance offerings in 2019. One of our priorities is to allow domestic and international receivables that have already been insured by Turk Eximbank to be used more actively as collateral in order to give the country’s exporters more convenient access to the bank’s credit support.

Another priority is to increase our product diversity and make it easier for Turkish exporters and their buyers to benefit from financing being provided by national and international financial institutions. We hope soon to be providing new insurance and guarantee products which we worked on in 2018 and which our goal is to introduce this year. By increasing our guarantee and insurance offerings, we will be providing Turkey’s exporters with quite a few of the products that are already being made available by many other countries’ financial institutions. Diversifying the forms of acceptable collateral and offering new insurance, guarantee, and collateral products will enable Turk Eximbank to continue providing affordable financing by not having to charge more for it.

In closing and thanking my colleagues and the exporters whose continued presence has made all of our accomplishments possible, let me make it clear that Turk Eximbank will continue to carry out its mission of contributing to our country’s economy as a financial institution that is innovative, nimble, and open to development.

Adnan YILDIRIM
General Manager
Access to safe financing

By providing 53% of all the export credits in the banking sector alone, we proved that we play crucial role in exporters’ access to safe financing.
Historical Background

1987

Turk Eximbank was established in 1987 as Turkey’s official export credit agency and began to implement its programs at the beginning of 1988.

In the early 1980s, traditional import substitution policies began being replaced by foreign trade-oriented policies and thereafter exportation gained importance within Turkish economy. The task of supporting exports within this reorganization process was undertaken by Turk Eximbank, established in 1987.

Turk Eximbank was chartered by the Board of Ministers through Decision No. 87/11914, following the order of Law No. 3332 dated 31 March 1987 by maintaining the juridical and legal personality of the State Investment Bank. In effect, according to the charter, Turk Eximbank took over the State Investment Bank’s credit, funding, support, insurance, guarantees of goods and services, exports and imports, overseas contracting services, manufacturing and sales of domestic investment goods, and foreign investments, but at the same time it was transformed into a joint stock company subject to the provisions of the Private Law of the State Investment Bank. Turk Eximbank was established in 1987 as the official export credit agency according to international classifications, and started to implement its programs at the beginning of 1988.

The “Principles Regarding Establishment and Duties of the Export Credit Bank of Turkey”, which has since been repealed, was prepared to reflect the changes in legislation required regarding the activities of the Bank in line with the Principles Appendix to Decision No. 87/11914 regulating the establishment of the Bank, Turkish Commercial Code No. 6102, the changes in the banking legislation, and global financial and economic developments that have occurred since the Bank’s establishment, and was published in the Official Gazette dated 23 February 2013 as an attachment to Decision 2013/4286 of the Board of Ministers. Operating principles of the Bank are currently being determined in accordance with the principles set forth in the appendix of Board of Ministers decision numbered 2013/4286.

As the sole official export credit agency in Turkey, Turk Eximbank has a central role through its policies in support of exports. The Bank’s main objectives are:

- Increasing the volume of exports;
- Diversification of export goods and services;
- Developing new export markets;
- Increasing the exporters’ share of international trade and providing necessary support for their initiatives;
- Gaining competitiveness and bringing assurance to exporters, overseas contractors and investors on the international markets; and
- Promoting and supporting the production and sale of investment goods for export through overseas investments.
As a means of aiding export development, Turk Eximbank offers specialized financial services to exporters, export-oriented manufacturers, companies engaged in FC-earning services and overseas investors and contractors through short, medium- and long-term cash credit, insurance and guarantee programs.

In accordance with Article 4/C of the Chartering Law, which was amended by Act No. 3659 and Article 10 of the Law No. 4749, the Ministry of Treasury and Finance covers any losses incurred by Turk Eximbank in its credit, insurance and guarantee transactions arising from political risks.

Turk Eximbank’s role in funding exports has steadily increased over the years. According to the country’s liabilities against international institutions regulating the world trade, Turkey had to terminate the direct export incentives, and because of the commitment to comply with the commercial and competition policies of EU and the Customs Union. As a result of these developments, the funding of exports through credit, guarantee and insurance programs has become the most significant stimulant element in terms of increasing the competitiveness of Turkish exports on international markets.

The export credit insurance system that jumped to the top of the economic agenda in Turkey at the end of the 1950s was re-introduced by Turk Eximbank in 1989. The system was initially designed to provide cover against commercial and political risks only for short-term export claims, but its scope was later expanded to cover medium- and long-term goods and services claims as well. In accordance with the second paragraph of Article 2 of the Law numbered 3332, the Ministry which the Bank is related to is determined by the decision of the Presidency. In this context, Turk Eximbank has been linked with the Ministry of Commerce based on the Presidency’s Memorandum numbered 2018/1 which was in effect by its issuance at the Official Gazette numbered 30479 dated 15 July 2018.

The operational framework of Turk Eximbank according to its “Establishment Principles and Charter” is shaped by its annual programs. These programs, which the Executive Board must follow, enter into force by decision of the Supreme Advisory and Credit Guidance Committee.

The Supreme Advisory and Credit Guidance Committee notifies its decisions about those concerning the Bank’s mission and activities to the authorized bodies of the Bank for due consideration. The Committee is also authorized to determine the upper limits of the loans to be disbursed, guarantees to be furnished and insurance transactions to be performed by the Bank, whether generally or on the basis of countries, sectors or commodity groups.

1 Recommendation for the revision of regulation was submitted to Ministry of Trade, regarding Article 20 of Principles Appendix of Council of Ministers Decision numbered 2013/4386, entitled “Establishment of Supreme Advisory and Credit Guidance Committee” as a result of the cancellation of undersecretariat positions with the Temporary Article 32 of the Executive Order number 703, dated 9 July 2018.
Changes in the Articles of Association

Increasing capital

The Bank’s share capital was increased to 6,350,000,000 Turkish Liras based on the Board of Directors decision no. 56 dated 30 March 2018. At the Extraordinary General Assembly of Turk Eximbank convened on 12 January 2017, “Article 7 - Capital of the Bank” and “Article 8 - Capital Increase” of the articles of association were modified. With the modification made, the Bank switched to the registered capital system and the registered capital ceiling was set as 10,000,000,000 (ten billion) Turkish Liras. Within the limit, the Bank’s share capital was increased to 6,350,000,000 Turkish Liras based on the Board of Directors decision no. 56 dated 30 March 2018.

There were no additional changes to the Bank’s Articles of Association other than the one mentioned above in 2018.

Capital Structure

The Undersecretariat of Treasury holds all of the Bank’s shares. Neither the chair nor the members of the Board of Directors nor the general manager nor any deputy general manager owns shares in the Bank.

Paid-up Capital (TL thousand)

<p>| | |</p>
<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
<td>18</td>
<td>6,350,000</td>
</tr>
<tr>
<td>17</td>
<td>4,800,000</td>
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</tbody>
</table>
## Turk Eximbank’s Position in the Turkish Banking Sector

<table>
<thead>
<tr>
<th></th>
<th>TURKISH BANKING SECTOR</th>
<th>TURK EXIMBANK</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Assets (TL)</td>
<td>3,867 billion</td>
<td>139.4 billion</td>
</tr>
<tr>
<td>Total Loans (TL)</td>
<td>2,395 billion</td>
<td>129.5 billion</td>
</tr>
<tr>
<td>Loans/Assets (%)</td>
<td>62</td>
<td>93</td>
</tr>
<tr>
<td>NPL Ratio (%)</td>
<td>3.9</td>
<td>0.3</td>
</tr>
<tr>
<td>Shareholders’ Equity (TL)</td>
<td>421.2 billion</td>
<td>7.7 billion</td>
</tr>
<tr>
<td>Capital Adequacy Ratio (%)</td>
<td>17.3</td>
<td>18.6</td>
</tr>
<tr>
<td>Net Profit (TL)</td>
<td>53.5 billion</td>
<td>842 million</td>
</tr>
<tr>
<td>Return on Assets (%)</td>
<td>1.4</td>
<td>0.8</td>
</tr>
<tr>
<td>Return on Equity (%)</td>
<td>14.7</td>
<td>12.4</td>
</tr>
</tbody>
</table>

**Turk Eximbank’s capital adequacy ratio was 18.6%, a figure above that of the Turkish banking sector.**

**Turk Eximbank’s NPL ratio was well below the average of the Turkish banking sector at 0.3%.**
The Assessment of the Activities of Turk Eximbank in 2018

Turk Eximbank supports exporters, export-oriented manufacturers, international contractors and entrepreneurs, and companies engaged in FC-earning services with short, medium- and long-term credit, insurance, and guarantee programs.

25 USD billion
In 2018 Turk Eximbank supplied USD 25 billion worth of short-term Turkish lira and foreign currency credit including maturity extensions.

2.2 USD billion
In 2018 Turk Eximbank’s medium- and long-term credits amounted to USD 2.2 billion.
Domestic Loans

Turk Eximbank not only supplies firms with low-cost and short-term pre-shipment financing both directly and through intermediary banks but also discounts their export receivables by promoting credit sales and making it easier for the exporters to enter new and targeted markets.

In 2018 Turk Eximbank supplied USD 25 billion worth of short-term Turkish lira and foreign currency credit including maturity extensions.

Of this short-term lending, 6.6% consisted of Turkish lira and 93.4% consisted of foreign currency loans.

Rediscount credits made up the largest share of short-term credits at 76.3%, while Pre-shipment Export Credits (PSECs), which were disbursed via intermediary commercial banks, made up an 8.5% share.

A total of 9,462 firms, which together accounted for a significant share of Turkey’s overall exports, benefited from Turk Eximbank’s export credit programs during 2018.

Priority was given to SMEs in credit applications and TL credits were utilized for SME financing. As a result of the privilege offered for additional resource and credit requests of SMEs, TL 7.7 billion in local currency and USD 1.5 billion in foreign currency were allocated and total of credits allocated to SMEs were realized as USD 3.2 billion. This means that 12% of total credits were allocated to SMEs.

The sectoral distribution of the Bank’s short-term lending shows that the largest (20%) share went to the metal industry, while EU countries ranked first among country groups with a 52.3% share of the total.

Recent Adjustments and Revisions in Domestic Credit Programs

- General Credit Agreement (GCA) was revised to comply with revised practices. The updated GCA has been adopted from the beginning of 2018 and credit processes for companies have become faster.
- Funding from World Bank was obtained to be extended to SMEs directly or to banks and financial leasing companies to be allocated to SMEs and other companies.
- Financial opportunities provided for companies engaged in FC-earning services such as tourism, healthcare, logistics, software, foreign consultancy and engineering have been expanded. As of January 2018, SME definition has been broadened to include these companies and medium- and long term credits were offered to them.
- As of 16 July 2018, net sales revenue criteria in SME definition was increased from TL 40 million to TL 125 million. As a result, more exporters were included in the scope of SMEs and started to benefit from Turk Eximbank’s low cost credits.
- TL credits utilized through the Bank’s resources have been reserved for companies in SME category and Agriculture Sales Cooperatives and Associations.
- Pre-export Credits for SMEs program has been expanded to include SMEs operating in free zones.
Exhibit CVD - TR - 26
Credits

Rediscount Credit Program

We are financing the financial needs of our exporters during the pre-shipment period at advantageous conditions.

Pre-Export Credit Program

We are increasing the competitive capacities of our exporters, manufacturer-
Pre-Export Credit Program for Small and Medium-Scale Enterprises

We are increasing the competitive capacities of our exporter SME's and SME manufacturers of export goods (only nal manufacturers) on the international...

Details

Post Shipment Rediscount Credit Program

In the scope of our after-shipment rediscount credit program we are discounting your export receivables and meet your financial needs in the period after the...

Details

Foreign Trade Companies Short-Term Export Credits Program

This is a credit program provided to foreign trade stock corporations and sectorial foreign trade companies.
Pre-Shipment Export Credit Program

In the scope of our pre-shipment export credit program we meet the short-term financial needs of our exporters and manufacturers of export goods.

Details

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About Us
Exhibit CVD - TR - 27
Rediscount Credit Program

We are financing the financial needs of our exporters during the pre-shipment period at advantageous conditions.

**What is a rediscounting credit?**

This is a TL / foreign currency credit program in cooperation with the TR central bank with the purpose to finance our companies, which exporting goods and foreign exchange earning services at advantageous conditions.

**Who can benefit?**

Exporters, manufacturer-exporters, manufacturers that produce goods for export and foreign exchange earning services

**What is the company limit?**

In the scope of this program we can provide a credit amount, foreign exchange and Turkish Lira credits in total up to USD 350 Million per company. The credit amount for foreign trade stock corporations is up to USD 400 Million per company. The credits can be used in the currencies EUR/USD/GBP/JPY.

**What is the threshold?**

The threshold in the scope of the rediscount credit program is USD 100.000 per transaction. For SME's USD 50.000 per transaction.

**How long is the term?**

The term options are being published on our website.

**What does it cost?**


**Who is eligible?**

Exporters, manufacturer-exporters, manufacturers that produce goods for export and foreign exchange earning services
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Exhibit CVD - TR - 28
Post Shipment Rediscount Credit Program

In the scope of our after-shipment rediscount credit program we are discounting your export receivables and meet your financial needs in the period after the shipment.

What is the purpose of the product?

We support our exporters to develop their competitive shots by increasing their future sales opportunities on the international markets, and encourage them to enter into new and target markets by purging the receivable from commercial and political risks, and enable them to access financing opportunities in the after-shipment period.

What is the company limit?

In the scope of this program we can provide a credit amount, foreign exchange and Turkish Lira credits in total up to USD 350 Million per company (FTSC excluded). The credit amount for foreign trade stock corporations is up to USD 400 Million per company. The credits can be used in the currencies EUR/USD/GBP/JPY.

What is the threshold?

The threshold in the scope of the after-shipment rediscount credit program is USD 1,000 per transaction.

How long is the term?

In the scope of the after-shipment rediscount credit program, we are discounting your export receivables with a term up to 360 days, and we meet your financial needs in the pre-shipment period.

Who can apply?

SMEs, manufacturers of export goods and all exporters

What does it cost?

The interest rates are being published on our website.
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Exhibit CVD - TR - 29
ABOUT US

Founded in Gebze in 1990, ASAŞ is one of the most remarkable industrial enterprises in Turkey with its 5 state-of-the-art production facilities in Akyazı, Sakarya region and over 2400 employees and export to over 80 countries. Based on its stable financial growth trend since its establishment in 1990, Asaş was listed No 62 out of Top 100 companies in ISO 500 Turkey in 2018 and became one of the leading manufacturers in Europe. ASAS generates solutions and adds value to all sectors where it operates, thanks to its innovative products, technology, R&D Center which is a first in its sector, and its services.

ASAŞ provides services for its clients at its Aluminium Profile, Composite Panel, Aluminium Flat Rolled Product, PVC Profile and Roller Shutter production facilities which are located in a total of 750.000 m² area, of which 300.000 m² is enclosed, in Akyazı and Karapürçek complex.

Production capacities in our integrated facilities:

- **Aluminium Billet**: 90.000 tons/year,
- **Aluminium Profile**: 75.000 tons/year,
- **Anodized Profile**: 40.000 tons/year,
- **Powder Coated Profile**: 25.000 tons/year,
- **Aluminium Flat Rolled Products**: Casting: 60.000 tons/year (end of 2017: 120.000 tons/year), Rolling pin: 140.000 tons/year, Folio: 25.000 tons/year (end of 2017: 75.000 tons/year), Dyed Plate: 50.000 tons/year,
- **Aluminium Composite Panel**: 7.500.000 m²/year (end of 2017: 10.000.000 m²/year),
- **PVC Profile production**: 35.000 tons/year,
- **Lamella Roller Shutter**: 30.000.000 linear meters/year.

ASAŞ enhances its knowledge in production with design and Product Development and presents its high quality products to the market under its own brands. ASAŞ has a wide range of products for construction market under its brands ASAŞPEN (PVC door and window systems), NATURALBOND (aluminium composite panel), ALUDES (aluminium flag and
lighting poles), RESCARA (aluminium door, window and curtain wall systems), NATUROLL (roller shutter systems, garage doors and motor control systems).

Believing that not only science but also art makes contribution to the development of societies, ASAŞ decided to found ASAŞSANAT in 2015 to further improve its support in art. ASAŞSANAT operates as a learning+ sharing+ designing+ production platform that brings art and design students together with academics and professionals. Asaş aims to revive the change created by art in societies as well as the skill of having different point of view in its own organization by courses and seminars for the spouses and children of its employees, at the Art Workshop to be constructed in Akyazı/Sakarya Region. Additionally, in line with its social responsibility activities, another target of ASAŞ is, to develop projects that will enable our handicapped friends to create art works in parallel to corporate social responsibility activities.

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fref=ts) (https://www.instagram.com/asasaluminyum/)

Exhibit CVD - TR - 30
Export-Oriented Investment Credit Program

We are providing financing for the machine, equipment and accessory expenditures of our manufacturers of export goods.

What is the Export-Oriented Investment Credit Program?

In the scope of our export oriented investment credit program we are financing our machine, equipment and accessory expenditures, which need a middle- or long-term financing because of their sustainability or long-term usage properties on the basis of the amount excluding vat.

In the course of this program the financing of the expenditures is only possible, if the expenditures were made maximum 180 days before the credit application date.

Land, building, vehicle and used goods purchases and construction expenditures cannot be financed.

Who can benefit?

Manufacturers of export goods and manufacturer-exporters, exporters from Turkey and companies with current operating licenses regarding to produce or purchase-sale in free trade zones in Turkey

What is the company limit?

In the course of the export oriented investment credit program the maximum company limit amounts up to USD 50.000.000, the credit can be used in Euro or USD.

What is the threshold?

There is no threshold in the course of the export oriented investment credit program.

How long is the term?

The term options are being published on our website.

How much does it cost?

The interest rates in the course of the export oriented investment credit program are being determined in regard to the credit term and the credit currency. The respective interest rates can be seen on our website under the category interest and dividend rates.
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Exhibit CVD - TR - 31
Credits

Export-Oriented
Investment Credit
Program

We are providing nancing for the machine, equipment and accessory expenditures of our manufacturers of export goods.

Export-Oriented
Working Capital Credit
Program

In the scope of the export oriented working capital credit program we are nancing
working capital needs like raw material, intermediate goods,
final goods,...

Export Receivables Discounting Program

Within the scope of Export Receivables Discounting Program, we are discounting the deferred export receivables arising from the export of capital goods from...

Details

Trademark Credit

With our trademark credit we finance the purchase of foreign brands, the purchase of foreign brands/companies and/or shops/facilities regarding to a foreign...

Details

EIB-Funded Investment Loan

We are providing in return to your expenditure documents credits for your expenditures for machine imports or which will be provided from the domestic markets,...
Ship-Building Finance and Guarantee Program

We are providing financial support to our exporters, who will build/export ships during the construction period, we support their competitive capacity and...

International Stores Investment Credit Program

We are supporting to increase our exporters market shares in abroad and increase foreign currency inflows from abroad.

Specific Export Credit Program

In the scope of our specific export credit program we are supporting our companies, which need longer than 12 months long-term financing, because of production...
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Credit Program for Leasing Companies

The aim of this program is provide finance for investment expenditures of exporters via leasing companies.
Exhibit CVD - TR - 32
In the scope of the export oriented working capital credit program we are financing working capital needs like raw material, intermediate goods, final goods, final product purchasing transactions, which have been realized in the period of maximum 180 days before the credit application and the electricity, water, natural gas, personnel costs etc. for the period of 1 month.

What is the Export-Oriented Working Capital Credit Program?

In the scope of the export oriented working capital credit program we are financing working capital needs like raw material, intermediate goods, final goods, final product purchasing transactions, which have been realized in the period of maximum 180 days before the credit application and the electricity, water, natural gas, personnel costs etc. for the period of 1 month.

Who can benefit?

Manufacturers of export goods and manufacturer-exporters, exporters from Turkey and companies with current operating licenses regarding to produce or purchase-sale in free trade zones in Turkey.

What is the purpose of the product?

We are providing financing for the working capital needs of our exporters.

What is the company limit?

In the course of the export oriented working capital credit program the maximum company limit amounts up to USD 50.000.000, the credit can be used in Euro or USD.

What is the threshold?

There is no threshold in the course of the export oriented business capital credit program.

How long is the term?

The term options are being published on our website.

How much does it cost?

The interest rates in the course of the export oriented business capital credit program are being determined in regard to the credit term and the credit currency. The respective interest rates can be seen on our website under the category interest and dividend rates.
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Exhibit CVD - TR - 33
The objective of our Buyer's Credits Programs (i.e. "International Loans Programs") is to provide financing to the foreign buyers/employers of Turkish exporters/contractors. In general, repayment period for the export of durable & nondurable consumer goods is up to 2 years and repayment period for the export of capital goods & projects is up to 10 years.

Facilities under the Scheme:

**International Project Loans**

We provide financial support to foreign buyers seeking to buy Turkish goods and services with regard to the projects undertaken by Turkish contractors or...

**Buyer’s Credits Through Domestic Banks**

In the course of our Domestic Banks Buyer’s Credits Program, we enable domestic banks to use buyer’s credits over foreign branches, subsidiary banks and...
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Exhibit CVD - TR - 34
**BUYER’S CREDITS THROUGH DOMESTIC BANKS**

**Workflow:**
1. Turk Eximbank allocates a revolving credit limit to a Domestic Bank.
2. Buyers who import Turkish goods from Turkey make the application through the Domestic Bank's branches, subsidiaries and correspondent banks operating overseas; which relays the application to the related head office department or the branch office of Domestic Bank in Turkey which is designated to be respondent against Turk Eximbank.
3. The Exporter realizes the export transaction within the time period of 180 days prior and 180 days following the loan utilization.
4. Turk Eximbank effects utilization amounts to Domestic Bank’s account to be further credited to the accounts of Domestic Bank’s branches, subsidiaries and correspondent banks operating overseas.
5. The Domestic Bank effects the payment to the Exporter’s account and simultaneously debits the Importer’s account through its branches, subsidiaries and correspondent banks operating overseas.
6. The Importer makes the repayments to Turk Eximbank through the Domestic Bank's branches, subsidiaries and correspondent banks operating overseas.

---

**Diagram:**
- **Exporter** sends a request to **Domestic Bank** for credits.
- **Domestic Bank** authorizes the request and forwards it to corresponding banks overseas.
- **Exporter** ships goods and provides payment to a correspondent bank.
- **Correspondent Bank** debits the **Importer**'s account and credits the **Exporter**'s account.
- **Importer** repays the loan to **Domestic Bank** through the **Domestic Bank’s** branches and correspondent banks operating overseas.
Exhibit CVD - TR - 35
Buyer’s Credits Through Foreign Banks Workflow:

1. Turk Eximbank allocates credit limits to reputable Foreign Banks after a thorough analysis.

2. Based on the credit limit to be allocated a Foreign Bank, a revolving based loan agreement is being signed between Turk Eximbank and the Foreign Bank.

3. The Importer makes credit application to the Foreign Bank to use this facility.

4. Importer and Exporter companies sign a Sales Contract.

5. The Exporter ships the goods to the Importer’s country.

6. Turk Eximbank remits the export amounts of eligible applications to the account of Turkish Exporter and debits the loan account of the Foreign Bank simultaneously.

7. The Importer realize the repayments to Turk Eximbank through the Foreign Bank.
Exhibit CVD - TR - 36
Petroleum Pipeline Company (BOTAS) was established based on the Decree No. 7/7871 with the purpose of transporting Iraq’s crude oil to İskenderun Bay, in accordance with the Crude Oil Pipeline (COP) Agreement signed between the Governments of the Republic of Turkey and the Republic of Iraq on 27.08.1973. BOTAŞ, initially operates only in transportation of crude oil through pipelines, has engaged in natural gas transportation and trade activities with the aim of meeting the increasing energy demand of Turkey.

BOTAS was restructured as a State Owned Enterprise, subject to the Decree Law No. 233 and holding its activities in line with profitability and efficiency principles, based on the Decree of the Council of Ministers No. 96/6526 dated 08.02.1995.

BOTAS currently carries out the following activities.

1. Crude Oil and Natural Gas Transportation and Pipeline Operation
2. LNG/FSRU Terminal Operations
3. Marine Terminal Operations
4. Project Design, Engineering, Land Survey, Expropriation and Construction Of Crude Oil and Natural Gas Pipelines and Compressor Stations
5. Natural Gas and LNG Trade
6. Natural Gas and LNG Storage Facilities
7. International Natural Gas and Oil Transportation Projects
Exhibit CVD - TR - 37
1990-1995

2.750 tons of extrusion press line with 6.000 tons/year aluminum profile production capacity was commissioned and production was started in 13.000 m² area in Gebze.

An anodic oxidation facility with 3.000 tons/year production capacity was founded.

An electrostatic powder paint facility with 6.000 tons/year production capacity was founded.

The second 1.600 tons of extrusion press line was commissioned and production capacity increased to 11.000 tons/year.

1996-2000

A horizontal billet casting facility with 5.000 tons/year capacity was commissioned.

4 PVC profile extrusion lines with total 6.000 tons/year production capacity were commissioned in 6.000 m² enclosed area in Akyazi/Adapazari region and PVC profile production was started.

A PVC Laminated Profile production facility was founded.

The lines other than 2.750 tons of extrusion press line in the aluminum profile production facilities in Gebze were moved to Akyazi/Sakarya facilities.

3.500 tons and 1250 tons of extrusion profile lines were commissioned and aluminum press profile production capacity reached 22.000 tons/year.

Capacity of anodic oxidation facility was increased to 6.000 tons/year upon commissioning of the new rectifiers.
2001-2005

PVC profile production capacity was increased to 20,000 tons/year with a total of 14 extruders after 10 PVC profile extrusion lines investment.

The first double-side laminate production facility in Turkey was founded and annual 4000 tons production capacity was reached.

PVC Ready Door and Window Automatic production facility was commissioned.

Hot Top Air - Slip vertical billet casting facility with 35,000 tons/year billet production capacity was commissioned.

Vertical electrostatic powder coating facility with 18,000 tons/year production capacity was commissioned.

Mechanical Treatment Section was commissioned to treat profiles as semi-finished/finished products CNC cutting, milling, lathe, treatment centers, CNC pipe and profile bending lines and MIG/TIG welders.

2006-2010

The first aluminum composite panel production facility with 1,500,000 m²/year production capacity was commissioned. The second production facility with 2,500,000 m²/year production capacity was commissioned in a very short period of time and total capacity reached 4,000,000 m²/year.

Capacity of Hot Top Air – Slip vertical billet casting facility was increased to 60,000 tons/year.

2,700 tons and 5,500 tons extrusion profile lines were commissioned and aluminum press profile production capacity reached 50,000 tons/year.

Aluminum anodic oxidation coating capacity reached 25,000 tons/year upon new anodic oxidation facility investment.

Aluminum slats, box lines, steel commercial door systems production facility with annual 15,000,000 running meters capacity was founded.

Laminate machine production was commissioned for PVC Windowsill production.

2011-2015

2 electricity production plants (trigeneration facility) with 4.3 MWe power (total 8.6 MWe power) that operate with natural gas were commissioned.

Sublimation facility with 2,000,000 m²/year production capacity was commissioned.

15 m anodic oxidation facility was commissioned and aluminum anodic oxidation coating capacity reached 35,000 tons/year.

2,200 tons and 1,320 tons of extrusion profile lines were commissioned and aluminum press profile production capacity reached 70,000 tons/year.

Capacity of the aluminum composite panel production facility reached 7,500,000 m²/year with the investment on 2 new lines that were commissioned.
Aluminum Flat Products (Casting: 60,000 tons/year, Rolling mill: 140,000 tons/year, Foil: 25,000 tons/year, Painted Plate: 45,000 tons/year) production facility was commissioned.

4 melting furnaces and 2 casting machines were commissioned in the Aluminum Billet Casting Facility and the capacity was increased to 75,000 tons/year.

CNC machining centers, welding robots and special treatment centers that have various capabilities were commissioned in the Mechanical Treatment and Special Productions Sections and the capacity was increased to 8,000 tons/year.

PVC production facility was increased to 22 lines and the capacity reached 25,000 tons.

Roller Shutter Slats production capacity was increased to 30,000,000 running meters/year.

2016-...

154/34.5 kV transformer station (switching station) was commissioned on the own land of ASAŞ and uninterrupted and appropriate electricity energy was supplied.

PVC production facility was increased to 26 lines and the capacity exceeded 30,000 tons.

The capacity was increased to 50,000 tons with PVC New Raw Material Feeding automation. Raw material stock and automation capabilities were improved with the new high-capacity silos.

The capacity of PVC Laminate was increased to around 8000 tons with the new double side laminate machine.

An investment decision was made to increase the capacity of Casting Line to 120,000 tons/year and the capacity of Foil line to 75,000 tons/year in the Aluminum Flat Products facility, to be commissioned in 2018.

CORPORATE

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Exhibit CVD - TR - 38
EXHIBIT 21

LAW NO. 5346
LAW ON USAGE OF RENEWABLE ENERGY RESOURCES FOR THE PURPOSE OF GENERATING ELECTRICITY

Law Number: 5346
Adoption Date: 10/05/2005
Published in the Turkish Official Gazette: Date: 18/05/2005 Number: 25819
Publishing Code: Array: 5 Volume: 44

SECTION ONE
Objective, Scope, Definitions and Abbreviations

Objective
Article 1- The objective of this Law is to ensure the usage of renewable energy resources for generating electricity, incorporating these resources securely, economically and in a qualified manner to the economy, to increase the diversification of energy resources, to reduce greenhouse gas emissions, to utilize waste, to protect the environment and to develop the manufacturing sector required for realizing these aims.

Scope
Article 2- This Law comprises the procedures and principles for the protection of the renewable energy resource areas, certification of electricity generated from these resources and usage of these resources.

Definitions and abbreviations
Article 3- The terms used in this Law are defined as follows:
1. Ministry: The Ministry of Energy and Natural Resources,
2. EMRA: The Energy Market Regulatory Authority;
3. DSİ: The General Directorate of State Hydraulic Works;
4. EİE: The General Directorate of Electrical Resources Survey and Development Administration;
5. TEİAŞ: Turkish Electricity Transmission Company;
6. MTA: The General Directorate of Mineral Exploration and Research;
7. TETAŞ: Turkish Electricity Trade and Contracting Company;
8. (Amended 29/12/2010-6094/1 article) Renewable energy resources (REL): Non-fossil energy resources such as hydropower, wind, solar, geothermal, biomass, biogas, gas obtained from biogas (including landfill gas), wave, current, and tidal energy;
9. (Amended: 04/06/2016-6719/13 article) Biomass: On the condition that they are not imported, resources obtained from vegetable oil wastes, agricultural and forestry products including agricultural harvest wastes, and by-products resulting from processing these products and waste tires, industrial waste sludge and treatment sludge;
10. Geothermal resource: The natural water, steam and gases, which may comprise melted substances and gases, the temperatures of which are higher than the regional atmospheric average temperature on a permanent basis due to the natural heat in the earth's crust as well as water, steam and gasses obtained from hot dry rocks;
11. **(Amended 29/12/2010-6094/1 article)** Renewable energy resources under this Law: Electricity generation resources appropriate for installing hydroelectric generation facilities, channel- or run-of-the-river-type or the reservoir areas of which are smaller than fifteen square kilometers, such as wind, solar, geothermal, biomass, biogas, gas obtained from biogas (including landfill gas), wave, current, and tidal energy;

12. Turkish average wholesale electricity price: Average wholesale electricity prices calculated by EMRA on an annual basis and applied in the country;

13. **(Supplemented: 29/12/2010-6094/1 article)** Landfill gas: Gas produced from wastes including but not limited to garbage to obtain energy;

14. **(Supplemented: 29/12/2010-6094/1 article)** RER Support Mechanism: Supporting mechanism involving the procedures and principles regarding the prices and terms from which those engaged in generation activities based on renewable energy resources under this Law can benefit as well as the payments to be made for these;

15. **(Supplemented: 29/12/2010-6094/1 article)** MFSC: Market Financial Settlement Center

16. **(Supplemented: 29/12/2010-6094/1 article)** Total RER cost: Total of the costs calculated in terms Turkish Liras through the exchange rate announced by the Central Bank of the Republic of Turkey on the date on which energy is fed into the system by multiplying the amount of electricity fed into the transmission or distribution system by everyone those subject to the RER Support Mechanism by the prices given in the RER List;

17. **(Supplemented: 29/12/2010-6094/1 article)** Rate of liability to pay: Ratio to be used to calculate the sum which the suppliers selling electricity to consumers are liable to pay and is calculated by dividing the amount of electricity sold by every supplier to its consumers by the total amount of electricity sold by these suppliers to consumers;

**(Supplementary paragraph: 29/12/2010-6094/1 article)** Other terms and concepts referred to but not defined in this Law shall have the respective meanings given in Electricity Market Law Nr. 4628 dated 20/02/2001.

**SECTION TWO**

*Identification, Protection and Utilization of Renewable Energy Resource Areas and Certification of the Electricity Generated from Renewable Energy Resources*

**Article 4** Following the entry into force date of this Law, no development plan affecting the usage and productivity of renewable energy resource areas shall be imposed on public or Treasury lands. **(Amended second sentence: 29/12/2010-6094/2 article)** The procedures and principles regarding the identification, grading, protection and utilization of renewable energy areas for generation of electricity based on the opinions of the related institutions or organizations shall be set out by a bylaw. Identified renewable energy resource areas shall be notified ex officio to the relevant authorities by the Ministry to be included in the relevant development plans.
The legal person holding a generation license shall be issued by EMRA with a "Renewable Energy Resource Certificate" (RER Certificate) for the purpose of identifying and monitoring the resource type in trading electricity generated from renewable energy resources in the domestic and international markets.

The procedures and principles regarding RER Certificates shall be set out by a bylaw.

SECTON THREE
Procedures and Principles to be Applied while Generating Electricity from Renewable Energy Resources

RER Support Mechanism

Article 6- (Amended: 29/12/2010-6094/3 article)
The prices in Table I attached to this Law shall be applied for a period of ten years for those holding generation licenses which are subject to the RER Support Mechanism and is or has been commissioned during the period between 18/05/2005, which is the entry into force date of this Law, and 31/12/2015. However, the amounts, prices, terms and resources to be applied pursuant to this Law for generation facilities having RER Certificates to be commissioned after 31/12/2015 in line with other developments, particularly the security of supply, shall be set out by the Council of Ministers, but not exceed the prices specified in the Table.

Those who intend to be subject to the RER Support Mechanism in the next calendar year must obtain RER Certificates and apply to EMRA until October 31st.

Terms stipulated in the RER Support Mechanism shall start on the actual commissioning date for the facilities already being operated and on the date future commissioning date for the facilities not in operation yet. Those who are subject to the RER Support Mechanism shall not be allowed to leave the mechanism within the year when they are subject to the mechanism.

The list of those who are subject to the RER Support Mechanism and the information regarding the commissioning dates of their facilities and their electricity generation capacities and annual generation schedules shall be published based on resource types by EMRA until November 30th every year.

The standards required to be met by the parts on electricity generation facilities based on solar energy and the test methods to be applied during inspections as well as the procedures and principles regarding the control on the amount of electricity based on solar energy within the electricity generated in these facilities and hybrid generation facilities shall be set out by a bylaw to be enacted by the Ministry based on the opinion of EMRA.

MFSC declares the total RER cost for every billing period and sets out the rate of payment liability of each supplier. While determining the rate of payment liability, any amount of electricity generated from renewable energy resources under this Law and sold in the free market without being subject to the RER Support Mechanism shall not be included in any calculation under this Law. The amount required to be paid by every supplier supplying electricity to consumers shall be determined and invoiced to the relevant supplier, while the collection made shall be paid to legal persons subject to the RER Support Mechanism in proportion to their shares. The procedures and principles regarding the implementations included but not limited to MFSC under this paragraph shall be set out by a bylaw to be enacted by EMRA.

(1) While the title of this article was "Principles of Implementation", it has been amended to the version specified in the article 3 of Law Nr. 6094 dated 29/12/2010.
The annual amount of generation to be added to the license of every facility generating electricity from renewable energy resources is the maximum annual amount which can be generated by that facility with its existing installed power according to the resource of the facility. Moreover, every license existing as of the entry into force date of this article shall be amended within three months accordingly upon the application of the relevant legal person.

Any legal person generating electricity from the renewable energy resources under this Law and intending not to be subject to this article shall be allowed to make sales in the free market under its license.

(Supplementary paragraph: 04/06/2016-6719/14 article) The obligations required to be fulfilled in terms of transmission and/or distribution system safety by generation facilities subject to the RER Support Mechanism as well as such generation facilities to be engaged in activities within the scope of the balancing power market and/or the ancillary services market and the rights and obligations with respect to legal persons to be engaged in activities in these markets shall be set out by a bylaw issued by EMRA.

Exempted Generation

Article 6/A – (Supplemented: 29/12/2010-6094/4 article)

The procedures and principles regarding applications, permissions, audits for generation facilities based on renewable energy resources to be installed under the third paragraph of the article 3 of Law Nr. 4628 as well as the technical and financial procedures and principles shall be set out by a bylaw to be issued by EMRA based on the opinion of the Ministry, the Ministry of Interior and DSİ. The provincial private administration in the location where a hydroelectric power generation facility to be installed shall be authorized to grant the water usage right for the facility, provided that the relevant provincial organization of DSİ has stated that there is no inconvenience for constructing the generation facility in terms of water regime and the relevant distribution company has stated that a connection can be made to the relevant distribution system.

Real and legal persons generating electricity from renewable energy resources under this article shall be allowed to make use of the prices specified in Table numbered 1 for a period of ten years if they feed their excess electricity to the distribution system. The relevant distribution company holding a retail license shall be obliged to purchase the electricity fed to the distribution system in this context. The electricity purchased by the relevant companies pursuant to this article shall be deemed to be generated and fed into the system by these distribution companies under the RER Support Mechanism.

Use of Domestic Products

ARTICLE 6/B – (Supplemented: 29/12/2010-6094/4 article)

In the event that the mechanical and/or electromechanical parts used in a licensed legal person's generation facility based on the renewable energy resources under this law, which has been commissioned before 31/12/2015, have been produced domestically, for the electricity generated in this facility and fed into the transmission or distribution system, the prices specified in Table numbered II attached to this Law shall be added to the prices specified in Table numbered I for a period five years as from the commissioning date of the generation facility.

The procedures and principles regarding the definition, standards, and certification and auditing of domestic manufacturing specified in Table numbered II shall be set out by a bylaw to be enacted by the Ministry.

The procedures and principles regarding local contribution to generation facilities holding RER certificates to be commissioned after 31/12/2015 shall be determined and declared by the Council of Ministers upon the proposal of the Ministry.
Other Implementations

Article 6/C – (Supplemented: 29/12/2010-6094/4 article)

Any legal person who has acquired a license to generate electricity from renewable energy resources under this Law shall be able to employ additional capacity, provided that the legal person does get outside of the field specified in the legal person's license and the power fed into the system at a moment of operation does not exceed the installed power specified in the legal person's license.

In six months as of the entry into force date of this Law, transformer stations to which generation facilities based on solar energy can be connected every year until 31/12/2015 and the connection capacities of these transformers shall be determined and published by the Ministry based upon the technical opinions of the General Directorate of Electrical Power Resources Survey and Development Administration and TEİAŞ. The connection capacities and transformer stations for the years after 31/12/2015 shall be determined and published every year by the Ministry, where the first year shall be determined and published on 01/04/2014.

While building a connection opinion for the license evaluation process of EMRA, license applications for generation facilities based on renewable energy resources under this Law shall be prioritized.

(Abolished fourth paragraph: 14/03/2013-6446/30 article)

The total installed power of the generation facilities based on solar energy holding RER certificates to be connected to the transmission system until 31/12/2013 shall not be more than 600 MW. The Council of Ministers shall be authorized to determine the total installed power of the generation facilities based on solar energy holding RER certificates to be connected to the transmission system after 31/12/2013.

(Amended sixth paragraph: 04/07/2012-6353/31 article; Abolished paragraph: 14/03/2013-6446/30 article)

SECTION FOUR

Principles of Implementation Regarding Investment Period

Investment Period Implementations

Article 7- Any real and legal person establishing an isolated electricity generation plant and network-reinforced electricity generation facility, the installed power of which is maximum a thousand kilowatts, intended for meeting its own needs by utilizing renewable energy resources shall not be claimed to pay service costs for projects, final designs, planning, master plans, preliminary examinations and initial surveys prepared by DSİ or EİE.

Under this Law:
  a) Investments in energy generation facilities,
  b) Provision of domestically manufactured electromechanical systems,
  c) R&D and manufacturing investments as part of electricity generation systems where solar cells and focuser units are used,
  d) R&D facility investments intended for electricity generation or fuel production by using biomass resources, shall able to be availed from incentives upon decisions of the Council of Ministers.

Heat energy needed in residential areas within the boundaries of governorates and municipalities in regions having sufficient geothermal resources shall primarily be supplied from geothermal and solar thermal resources.
Implementations regarding land needs

Article 8- (Amended: 09/07/2008-5784/23 article)
For immovable properties, which are forested lands or owned privately by the Treasury or in the possession of the State, to be used for facilities, access roads, and energy transmission lines up to network connection points, within the scope of the electricity generation facilities based on renewable energy resources under this Law, necessary permits shall be issued, leasing shall be provided, easements shall be attached or use permits shall be granted in exchange for a cost by the Ministry of Environment and Forestry and the Ministry of Finance.

In the event that an immovable property to be used for the purposes mentioned in the first paragraph of this article is a pasture, summer pasture or a winter pasture under the provisions of Law Nr. 4342 on Pastures dated 25/02/1998 or a publicly owned meadow or hayfield, the allocation purpose of this property shall be amended and the property shall be registered in the name of the Treasury. The Ministry of Finance shall lease such an immovable property in exchange for a cost or easement shall be attached to it.

(Amended first sentence: 29/12/2010-6094/5 article) During the first ten years of the investment and operation periods, eighty-five percent discount shall be applied for the costs of permits, leases, easements, and use permits for generation facilities based on renewable energy resources under this Law, including but not limited to such facilities already in operation as of the publication date of this Law, their access roads, and their energy transmission lines, including but not limited to transmission lines up to the system connection points to be transferred to TEIAS and distribution companies, to be commissioned until 31/12/2015. Forestry Peasant Development Revenue and Forestation and Erosion Control Revenue shall not be charged.
The Ministry of Finance shall provide the immovable properties owned privately by the Treasury or in the possession of the State within the reservoir areas of hydroelectric generation facilities under this Law with permits for free use.  

(Supplementary paragraph: 29/12/2010-6094/5 article) Electricity generation facilities based on renewable energy resources shall be permitted to be installed, provided that the affirmative opinions of the relevant Ministry for national parks, nature parks, natural monuments, nature conservations, protected forests, wildlife development areas, special environmental protection zones, and of the relevant protection regional boards for natural sites are obtained.  

(Supplementary paragraph: 29/12/2010-6094/5 article) The provisions of the supplementary article 2 of Law Nr. 4706 on Utilizing Immovable Properties Belonging to Treasury and Amending the Law on Value Added Tax dated 29/06/2001 shall not apply to electricity generation facilities based on renewable energy resources under this Law.

SECTION FIVE
Miscellaneous Provisions

Coordination of Implementations

Article 9- The Ministry shall provide coordination in implementation, steering, monitoring and assessment of the fundamental principles and obligations specified in this Law, and in planning the measures to be undertaken.

Sanctions

Article 10- (Amended: 29/12/2010-6094/6 article)  
The provisions of the article 11 of Law Nr. 4628 shall be applied to those breaching the articles 6 and 6/A of this Law.

Bylaws

Article 11- The bylaw related to the Article 5 of this Law and the other regulations shall be prepared and put into force by the EMRA and the Ministry, respectively, within four months after the entry into force date of this Law.

Article 12- (Related to Law Nr. 6200 on the Organization and Duties of the General Directorate of State Hydropower Works dated 18/12/1953, and annexed thereto.)

Article 13- (Related to Law Nr. 3096 dated 04/12/1984, and annexed thereto.)

Provisional Article 1- Every legal person which is within the scope of the build-operate-transfer model and not commissioned yet for generating electricity from renewable energy resources under this Law which are included in its existing contract under the Electricity Market Law Nr. 4628 shall benefit from the implementations under this Law, provided that such legal person waives its rights originating from its current contract. These projects shall be provided with generation licenses by EMRA.

Provisional Article 2- Public distribution companies holding retail licenses shall be exempted from their obligations under the article 6 of this Law until 01/01/2007, except for the current legislations and implementations of the Ministry and EMRA. However, they shall conclude electricity sales agreements, the purchase obligation of which to be effective from 01/01/2007, with legal persons holding generation licenses with RER Certificates, who made applications after the entry into force date of this Law.
Provisional Article 3- The projection specified in the article 6 of this Law shall be published by the Ministry within three months after the entry into force date of this Law. However, this projection shall also comprise the projects the generation licenses of which have been granted by EMRA before the entry into force date of this Law as well as the projects, among the ones with existing contracts defined in the provisional article 1, to be provided with generation licenses under this Law.

Provisional Article 4- (Abolished: 14/03/2013-6446/30 article)

Provisional Article 5- (Supplemented: 29/12/2010-6094/7 article)

The bylaws stipulated to be enacted by the articles 6, 6/A, 6/B, and 6/C of this Law shall be published within 3 months after the entry into force date of this article. Those who intend to be subject to the RER Support Mechanism in 2011 shall be obligated to obtain RER Certificates and make the necessary applications to EMRA within 1 month after the publication of the bylaws stipulated to be enacted by the articles 6, 6/A, 6/B, and 6/C. The list of those who had become subject to the RER Support Mechanism in 2011 shall be published by EMRA within 1 month after the deadline for making an application.

Enforcement

Article 14- This Law shall enter into force on the date of publication.

Execution

Article 15- The provisions of this Law shall be executed by the Council of Ministers.
<table>
<thead>
<tr>
<th>Type of Generation Facility Based on Renewable Energy Resource</th>
<th>Prices to be Applied (US cents/kWh)</th>
</tr>
</thead>
<tbody>
<tr>
<td>a. Hydroelectric generation facility</td>
<td>7.3</td>
</tr>
<tr>
<td>b. Generation facility based on wind energy</td>
<td>7.3</td>
</tr>
<tr>
<td>c. Generation facility based on geothermal energy</td>
<td>10.5</td>
</tr>
<tr>
<td>d. Generation facility based on biomass (including landfill gas)</td>
<td>13.3</td>
</tr>
<tr>
<td>e. Generation facility based on solar energy</td>
<td>13.3</td>
</tr>
<tr>
<td>Facility Type</td>
<td>Local Contribution (US cents/kWh)</td>
</tr>
<tr>
<td>---------------------------------------</td>
<td>-----------------------------------</td>
</tr>
<tr>
<td><strong>A- Hydroelectric generation facility</strong></td>
<td></td>
</tr>
<tr>
<td>1- Turbine</td>
<td>1.3</td>
</tr>
<tr>
<td>2- Generator and power electronics</td>
<td>1.0</td>
</tr>
<tr>
<td><strong>B- Generation facility based on wind energy</strong></td>
<td></td>
</tr>
<tr>
<td>1- Blade</td>
<td>0.8</td>
</tr>
<tr>
<td>2- Generator and power electronics</td>
<td>1.0</td>
</tr>
<tr>
<td>3- Turbine tower</td>
<td>0.6</td>
</tr>
<tr>
<td>4- All mechanical parts in rotor and nacelle groups (excluding payments for blade group and generator, and power electronics.)</td>
<td>1.3</td>
</tr>
<tr>
<td><strong>C- Generation facility based on photovoltaic solar energy</strong></td>
<td></td>
</tr>
<tr>
<td>1- PV panel integration and solar structural mechanics manufacturing</td>
<td>0.8</td>
</tr>
<tr>
<td>2- PV modules</td>
<td>1.3</td>
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<tr>
<td>3- Cells comprising PV module</td>
<td>3.5</td>
</tr>
<tr>
<td>4- Inverter</td>
<td>0.6</td>
</tr>
<tr>
<td>5- Material focusing solar light onto PV module</td>
<td>0.5</td>
</tr>
<tr>
<td><strong>D- Generation facility based on intensive solar energy</strong></td>
<td></td>
</tr>
<tr>
<td>1- Radiation collecting tube</td>
<td>2.4</td>
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<tr>
<td>2- Reflective surface plate</td>
<td>0.6</td>
</tr>
<tr>
<td>3- Solar tracking system</td>
<td>0.6</td>
</tr>
<tr>
<td>4- Mechanical parts of heat energy storage system</td>
<td>1.3</td>
</tr>
<tr>
<td>5- Mechanical parts of the system producing steam by collecting solar light at the tower</td>
<td>2.4</td>
</tr>
<tr>
<td>6- Stirling engine</td>
<td>1.3</td>
</tr>
<tr>
<td>7- Panel integration and solar panel structural mechanics</td>
<td>0.6</td>
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<tr>
<td><strong>E- Generation facility based on biomass energy</strong></td>
<td></td>
</tr>
<tr>
<td>1- Fluidized-bed steam boiler</td>
<td>0.8</td>
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<tr>
<td>2- Liquid and gas-fuel steam boiler</td>
<td>0.4</td>
</tr>
<tr>
<td>3- Gasification and gas cleaning group</td>
<td>0.6</td>
</tr>
<tr>
<td>4- Steam or gas turbine</td>
<td>2.0</td>
</tr>
<tr>
<td>5- Internal combustion engine or Stirling engine</td>
<td>0.9</td>
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<tr>
<td>6- Generator and power electronics</td>
<td>0.5</td>
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<tr>
<td>7- Cogeneration system</td>
<td>0.4</td>
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<tr>
<td><strong>F- Generation facility based on geothermal energy</strong></td>
<td></td>
</tr>
<tr>
<td>1- Steam or gas turbine</td>
<td>1.3</td>
</tr>
<tr>
<td>2- Generator and power electronics</td>
<td>0.7</td>
</tr>
<tr>
<td>3- Steam injector or vacuum compressor</td>
<td>0.7</td>
</tr>
</tbody>
</table>
## LIST OF ENTRY INTO FORCE DATES OF THE LEGISLATION SUPPLEMENTING AND AMENDING LAW NO 5346 OR THE PROVISIONS ANNulled BY THE CONSTITUTIONAL COURT

<table>
<thead>
<tr>
<th>Number of the Amending Law or the Annulling Constitutional Court Decision</th>
<th>Amended or annulled articles of Law Nr. 5346</th>
<th>Entry Into Force Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>5627</td>
<td>6, 8</td>
<td>02/05/2007</td>
</tr>
<tr>
<td>5784</td>
<td>8</td>
<td>26/07/2008</td>
</tr>
<tr>
<td>6094</td>
<td>3, 4, 6, 6/A, 6/B, 6/C, 8, 10, PROVISIONAL ARTICLE 5, Table numbered I and II</td>
<td>08/01/2011</td>
</tr>
<tr>
<td>6111</td>
<td>PROVISIONAL ARTICLE 4</td>
<td>25/02/2011</td>
</tr>
<tr>
<td>6353</td>
<td>6/C</td>
<td>12/07/2012</td>
</tr>
<tr>
<td>6446</td>
<td>Fourth and sixth paragraphs of article 6/C and PROVISIONAL ARTICLE 4</td>
<td>30/03/2013</td>
</tr>
<tr>
<td>6719</td>
<td>3, 6</td>
<td>17/06/2016</td>
</tr>
</tbody>
</table>
Exhibit CVD - TR - 39
Assan Aluminyum has recently established its fully owned subsidiary, Kibar Americas, in Chicago, where it aims to serve its North American customers. Kibar Americas hosted its business partners at the AHR Expo 2019, the world's largest HVACR event, which took place on January 14-16, in Atlanta attracting over 2000 visitors. The company offers its products to a variety of sectors, such as packaging, distribution, construction, consumer durables, automotive, as well as HVAC, offering particularly finstock foil applications.

Assan Aluminyum’s vision is based on being more environmentally sustainable. The renewable energy power plant and the in-house recycling facility both serve its sustainability strategy directly by reducing the company’s carbon footprint. Its booth design elements at the AHR2019 emphasized the firm’s focus on being environmentally sustainable in its processes.
Exhibit CVD - TR - 40
Assan Alüminyum has successfully completed the Aluminium 2018 Fair

Assan Alüminyum has hosted its business partners at the Aluminium 2018, the largest aluminium trade show in the world. The Aluminium show took place on October 9 - 11, in Düsseldorf, Germany, hosting almost 24 thousand people. The design elements of its booth, which was one of the two largest booths in the show, emphasized the firm’s focus on becoming more environmentally sustainable in all of its processes.
Aluexpo 2017 Alüminyum Fuarı

- Düsseldorf Alüminyum Fuarı (fuar.php?seo=dusseldorf-aluminyum-fuar)
- İstanbul Aluminum Fair (fuar.php?seo=stanbul-aluminyum-fuar)
Exhibit CVD - TR - 42
Vision

History (kurumsal.php?seo=tarihce)
Vision (kurumsal.php?seo=vizyon)
Mission (kurumsal.php?seo=misyon)

To become a brand that is preferred and recognized in its sector in international markets and to be among the 3 biggest aluminum profile and sheet manufacturers in Turkey and also be one of the first 500 companies in Turkey.
Exhibit CVD - TR - 43
EXHIBIT 6

Law on Supporting Research, Development and Design Activities No. 5746
ARAŞTIRMA, GELİŞTİRME VE TASARIM FAALİYETLERİNİN
DESTEKLENMESİ HAKKINDA KANUN (1)

Kanun Numarası : 5746
Kabul Tarihi : 28/2/2008
Yayınlandığı Düstür : Tertip : 5 Cilt : 47

Amaç ve kapsam (2)

MADDE 1 – (1) Bu Kanunun amacı; Ar-Ge, yenilik ve tasarım yoluyla ülke ekonomisinin uluslararası düzeyde rekabet edebilir bir yapıya kavuşturması için teknolojik bilgi üretmesini, ürün ve üretim süreçlerinde yenilik yapılmasını, ürün kalitesi ve standardının yükseltilmesini, verimliliğin artırılmasını, üretim maliyetlerinin düşürülmesini, teknolojik bilginin ticarileştirilmesini, rekabet öncesi işbirliklerinin geliştirilmesini, teknoloji yoğun üretim, girişimcilik ve bu alanlara yönelik yatırımlar ile Ar-Ge’ye, yenilliği ve tasarımın gelişimine yönelik doğrudan yabancı sermaye yatırımlarının ülkeye girişinin hızlandırılmasını, Ar-Ge ve tasarım personeli ve nitelikli işgücü istihdamının artırılmasını desteklemek ve teşvik etmektir. (2)

(2) Bu Kanun; Küçük ve Orta Ölçekli İşletmeleri Geliştirme ve Destekleme İdaresi Başkanlığı tarafından 12/4/1990 tarihli ve 3624 sayılı Kanuna göre oluşturululan teknoloji merkezleri (teknoloji merkezi işletmeleri), Türkiye’deki Ar-Ge merkezleri ile tasarım merkezleri, Ar-Ge projeleri, tasarım projeleri, rekabet öncesi işbirliği projeleri ve teknogirişim sermayesine ilişkin destek ve teşvikleri kapsar. (2)

(1) Bu Kanunun adı “Araştırma ve Geliştirme Faaliyetlerinin Desteklenmesi Hakkında Kanun” iken, 16/2/2016 tarihli ve 6676 sayılı Kanunun 25. maddesiyle metne işlendiği şekilde değiştirilmiştir.

(2) 16/2/2016 tarihli ve 6676 sayılı Kanunun 26. maddesiyle, bu maddenin birinci fıkrasında yer alan “Ar-Ge ve yenilik” ibaresi “Ar-Ge, yenilik ve tasarım” şeklinde, “Ar-Ge’ye ve yenilliği” ibaresi “Ar-Ge’ye, yenilliği ve tasarım” şeklinde, “Ar-Ge personeli” ibaresi “Ar-Ge ve tasarım personeli” şeklinde, ikinci fıkrasında yer alan “Küçük ve Orta Ölçekli Sanayi Geliştirme ve Destekleme İdaresi Başkanlığı” ibaresi “Küçük ve Orta Ölçekli İşletmeleri Geliştirme ve Destekleme İdaresi Başkanlığı” şeklinde, “(teknoloji merkezi işletmeleri) ile Türkiye’deki Ar-Ge merkezleri, Ar-Ge projeleri ve” ibaresi “(teknoloji merkezi işletmeleri), Türkiye’deki Ar-Ge merkezleri ile tasarım merkezleri, Ar-Ge projeleri, tasarım projeleri,” şeklinde değiştirilmiştir.
Tanımlar (1)

MADDE 2 – (1) Bu Kanunun uygulamasında;

a) Araştırma ve geliştirme faaliyeti (Ar-Ge): Araştırma ve geliştirme, kültür, insan ve toplumun bilgisinden oluşmuş bilgi dağarcığının artırılması ve bunun yeni süreç, sistem ve uygulamalar tasarlanarak üzere kullanılması için sistemistik bir temelde yürütülen yaratıcı çalışmalar, çevre uyumlu ürün tasarımı veya yazılım faaliyetleri ile alınan bilimsel ve teknolojik gelişme sağlayan, bilimsel ve teknolojik bir belirsizliğe odaklanan, çıktıları özgün, deneySEL, bilimsel ve teknik içerik taşyan faaliyetleri,

b) Yenilik: Sosyal ve ekonomik ihtiyaçlara cevap verebilen, mevcut pazarlara başarıyla sunulabilecek ya da yeni pazarlar yaratabileceği; yeni bir ürün, hizmet, uygulama, yöntem veya iş modeli fikri ile oluşturulan süreçleri ve süreçlerin neticelerini,

c) Ar-Ge merkezi: Ar-Ge ve yenilik projelerini veya sözleşme çerçevesinde sipariş verilmesi ile yürütülen Ar-Ge ve yenilik faaliyetlerini gerçekleştirmek üzere kurulan ve dar mukellef kurumların Türkiye’de bulunan sermaye şirketlerinin; organizasyon yapısı içinde ayrı bir birim şeklinde örgütlenmiş, münhasır yürütülen araştırma ve geliştirme faaliyetlerinde bulunan ve en az elli tam zaman eşdeğer Ar-Ge personeli istihdam eden, yeterli Ar-Ge birikimi ve yeteneği olan birimleri,

d) Rekabet öncesi işbirliği projeleri: Birden fazla kuruluşun; ölçek ekonomisinden yararlanarak yeni süreç, sistem ve uygulamalar tasarlamak ve mevcut duruma göre daha yüksek katma değer sağlamak üzere, rekabet öncesinde ortak parça veya sistem geliştirme yapan ya da platform kurabilen amacıyla yürütecektir, Ar-Ge veya tasarım faaliyetlerine yönelik olarak yapılan işbirliği anlaşması kapsama kapsadaki bilimsel ve teknolojik niteliği olan projeleri,

e) Teknogirişim sermayesi: Örgün öğrenim veren üniversitelerin herhangi bir lisans programından bir yıl içinde mezun olabilecek durumda öğrencinin, yüksek lisans veya doktora öğrenci olduğunu da ile, yüksek lisans veya doktora derecelerinden birini ön başvuru tarifi entendir en çok on yıl önce alınmış kişilerin, teknoloji ve yenilik odaklı iş fikirlerini, desteği veren merkezi yönetim kapsamlarında kamu idareleri tarafından desteklenmesi uygun bulunan bir iş planı çerçevesinde, katma değer ve nitelikli istihdam yaratma potansiyeli yüksek teşebbüslere dönüşürebilmelerini teşvik etmek için yapılan sermaye desteği.
f) Ar-Ge personeli: Ar-Ge faaliyetlerinde doğrudan görevli araştırmacı ve teknisyenleri, (1)

(g) Araştırmacı: Ar-Ge faaliyetleri ile yenilik tanımı kapsamındaki projelerde, yeni bilgi, ürün, süreç, yöntem ve sistemlerin tasarım veya oluşturulmuş ve iğili projelerin yönetimini sürelerinde yer alan en az lisans mezunuz, (1)

(Değişik: 16/2/2016-6676/27 md.) Teknisyen: Meslek lisesi veya meslek yüksekokullarının tasarımı, teknik, fen veya sağlık bölümlerinden mezun, teknik bilgi ve deneyim sahibi kişileri, (1)

h) Destek personeli: Ar-Ge veya tasarım faaliyetlerine katılan veya bu faaliyetlerle doğrudan ilgili yönetici, teknik eleman, laborant, sekreter, işçi ve benzeri personeli, (1)

i) (Ek: 16/6/2009-5904/27 md.) Kamu personeli: 10/12/2003 tarihli ve 5018 sayılı Kamu Mali Yönetimi ve Kontrol Kanununun eki (I), (II), (III) ve (IV) sayıldığa cetvellerde yer alan kamu idarelerinde, özel idareleri ve belediyeler ile bunlara bağlı kuruluşlarda, üyelerinin tamamı köylerden oluşan birliğe ilişkili yöneticiler, teknik eleman, laborant, işçi ve benzeri personeli, (1)

j) (Ek: 16/6/2016-6676/27 md.) Tasarım faaliyeti: Sanayi alanında ve Cumhurbaşkanının uygun görüşe diğer alanlarda katma değer ve rekabet avantajı yaratma potansiyelini haiz, ürün veya ürünlerin işlevselliğini artırma, geliştirme, iyileştirme ve farklılaştırma potansiyeli yaratan veya bu alanlarda faaliyet gösterecek projeleri, (1)

(Değişik: 16/2/2016-6676/27 md.) Tasarım merkezi: Tasarım projelerini veya sözleşme çerçevesinde sipariş olarak yürütülen tasarım faaliyetlerini gerçekleştirmek üzere kurulan ve dar mükellef kurumların Türkiye’de bulunan ve Türkiye’deki iş yeri dâhil, kanuni veya iş merkezi Türkiye’de bulunan, organizasyon yapısında ayrı bir birim şeklinde örgütlenmiş, münhasıran yurtiçinde tasarım faaliyetlerinde bulunan en az on tam zaman eşdeğer tasarım personeli istihdam eden, yeterli tasarım birikimi ve yeteneği olan birimleri, (1)

l) (Ek: 16/2/2016-6676/27 md.) Tasarım personeli: Tasarım faaliyetlerinde doğrudan görevli tasarımı ve teknisyenleri, (1)

(1) 16/2/2016 tarihli ve 6676 sayılı Kanunun 27 nci maddesiyle, bu maddenin birinci fıkrasının (f) bendinde yer alan “teknisyenleri;” ibaresi “teknisyenleri, şeklinde, (g) bendinde yer alan “Ar-Ge faaliyetlerine” ibaresi “Ar-Ge veya tasarımı faaliyetlerine” şeklinde değiştirilmiştir, (f) bendinin (1) numaralı alt bendi (g) bendinde yer alan “Bakanlar Kurulunun” ibaresi “Cumhurbaşkanının” şeklinde değiştirilmiştir, (2) 16/6/2009 tarihli ve 5904 sayılı Kanunun 27 nci maddesiyle; bu Kanunun 2 nci maddesinin birinci fıkrasına (g) bendinden sonra gelmek üzere aşağıdaki bent eklenmiştir ve mevcut (g) bendi (h) bendi olarak teşvikel ettilmiştir.Bu madde hükü 3/7/2009 tarihini izleyen aybaşında yürürlüğe girecektir. (3) 2/7/2018 tarihli ve 698 sayılı Kamun Hükumde Kararrnamenin 63 üncü maddesi ile bu bentte yer alan “Bakanlar Kurulunun” ibaresi “Cumhurbaşkanının” şeklinde değiştirilmiştir.
m) (Ek: 16/2/2016-6676/27 md.) Tasarımcı: Tasarım faaliyetleri kapsamındaki projelerin gerçekleştirilmesi ve ilgili projelerin yönetimi süreleri verilirken, üniversitelerin, mühendislik, mimarlık veya tasarım ile ilgili bölümlerinden mezun en az lisans derecesine sahip kişiler ve tasarım alanlarından herhangi birde, diğer kişiler, d) (Ek: 16/2/2016-6676/27 md.) Tasarımcı projesi: Amacı, kapsamı, süresi, bütçesi, özel şartları, diğer kurumlar, kuruluşlar, gerçek ve tüzel kişilerce sağlanacak aynî veya nakdî destek tutarları, sonuçta doğacak fikri mülkiyet haklarının paylaşım esasları tespit edilmiş ve tasarım faaliyetlerinin her safhasına belirliyeyecek mahiyette ve bilimsel esaslar çerçevesinde tasarımcı tarafından yürütülen projeyi, o) (Ek: 16/2/2016-6676/27 md.) Temel bilimler: Yükseköğretim kurumlarının matematik, fizik, kimya ve biyoloji lisans programlarını, ifade eder.

İndirim, istisna, destek ve teşvik unsurları (1)(2)


(2) 16/2/2016 tarihli ve 6676 sayılı Kanun’un 28. maddesinde, bu maddenin birinci fıkrasında yer alan “Ar-Ge indirimi” ibaresi “Ar-Ge ve tasarım indirimi” şeklinde, “Ar-Ge ve yenilik harcamalarının tamamı ile” ibaresi “Ar-Ge ve yenilik harcamalarının tamamı ile bu Kanun kapsamında yukarıda sayılan kurum ve kuruluşlar tarafından desteklenen tasarım projeleri ve tasarım merkezlerinde gerçekleştilen mühhasıran tasarım harcamalarının tamamı” şeklinde değiştirilmiş, aynı fıkıra yer alan “500 ve üzerinde tam zaman eşdeğer Ar-Ge personeli istihdam eden Ar-Ge merkezlerinde ayrıca o yıl yapılan Ar-Ge ve yenilik harcamasının bir önceki yıla göre artışının yarısı” ibaresi madde metninde eksik olmuştur.

(3) 2/7/2018 tarihli ve 698 sayılı Kanun Hükmünde Kararname’nin 63. maddesinde 63. maddesi ile bu fıkıra yer alan “Bakanlar Kuruluca ibareleri “Cumhurbaşkanıca”, aynı fıkıra yer alan “Bakanlar Kurulu” ibareleri “Cumhurbaşkanı” şeklinde değiştirilmiştir.
(2) Gelir vergisi stopaji teşviki: Kamu personeli hariç olmak üzere teknoloji merkezi işletmelerinde, Ar-Ge merkezlerinde, kamu kurum ve kuruluşları ile kanunla kurulan veya teknoloji geliştirme projesi anlaşmaları kapsamında uluslararası kurumlar ya da kamu kurum ve kuruluşlarından Ar-Ge projelerini desteklemek amacıyla fon veya kredi kullanan vakıflar tarafından veya uluslararası fonlarla desteklenen ya da TÜBİTAK tarafından yürütülen Ar-Ge ve yenilik projelerinde, teknogirişim sermaye desteklerinden yararlanan işletmelerde ve rekabet öncesi işbirliği projelerinde çalışan Ar-Ge ve destek personeli ile bu Kanun kapsamında yukarıda sayılan kurum ve kuruluşlar tarafından desteklenen tasarım projelerinde ve tasarım merkezlerinde çalışan tasarım ve destek personelinin; bu çalışmaların karşılığıyla elde ettikleri ücretlerin doktoralı olanlar ile temel bilimler alanlarından birinde en az yüksek lisans derecesine sahip olanlar için yüzde doksan beşi, yüksek lisanslı olanlar ile temel bilimler alanlarından birinde lisans derecesine sahip olanlar için yüzde doksanı ve diğerler için yüzde seksen gelir vergisinden müstesnadır. 

(Ek cümleler: 16/2/2016-6676/28 md.) Hak kazanmış hafta tatili ve yıllık ücreti izin süreleri ile 17/3/1981 tarihli ve 2429 sayılı Ulusal Bayram ve Genel Tatiller Hakkında Kanunda belirtilen tatil günlerine izabet eden ücretler de bu istisna kapsamındadır. Haftalık kırk beş saatin üzerinde ve ek çalışma sürelerine ilişkin ücretler bu istisnadan faydalanamaz. Ar-Ge veya tasarım merkezlerinde çalışan Ar-Ge veya tasarım personelinin bu merkezlerde yürütüldüğü projelerde doğrudan ilgili olmak şartıyla, proje kapsamdaki faaliyetlerin bir kısmının Ar-Ge veya tasarım merkezi dışında yürütülmesi durumlarda, Ar-Ge veya tasarım merkezi yönetiminin onayının alınması ve Bilim, Sanayi ve Teknoloji Bakanlığı'nın bilgilendirilmesi kaynağıyla, merkez dışındaki faaliyetlere ilişkin ücretlerin yüzde yahutun aşmaması şartıyla Cumhurbaşkanına ayrı ayrı veya birlikte belirlenecek kısımları Ar-Ge veya tasarım personelinin yüksek lisans yapanlar için bir buçuk yılı, doktora yapanlar için iki yıl geçmemek üzere merkez dışında geçirdiği sürelerle ilişkin ücretlerin yüzde yüzünü aşmamak şartıyla Cumhurbaşkanına ayrı ayrı veya birlikte belirlenecek kısımlar gelir vergisi stopaji kapsamında değerlendirilir.

(1) 16/2/2016 tarihli ve 6676 sayılı Kanunun 28 inci maddesiyle, bu fıkrada yer alan “Ar-Ge ve destek personelinin; bu çalışmalarla karşılaştırılarda elde ettikleri ücretlerinin doktoralı olanlar için yüzde doksanı, diğerler için yüzde seksen gelir vergisinden müstesnadır.” ibaresi “Ar-Ge ve destek personeli ile bu Kanun kapsamında yukarıda sayılan kurum ve kuruluşlar tarafından desteklenen tasarım projelerinde ve tasarım merkezlerinde çalışan tasarım ve destek personelinin; bu çalışmalarla karşılaştırılarda elde ettikleri ücretlerinin doktoralı olanlar ile temel bilimler alanlarından birinde en az yüksek lisans derecesine sahip olanlar için yüzde doksanı, yüksek lisanslı olanlar ile temel bilimler alanlarından birinde lisans derecesine sahip olanlar için yüzde doksanı ve diğerleri için yüzde sekseni gelir vergisinden müstesnadır.” şeklinde değiştirilmiştir.

(2) 2/7/2018 tarihli ve 698 sayılı Kanun Hükmünde Kararnamenin 63 üçüncü maddesi ile bu fıkrada yer alan “Bakanlar Kurulunca” ibareleri “Cumhurbaşkanca” şeklinde değiştirilmiştir.
(3) Sigorta primi desteği: Kamu personeli hariç olmak üzere teknoloji merkezi işletmelerinde, Ar-Ge merkezlerinde, kamu kurum ve kuruluşların Ar-Ge projelerini desteklemek amacıyla fon veya kredi kullanan vakıflar tarafından veya uluslararası fonlara fonlarca desteklenen ya da TÜBİTAK tarafından yürütülen Ar-Ge ve yenilik projeleri ile rekabet oversee işlerini yöneten personellerde ve teknoloji yönetim merkezlerinin yararlanabileceği çalışan Ar-Ge ve destek personeli, bu Kanun kapsamında yukarıda sayılan kurum ve kuruluşlar tarafından desteklenen tasarım projelerinde ve tasarım merkezlerinde çalışan tasarım ve tasarım personeli ile 26/6/2001 tarihli ve 4691 sayılı Teknoloji Geliştirme Bölgeleri Kanununun geçici 2 nci maddesi uyarınca ücreti gelir vergisinden istisna olan personelin; bu çalışmaları karşılığında elde ettiği ücretler üzerinden hesaplanan sigorta primi işveren hissesinin yarısı, (3)(2) Maliye Bakanlığı bütçesine konulacak ödenekten karşılanır.

(4) Damga vergisi istisnası: Bu Kanun kapsamında her türlü Ar-Ge ve yenilik faaliyetleri ile tasarım faaliyetlerine ilişkin olarak düzenlenen kağıtlardan damga vergisi alınmaz. (3)

(5) Teknoloji sermayesi desteği: Merkezi yönetim kapsamındaki kamu idareleri tarafından bu Kanunun 2 nci maddesinin birinci fıkrasının (e) bendindeki koşulları taşıyan projeleri teminat alınmaksızın 100.000 (…)(5) Türk Lirasına kadar teknoloji sermayesi desteği hibe olarak verilir. (Ek cümle: 16/2/2016-6676/28 md.) Bu tutarlar; sektörler, iş kolları, Bölgeler veya teknoloji alanları itibarıyla ayrı ayrı veya birlikte bağımsız olarak verilebilir. Bu fıkrayı neden olarak verilen projelerin faaliyet süreleri bueno zaman aralıkları arasında, bu Kanunun 2 nci maddesinin geçici 2 nci maddesi ve 46/91 sayılı Teknoloji Geliştirme Bölgeleri Kanununun geçici 2 nci maddesi çerçevesinde kanunsal düzenleme gerekçesiyle olmak üzere 3 yıl (3)39) belirlenen sürede kadar, geçen süre içinde bir daha emeklilik ve ekonomik zorunluluk durumunda olmak üzere bu hükümler geçerlidir. (Ek cümleler: 16/2/2016-6676/28 md.)

(2) 16/2/2016 tarihli ve 6676 sayılı Kanunun 28 inci maddesiyle, bu fıkrada yer alan “Ar-Ge ve destek personeli” ibaresinden sonra gelmek üzere “, bu Kanun kapsamında yukarıda sayılan kurum ve kuruluşlar tarafından desteklenen tasarım projelerinde ve tasarım merkezlerinde çalışan tasarım ve tasarım personeli” ibaresi eklenmiştir.

(3) 16/2/2016 tarihli ve 6676 sayılı Kanunun 28 inci maddesiyle, bu fıkrada yer alan “ilgili” ibaresi “tasarım faaliyetlerine ilişkin” şeklinde değiştirilmişdir.

(4) 29/3/2011 tarihli ve 6215 sayılı Kanunun 5 inci maddesiyle, bu fıkrada yer alan “10.000.000 Yeni Türk Lirası” ibaresi “50.000.000 Türk Lirası” şeklinde değiştirilmiş ve metne eklenmiştir.

(5) 16/2/2016 tarihli ve 6676 sayılı Kanunun 28 inci maddesiyle, bu fıkrada yer alan “Yeni” ibaresi madde metninden çıkarılmıştır.

(6) 2/7/2018 tarihli ve 698 sayılı Kanun Hâkimlikte Kararnamenin 63 üçüncü maddesi ile bu fıkrada yer alan “Bakanlar Kurulu” ibaresi “Cumhurbaşkanı” şeklinde değiştirilmişdir.

(1) 109/9/2014 tarihli ve 6552 sayılı Kanunun 144 üçüncü maddesiyle, bu fıkrada yer alan “her bir çalışan için her üç yıllığına” ibaresi “yürürlüğten kaldırılmıştır.

(2) 16/2/2016 tarihli ve 6676 sayılı Kanunun 28 inci maddesiyle, bu fıkrada yer alan “Ar-Ge ve destek personeli” ibaresinden sonra gelmek üzere “, bu Kanun kapsamında yukarıda sayılan kurum ve kuruluşlar tarafından desteklenen tasarım projelerinde ve tasarım merkezlerinde çalışan tasarım ve tasarım personeli” ibaresi eklenmiştir.

(3) 16/2/2016 tarihli ve 6676 sayılı Kanunun 28 inci maddesiyle, bu fıkrada yer alan “ilgili” ibaresi “tasarım faaliyetlerine ilişkin” şeklinde değiştirilmişdir.

(4) 29/3/2011 tarihli ve 6215 sayılı Kanunun 5 inci maddesiyle, bu fıkrada yer alan “10.000.000 Yeni Türk Lirası” ibaresi “50.000.000 Türk Lirası” şeklinde değiştirilmiş ve metne eklenmiştir.

(5) 16/2/2016 tarihli ve 6676 sayılı Kanunun 28 inci maddesiyle, bu fıkrada yer alan “Yeni” ibaresi madde metninden çıkarılmıştır.

(6) 2/7/2018 tarihli ve 698 sayılı Kanun Hâkimlikte Kararnamenin 63 üçüncü maddesi ile bu fıkrada yer alan “Bakanlar Kurulu” ibaresi “Cumhurbaşkanı” şeklinde değiştirilmişdir.
(6) Rekabet öncesi işbirliği projelerinde işbirliğini oluşturan kuruluşların bu işbirliğine yaptığı katkılar, işbirliği anlaşmasında belirtilen ortak özel bir hesapta izlenir. Özel hesaba aktarılan bu tutarlar, harcamanın yapıldığı dönemde katkı sağlayan kuruluşların Ar-Ge ve tasarım harcaması olarak kabul edilir ve proje dışında başka bir amaç için kullanılamaz. Proje hesabında toplanan tutarlar, proje özel hesabının açılış tarihi ile kapanış tarihi arasında gelir olarak dikkate alınır. (Ek cümle: 16/2/2016-6676/28 md.) Rekabet öncesi işbirliği proje bütçesinin en fazla yüzde 50’lik kısmını, Bilim, Sanayi ve Teknoloji Bakanlığımariesine belirtilen ortak özel bir hesapta tutulur. Özel hesaba aktarılan bu tutarlar, harcamanın yapıldığı dönemde katkı sağlayan kuruluşların Ar-Ge ve tasarım harcaması olarak kabul edilir ve proje dışında başka bir amaç için kullanılamaz. Proje hesabında toplanan tutarlar, proje özel hesabının açılış tarihi ile kapanış tarihi arasında gelir olarak dikkate alınır. (Ek cümle: 16/2/2016-6676/28 md.)

(7) Ar-Ge ve yenilik faaliyetleri ile tasarm projeleri ödeneklerinden bulunanlardan, kamu kurum ve kuruluşlar, kanunla çalışanlar veya teknoloji geliştirme projeleri kapsamında ulusalaraeni kurumlardan ya da kamu kurum ve kuruluşlarından Ar-Ge ve yenilik projeleri ile tasarm projelerini desteklemek amacıyla fon veya kredi kullanılarak projelerin fonlarından aktarılarak özel bir hesapta izlenir. Özel hesapta aktarılan bu tutarlar, harcamanın yapıldığı dönemde katkı sağlayan kuruluşların Ar-Ge ve tasarım harcaması olarak kabul edilir ve proje dışında başka bir amaç için kullanılamaz. Proje hesabında toplanan tutarlar, proje özel hesabının açılış tarihi ile kapanış tarihi arasında gelir olarak dikkate alınır. (Ek cümle: 16/2/2016-6676/28 md.) Rekabet öncesi işbirliği proje bütçesinin en fazla yüzde 50’lik kısmını, Bilim, Sanayi ve Teknoloji Bakanlığımariesine belirtilen ortak özel bir hesapta tutulur. Özel hesaba aktarılan bu tutarlar, harcamanın yapıldığı dönemde katkı sağlayan kuruluşların Ar-Ge ve tasarım harcaması olarak kabul edilir ve proje dışında başka bir amaç için kullanılamaz. Proje hesabında toplanan tutarlar, proje özel hesabının açılış tarihi ile kapanış tarihi arasında gelir olarak dikkate alınır. (Ek cümle: 16/2/2016-6676/28 md.)

(8) (Ek: 16/2/2016-6676/28 md.) Bu Kanun kapsamında yürütülen Ar-Ge, yenilik ve tasarım projeleri ile ilgili araştırmalarda kullanılmak üzere ilahl edilen esya, gümrük vergisi ve her türlü fondan, bu kapsamda düzenlenecek kâğıtlar ve yapılan işlemler damga vergisi ve harçtan müstesnadır. (Ek: 16/2/2016-6676/28 md.) Bu Kanun kapsamında yürütülen Ar-Ge, yenilik ve tasarım projeleri ile ilgili araştırmalarda kullanılmak üzere ilahl edilen esya, gümrük vergisi ve her türlü fondan, bu kapsamda düzenlenecek kâğıtlar ve yapılan işlemler damga vergisi ve harçtan müstesnadır.

(9) (Ek: 16/2/2016-6676/28 md.) Bu Kanun kapsamında Ar-Ge merkezlerinin sözleşme çerçevesinde siparişde dayalı olarak yürüttükleri Ar-Ge ve yenilik faaliyetleri ile tasar almacen izin veren Ar-Ge ve yenilik projelerinin sözleşme çerçevesinde siparişde dayalı olarak yürüttükleri tasarm faaliyetleri bu maddede belirtilen indirim, istisna, destek ve teşvik unsurlarından yararlanabilir. Ancak Ar-Ge veya tasarım projeleri tarafından siparişde dayalı olarak yürütülen Ar-Ge veya tasarım faaliyetlerine ilişkin olarak yapılan harcamaların sadece yüzde 50’lik kısmını, bu merkezler tarafından, bu harcamaların kalan yüzde 50’lik kısmını ise sipariş veren gelir ve kurumlar vergisi mükelleflerinin vergi tahsilatına dahil edilmişdir.

(1) 16/2/2016 tarihli ve 6676 sayılı Kanunun 28. maddesiyle, bu fıkrada yer alan "protokolünde belirlenen kuruluşlardan biri adına açılan" ibaresi "anlaşmasında belirtilen ortak" şeklinde, "Ar-Ge harcaması" ibaresi "Ar-Ge ve tasarım harcaması" şeklinde değiştirilmiştir.


(3) 2/7/2018 tarihli ve 698 sayılı Kanunun 7. maddesi ile bu fıkrada yer alan "Bakanlar Kurulu" ibaresi "Cumhurbaşkanı" şeklinde değiştirilmiştir.
(10) (Ek: 16/2/2016-6676/28 md.) Temel bilim alanlarında en az lisans derecésine sahip Ar-Ge personeli istihdam eden Ar-Ge merkezlerine, bu personelin her birine ödendiği aylık ücretin o yıl için uygulanan asgari ücretin aylık brüt tutarı kadarlık kısmı, iki yıl süreyle, Bilim, Sanayi ve Teknoloji Bakanlığı bütçesine konulacak ödenekten karşılanır. Ancak bu kapsamda her bir Ar-Ge merkezinde sağlanacak destek, ilgili ada Ar-Ge merkezinde istihdam edilen toplam personel sayısının yüzde onu geçmez.

(11) (Ek: 16/2/2016-6676/28 md.) Öğretim elemanlarından Ar-Ge veya tasarım merkezlerinde gerçekleştirilen faaliyetlerde araştırmacı, tasarımcı ya da idari personel olarak hizmete ihtiyaç duyulan, üniversite yönetim kurullarının izniyle tam zamanlı veya yarı zamanlı olarak görevlendirilebilirler. Tam zamanlı görevlendirmeye için herhangi bir üniversitede altı yıllık tam zamanlı olarak çalışmak gerekmektedir, görevlendirme süresi her altı yıl sonrasında bir yıldır. Ar-Ge veya tasarım merkezlerinde tam zamanlı görevlendirmelerin geçirdikleri süreler, tam zaman eşdeğer Ar-Ge veya tasarım personelli hesaplamasında dikkate alınır. Yarı zamanlı görev alan öğretim elemanlarının bu hizmetleri karşılığı edenecekler geliyor, üniversitelerde çeşitli kapasitelerde tutulur. Tam zamanlı olarak görevlendirilecek personele kamu kurumlarına aylıkşız izin verilir ve kadroları ile ilişkileri devam eder. Bu şekilde aylıkşız izne ayrılanlardan, öncelikli görevleri sebebiyle 31/5/2006 tarihli ve 5510 sayılı Sosyal Sigortalar ve Genel Sağlık Sigortası Kanununun 4 üncü maddesinin birinci fıkrasının (c) bendi ve geçici 4 üncü maddesi kapsamında işverenle tam zamanlı olarak çalışmaya başlamak için talep etmek için izin belgesi verilmesi gerekmektedir. Her üçüccü yıl ödülü ve eğitimli personel için talep etmek için izin belgesi verilmesi gerekmektedir. Bu şekilde aylıkşız izne ayrılanlardan;

a) 5510 sayılı Kanunun 4 üncü maddesinin birinci fıkrasının (c) bendi kapsamında öncelikli görevleri sebebiyle 31/5/2006 tarihli ve 5510 sayılı Sosyal Sigortalar ve Genel Sağlık Sigortası Kanununun 4 üncü maddesinin birinci fıkrasının (c) bendi ve geçici 4 üncü maddesi kapsamında işverenle tam zamanlı olarak çalışmaya başlamak için talep etmek için izin belgesi verilmesi gerekmektedir. Her üçüccü yıl ödülü ve eğitimli personel için talep etmek için izin belgesi verilmesi gerekmektedir. Bu şekilde aylıkşız izne ayrılanlardan;

b) 5510 sayılı Kanunun geçici 4 üncü maddesi kapsamında işverenle tam zamanlı olarak çalışmaya başlamak için talep etmek için izin belgesi verilmesi gerekmektedir. Her üçüccü yıl ödülü ve eğitimli personel için talep etmek için izin belgesi verilmesi gerekmektedir. Bu şekilde aylıkşız izne ayrılanlardan;

ödenir. Prim ödeme yükümlülüğü görevlendirildikleri işveren aittir. Önlüklerin bu şekilde aylıkşız iznede geçirdikleri sürelerle öncelikli görevleri sebebiyle kadroları ve buralarda çalıştırılacaklar sürece aynı kapsamdaki sigortalıyk veya işverenlik ilişkisi devam eder. Bu şekilde aylıkşız izne ayrılanlardan;

a) 5510 sayılı Kanunun 4 üncü maddesinin birinci fıkrasının (c) bendi kapsamında sigortalı olmamak için öncelikli görevleri sebebiyle 31/5/2006 tarihli ve 5510 sayılı Sosyal Sigortalar ve Genel Sağlık Sigortası Kanununun 4 üncü maddesinin birinci fıkrasının (c) bendi ve geçici 4 üncü maddesi kapsamında işverenle tam zamanlı olarak çalışmaya başlamak için talep etmek için izin belgesi verilmesi gerekmektedir. Her üçüccü yıl ödülü ve eğitimli personel için talep etmek için izin belgesi verilmesi gerekmektedir. Bu şekilde aylıkşız izne ayrılanlardan;

b) 5510 sayılı Kanunun geçici 4 üncü maddesi kapsamında işverenle tam zamanlı olarak çalışmaya başlamak için talep etmek için izin belgesi verilmesi gerekmektedir. Her üçüccü yıl ödülü ve eğitimli personel için talep etmek için izin belgesi verilmesi gerekmektedir. Bu şekilde aylıkşız izne ayrılanlardan;

ödenir. Prim ödeme yükümlülüğü görevlendirildikleri işveren aittir. Önlüklerin bu şekilde aylıkşız iznede geçirdikleri sürelerle öncelikli görevleri sebebiyle kadroları ve buralarda çalıştırılacaklar sürece aynı kapsamdaki sigortalıyk veya işverenlik ilişkisi devam eder. Bu şekilde aylıkşız izne ayrılanlardan;

a) 5510 sayılı Kanunun 4 üncü maddesinin birinci fıkrasının (c) bendi kapsamında sigortalı olmamak için öncelikli görevleri sebebiyle 31/5/2006 tarihli ve 5510 sayılı Sosyal Sigortalar ve Genel Sağlık Sigortası Kanununun 4 üncü maddesinin birinci fıkrasının (c) bendi ve geçici 4 üncü maddesi kapsamında işverenle tam zamanlı olarak çalışmaya başlamak için talep etmek için izin belgesi verilmesi gerekmektedir. Her üçüccü yıl ödülü ve eğitimli personel için talep etmek için izin belgesi verilmesi gerekmektedir. Bu şekilde aylıkşız izne ayrılanlardan;

b) 5510 sayılı Kanunun geçici 4 üncü maddesi kapsamında işverenle tam zamanlı olarak çalışmaya başlamak için talep etmek için izin belgesi verilmesi gerekmektedir. Her üçüccü yıl ödülü ve eğitimli personel için talep etmek için izin belgesi verilmesi gerekmektedir. Bu şekilde aylıkşız izne ayrılanlardan;

ödenir. Prim ödeme yükümlülüğü görevlendirildikleri işveren aittir. Önlüklerin bu şekilde aylıkşız iznede geçirdikleri sürelerle öncelikli görevleri sebebiyle kadroları ve buralarda çalıştırılacaklar sürece aynı kapsamdaki sigortalıyk veya işverenlik ilişkisi devam eder. Bu şekilde aylıkşız izne ayrılanlardan;

a) 5510 sayılı Kanunun 4 üncü maddesinin birinci fıkrasının (c) bendi kapsamında sigortalı olmamak için öncelikli görevleri sebebiyle 31/5/2006 tarihli ve 5510 sayılı Sosyal Sigortalar ve Genel Sağlık Sigortası Kanununun 4 üncü maddesinin birinci fıkrasının (c) bendi ve geçici 4 üncü maddesi kapsamında işverenle tam zamanlı olarak çalışmaya başlamak için talep etmek için izin belgesi verilmesi gerekmektedir. Her üçüccü yıl ödülü ve eğitimli personel için talep etmek için izin belgesi verilmesi gerekmektedir. Bu şekilde aylıkşız izne ayrılanlardan;

b) 5510 sayılı Kanunun geçici 4 üncü maddesi kapsamında işverenle tam zamanlı olarak çalışmaya başlamak için talep etmek için izin belgesi verilmesi gerekmektedir. Her üçüccü yıl ödülü ve eğitimli personel için talep etmek için izin belgesi verilmesi gerekmektedir. Bu şekilde aylıkşız izne ayrılanlardan;
Türk Tasarım Danışma Konseyinin önerileri doğrultusunda Bilim, Sanayi ve Teknoloji Bakanlığı tarafından belirlenen kriterleri haiz tasarım yarışmalarında sergilenen tasarımların tescil giderleri, Bilim, Sanayi ve Teknoloji Bakanlığı bütçesine konulacak ödenek imkanları çerçevesinde geri ödenmesiz olarak desteklenebilir.

Diğer teşvik unsurları

MADDE 3/A- (Ek: 15/7/2016-6728/60 md.)

(1) Gelir ve kurumlar vergisi mükelleflerinin, işletmeleri bünyesinde gerçekleştirdikleri münhasıran yeni teknoloji ve bilgi arayışına yönelik araştırma ve geliştirme harcamaları tutarının %100’ü, bu kapsamındaki projelerin Bilim, Sanayi ve Teknoloji Bakanlığı tarafından Ar-Ge ve yenilik projesi olarak değerlendirilmesi şartıyla, 5520 sayılı Kanunun 10 uncu maddesi ve 193 sayılı Kanunun 89 uncu maddesi uyarınca kazancın tespitinde indirim konusu yapılır. Ayrıca bu harcamalar, 213 sayılı Kanuna göre aktifleştirilmek suretiyle amortisman yoluyla ifta edilir, bir iktisadi kıymet oluşmaması hâlinde ise doğrudan gider yazılır.

(2) Kazancın yetersiz olması nedeniyle ilgili vergilendirme döneminde indirim konusu yapılamayan tutar, sonraki vergilendirme dönemlerine devredilir. Devredilen tutar, takip eden yıllarda 213 sayılı Kanuna göre her yıl belirlenen yeniden değerlendirme oranında artırılarak dikkate alınır.

(3) Araştırma ve geliştirme faaliyetleri ile doğrudan ilişkili olmayan giderlerden Ar-Ge indirimi hesaplanmaz. Ar-Ge indirimi tutarının hesabında tamamen araştırma ve geliştirme faaliyetlerinde kullanılan amortisman tabi iktisadi kıymetler için hesaplanan amortismanlar ile başka faaliyetlerde de kullanılan makine ve teçhizat için hesaplanan amortismanların bu kıymetlerin araştırma ve geliştirme faaliyetlerinde kullanılanları gün sayısına isabet eden kısmi dikkate alınabilir. Bu madde kapsamında Ar-Ge indiriminden yararlanacak harcamaların kapsamını ve uygulamadan yararlanılmasını için gereklı belgeler ile usulleri belirlemeye Maliye Bakanlığı ile Bilim, Sanayi ve Teknoloji Bakanlığı müşterek yetkilidir.
Uygulama ve denetim esasları

MADDE 4 – (1) Bu Kanun kapsamındaki destek ve teşvik unsurlarından yararlananların bu Kanunda öngörülen şartları taşıdıklarına ilişkin tespitler en geç iki yıllık süreler itibarıyla yapılır.

(2) Bu Kanunun 3 üncü maddesinde belirtilen gelir vergisi stopajı ve sigorta primi işveren hissesine ilişkin teşviklerden yararlanan olan destek personelinin tam zaman eşdeğeri sayısı, toplam tam zamanlı Ar-Ge veya tasarım personeli sayısının yüzde onunu geçmez. (2)

(3) Asgari Ar-Ge veya tasarım personeli sayısının hesabında fiilen ve tam zamanlı olarak çalışan personelin ücret aylık dönemleri itibarıyla ortalaması esas alınır. (3)

(4) Bu Kanun verileri hiçbiri veya teşvik ve destek unsurlarının amacı dışında kullanılması halinde, zamanında tahakkuk ettirilmemiş vergiler yönünden vergi ziyaret kalmış sayılır. Sağlanan vergi dışı destekler ise 21/7/1953 tarihli ve 6183 sayılı Anımların Tahsil Usulü Hakkında Kanun hükümlerine göre ve gecikme zamı uygulanmak suretiyle tahsil edilir.

(5) (Değişik: 16/2/2016-6676/29 md.) Bu Kanun kapsamındaki indirim, istisna, destek ve teşviklerden yararlananlar; 193 sayılı Kanunun 89 uncu maddesinin birinci fıkrasının (13) numaralı bendi, 5520 sayılı Kanunun 10 uncu maddesinin birinci fıkrasının (g) bendi hükümleri ile 4691 sayılı Kanunun geçici 2 nci maddesi hükümlerinden ayrıca yararlanamazlar. (3)

(6) (Ek: 6/2/2014-6518/101 md.; Değişik: 16/2/2016-6676/29 md.) Bu Kanunun 2 nci maddesinin birinci fıkrasının (c) bendinde yer alan eki tam zaman eşdeğer Ar-Ge personeli sayısının on beş'e kadar indirime, kanuni seviyesine kadar artırılsa veya belirlenen sınırın altında sektörler itibarıyla farklılaştırılsa, (k) bendinde belirtilen eki tam zaman eşdeğer tasarım personeli sayısının yarısına kadar indirime, kanuni seviyesine kadar artırılsa veya belirlenen sınırın altında sektörler itibarıyla farklılaştırılsa Cumhurbaşkanı yetkilidir. (4)

(7) Bu Kanunun uygulanmasında ve denetimine ilişkin usul ve esaslar, Maliye Bakanlığı ile Bilim, Sanayi ve Teknoloji Bakanlığı tarafından birlikte çıkarılacak yönetmelikte belirlenir. (12)
(8) (Ek: 16/2/2016-6676/29 md.) Bu Kanun kapsamında gerçekleştirilen Ar-Ge, yenilik ve tasarım faaliyetlerine ilişkin yerindelik ve uygunluk denetimleri, Bilim, Sanayi ve Teknoloji Bakanlığı tarafından gerçekleştirilir.

Değiştirilen hükümler

MADDYE 5 – (1) 193 sayılı Kanunun 89 uncu maddesinin birinci fıkrasının (9) numaralı bendi ile 5520 sayılı Kanunun 10 uncu maddesinin birinci fıkrasının (a) bendinde yer alan “arastırma ve geliştirmeye harcamaları tutarının % 40’ı oranında” ibareleri “arastırma ve geliştirmeye harcamaları tutarının %100’ü oranında” şeklinde değiştirilmiştir.

Yürürlük

MADDYE 6 – (1) Bu Kanun 31/12/2023 tarihine kadar uygulanmak üzere, yayımını takip eden ay başında yürürlüğe girer.

Yürütme

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### LAW ON SUPPORTING RESEARCH, DEVELOPMENT AND DESIGN ACTIVITIES

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### Purpose and Scope

**ARTICLE 1** — (1) The purpose of this Law, is to support and promote, through R&D, innovation and design, the production of technological knowledge, innovation in the product and production processes, enhancement in product quality and standards, increase in productivity, reduction of production costs, commercialization of technological knowledge, development of precompetition cooperation, technology intensive production, acceleration of technology intensive production, entrepreneurship and investments in these areas as well as inflows of foreign direct investments in R&D, innovation and design, and enhancement of R&D and design personnel and qualified staff employment for restoring the structure of the national economy to become internationally competitive. 

(2) This Law applies to support and incentives with respect to the technology centers (technology center businesses) and R&D centers and design centers in Turkey established pursuant to Law no 3624 dated 12/4/1990 by Small and Medium Industry Development and Support Organization, R&D projects, design projects, precompetition cooperation projects and technopreneurship capitals.

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(1) By Article 25 of Law No. 6676 dated 16/2/2016, the title of this Law was amended to the wording inserted in this text from “Law on Supporting Research and Development Activities”.

(2) By Article 26 of Law No. 6676 dated 16/2/2016, the expression “R&D and innovation” in the first paragraph of this Article has been replaced with “R&D, innovation and design”, and the expression “in R&D and innovation” has been replaced with “in R&D, innovation and design”, and the expression “R&D personnel” has been replaced with “R&D and design personnel”; the expression “Small and Medium Industry Development Organization” in the second paragraph has been replaced with “Small and Medium Industry Development and Support Organization”, and the “(technology center businesses) and R&D centers in Turkey, R&D projects” has been replaced with “(technology center businesses) and R&D centers and design centers in Turkey... and R&D projects, design projects”
Definitions

ARTICLE 2 – (1) The following terms shall refer to their respective definitions in enforcement of this Law;

a) Research and Development Activity (R&D): creative studies, environment friendly product design or software activities conducted on a systematic basis in order to enrich knowledge made up of research and development and knowledge of culture, human and society, and to make use hereof in order to design new processes, systems and applications, as well as activities with experimental, scientific and technical content and original outputs, which provide scientific and technical improvement in its field, and focus on a scientific and technological uncertainty,

b) Innovation: the processes or process outcomes that could fulfill social and economic needs, and create new markets or be successfully introduced in the current markets, which have been formulated with an idea of a new product, service, application, method or business model,

c) R&D center: the departments of stock corporations whose legal or registered offices are located in Turkey including businesses of limited taxpayers in Turkey established in order to carry out D&R and innovation protects and R&D and innovation activities performed on the basis of orders within the scope of contracts, which are organized as a separate department within the organizational structure, having the sufficient capacity and knowledge of R&D, which are exclusively engaged in research and development activities in the country, which employ minimum fifty fulltime equivalent R&D personnel, (1)

c) R&D project: the project, having the capacity of determining each step of R&D activities, whose purpose, scope, general and technical definitions, duration, budget and special terms have been identified, as well as the amounts to be provided as support by other bodies, institutions, real and legal persons either in kind or in cash and the principles of which to regulate the sharing of intellectual property rights that would arise have been determined, which are performed and managed by the researcher in line with scientific principles, (1)

d) Precompetition cooperation projects: projects, which are scientific and technological in nature, included within the scope of cooperation agreement regarding R&D or design activities, conducted by several institutions so as to increase efficiency by designing new process, systems and applications by making use of economies of scale and to provide higher added value compared to the current situation, for the purpose of developing joint apparatus or systems or being able to form a platform before competition,(1)

e) Technopreneurship capital: Capital support provided to encourage students who will graduate from any undergraduate degree of a university providing formal education in a year, Master’s or PhD students or the individuals having received one of undergraduate, Master’s or PhD degrees not earlier than ten years before the date of preliminary application to turn their innovation and technology intensive business ideas into enterprises with high potentials of creating added value and qualified employment, within the framework of a business plan deemed eligible for support by the public administrations under the central government providing the support, (1)

(1) By the article 27 of the Law No. 6676 dated 16/2/2016, the expression “limited” in the subparagraph (c) of the first paragraph of this article has been replaced with “established in order to carry out D&R and innovation protects and R&D and innovation activities performed on the basis of orders within the scope of contracts”, the expression “prepared” in subparagraph (ç) has been replaced with “performed and managed by the researcher, the expression “the scope of cooperation agreement regarding R&D activities and based on feasibility” in the subparagraph (d) has been replaced with “within the scope of cooperation agreement regarding R&D or design activities”, the expression “five” in the subparagraph (e) has been replaced with “ten”.

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f) R&D staff: Researchers and technicians directly in charge of R&D activities

g) Researcher: Experts having at least an undergraduate degree, who participate in R&D activities and projects under the definition of innovation, in the designing and building up of new knowledge, products, processes, methods and systems and in the management processes of the related projects,

(g) (Amended on: 16/2/2016 – By Law No 6676/Art. 27) Technician: Individuals having graduated from technical, science or health departments of vocational high schools or higher vocational schools, who are in possession of technical knowledge and experience,

h) Support Staff: Manager, technical staff, laboratorian, secretary, worker and staff as such participating in or directly related to R&D or design activities,

i) (Added on: 16/6/2009- By Law No 5904/Art.27) Civil servant: Civil servants and other public officials and other staff working in public administrations, provincial special administrations and municipalities and affiliates thereof listed in the tables numbered (I), (II), (III) and (IV) annexed to the Law No 5018 dated 10/12/2003 on Public Finance Management and Control, local administrative unions excluding unions comprised of villages, circulating capital enterprises, funds established by law, surety funds, state-owned economic enterprises and affiliates thereof as well as special budgeted state agencies excluded from the scope of Law No 5018 (Those among such public officials who do not possess personal rights granted by the applicable legislation who are temporarily employed or employed for a limited duration of a project shall not be considered as civil servants in enforcement of this Law)

i) TÜBİTAK: The Scientific and Technological Research Council of Turkey

j) (Added on: 16/2/2016- By Law No 6676/Art. 27) Design activity: Innovative activities aimed at developing, improving and diversifying product and products and enhancing functionality hereof, which are capable of creating added value and competitive advantage in the field of industry or other fields deemed appropriate by the President.

k) (Added on: 16/2/2016- By Law No 6676/Art. 27) Design center: the departments of stock corporations whose legal or registered offices are located in Turkey including businesses of limited taxpayers in Turkey established in order to carry out design protection and design activities performed on the basis of orders within the scope of contracts, which are organized as a separate department within the organizational structure, having the sufficient capacity and knowledge of design, which are exclusively engaged in design activities in the country, which employ minimum ten fulltime equivalent design personnel,

l) (Added on: 16/2/2016- By Law No 6676/Art. 27) Design staff: Researchers and technicians directly in charge of design activities,

(1) By the Article 27 of the Law No 6676 dated 16/2/2016, the expression “technicians” in the subparagraph (f) of the first paragraph of this article has been replaced with “technicians”, the “R&D activities” in the subparagraph (g) has been replaced with “R&D and design activities”, the subclause (1) of the subparagraph (f) has been reorganized as the subparagraph (g) and the subclause (2) has been amended as subparagraph (g) as inserted in the text, the current subparagraphs (g), (ğ) and (h) were continued as subparagraphs (h), (i) and (i)

(2) By the Article 27 of Law No 5904 dated 16/6/2009, the subparagraph below was added to the first paragraph of the article 2 of this Law following the subparagraph (g) and the current subparagraph (ğ) was continued as the subparagraph (h).

(3) The expression “Council of Ministers” specified in this subparagraph was amended as “the President” as per the article 63 of the Decree-Law No 698 dated 2/7/2018.
m) (Added on: 16/2/2016- By Law No 6676/ Art.27) Designer: Individuals having graduated from engineering, architecture or other design-related departments of the universities who hold at least 1 undergraduate degree as well as other individuals who have at least one graduate degree in any one of the fields of design who shall take part in performance of the projects and management of related projects within the scope of design activities,

n) (Added on: 16/2/2016- By Law No 6676/ Art.27) Design Project: the project, having the capacity of determining each step of design activities, whose purpose, scope, general and technical definitions, duration, budget and special terms have been identified, as well as the amounts to be provided as support by other bodies, institutions, real and legal persons either in kind or in cash and the principles of which to regulate the sharing of intellectual property rights that would arise have been determined, which are performed and managed by the designer in line with scientific principles,

o) (Added on: 16/2/2016- By Law No 6676/ Art.27) Fundamental sciences: Undergraduate programs in mathematics, physics, chemistry and biology of higher education institutions,

Elements of reduction, exemptions, support and incentives

ARTICLE 3 – (1) Reduction of R&D and Design: The expenses on R&D and innovation spent in technology center businesses, R&D centers, on R&D and innovation projects supported by state institutions or organizations or by the foundations established by law or that borrow funds or loans from international organizations or the state institutions or organizations within the scope of technology development project agreements or by international funds for the purpose of supporting R&D projects, on precompetitive cooperation projects and spent by the beneficiaries of tehnopreneurship capital support as well as expenses spent exclusively on design for design projects supported by the abovementioned institutions and organizations and in design centers pursuant to this Law (…) (2) shall be subject to reduction in calculation of profit of the organization pursuant to article 10 of Corporate Tax Law No 5520 dated 13/6/2006 and calculation of business income pursuant to article 89 of Income Tax Law numbered 193 dated 31/12/1960. (Two clauses added on: 16/2/2016- By Law No 6676/Art. 28). Furthermore; up to fifty percent of the increase in the expenses additionally spent that year on R&D and innovation compared to the preceding year in the R&D centers in possession of the criteria established by the President, as well as fifty percent of the increase in the expenses additionally spent that year on design compared to the preceding year in the design centers in possession of the criteria established by the President may be subject to reduction within the scope of the abovementioned principles. The President shall have the power to change to ratios separately or jointly within the legal limits according to the established criteria. Furthermore, these expenses shall be redeemed via amortization through capitalization as per Tax Procedure Law no 213 dated 04/1/1961, and they shall be treated as expenditure in case of absence of an economic asset. The amount failed to be subject to reduction due to inadequate earning shall be transferred to the following accounting periods. The amount transferred shall be taken into consideration in the following years with an increase calculated by the revaluation ratio which is determined every year as per Law No. 213. (3)

(1) By the article 27 of the Law No 5904 dated 16/6/2009, the expression “foundations established by law” specified in the first clause of the first paragraph and second, third and seventh paragraphs of this article has been replaced with and inserted into the text as “the foundations established by law or that borrow funds or loans from international organizations or the state institutions or organizations within the scope of technology development project agreements or by international funds for the purpose of supporting R&D projects”. This article shall enter into force at the beginning of the month following 3/7/2009.

(2) By the Article 28 of the Law No 6676 dated 16/2/2016, the expression “Reduction on R&D” in the first paragraph of this article has been replaced with “Reduction of R&D and Design”, and the expression “The expenses on R&D and innovation” has been replaced with “The expenses on R&D and innovation... as well as expenses spent exclusively on design for design projects supported by the abovementioned institutions and organizations and in design centers pursuant to this Law”, and the expression “and in R&D centers which employ full time equivalent of 500 or more R&D personnel, and also half of the increase in current year’s R&D and innovation expenditures compared to previous years” in the same paragraph has been removed from the text of the article.

(3) The expression “by Council of Ministers” specified in this paragraph was amended as “by the President”, The expression “Council of Ministers” specified in the same paragraph was amended as “the President” as per the article 63 of the Decree-Law No 698 dated 2/7/2018.
(2) Incentive Regarding Income Tax Withholding: The income earned in exchange of the works performed by the R&D and supporting staff working in technology center businesses, R&D centers, on R&D and innovation projects, which are supported by state institutions or organizations or by the foundations established by law or that borrow funds or loans from international organizations or the state institutions or organizations within the scope of technology development project agreements for the purpose of supporting R&D projects or by international funds, or which are managed by TÜBİTAK, or in the businesses which benefit from the technopreneurship capital support, and on precompetitive cooperation projects as well as the design and supporting staff working in the design projects supported by the abovementioned organizations and institutions and in design centers within the scope of this Law, excluding the civil servants, shall be exempted from the income tax at the following rates; ninety five percent for the individuals who have a PhD or at least a graduate degree in one of the fundamental sciences, and ninety percent for the individuals who have a graduate degree and an undergraduate degree in one of the fundamental sciences, and eighty percent for the others. (Clauses added on: 16/2/2016- By Law No. 6676/Art. 28)

Such exemption shall cover the period of weekly and annual paid leaves entitled as well as the wages on the holidays specified in Law on National Holidays and General Holidays No 2429 dated 17/3/1981. This exemption shall not apply to the wages for works exceeding forty five hours a week and for the overtime work. The incentive regarding income tax withholding shall cover a portion no more than a hundred percent to be determined by the President either separately or jointly of the wages regarding activities within the project which must be carried out outside the R&D or design center, provided that such activities are directly related to the project performed by the R&D or design staff working in R&D and design center, subject to the approval of the management of the R&D and design center and notification of the Ministry of Science, Industry and Technology, as well as a portion no more than a hundred percent to be determined by the President either separately or jointly of wages regarding the time spent outside the center by the R&D and design personnel who worked at least one year in the R&D and design centers, which is no more than a year and a half for those who have a graduate degree and no more than two years for those who have PhD.

(1)(2)

(1) The expression “the wages earned in exchange of the works performed by R&D and supporting staff shall be exempted from the income tax at the following rates; ninety percent for those who have a PhD and eighty percent for the others.” in this paragraph has been replaced with “shall be exempted from the income tax at the following rates; ninety five percent for the individuals who have a PhD or at least a graduate degree in one of the fundamental sciences, and ninety percent for the individuals who have a graduate degree and an undergraduate degree in one of the fundamental sciences, and eighty percent for the others.” as per the article 28 of the Law No. 6676 dated 16/2/2016.

(2) The expression “by Council of Ministers” specified in this paragraph was amended as “by the President” as per the article 63 of the Decree-Law No 698 dated 2/7/2018.
Insurance Premium Support: The half of the employer’s share in insurance premium calculated over the wages earned for the activities of R&D and supporting staff working in technology center businesses, R&D centers, on R&D and innovation projects, which are supported by state institutions or organizations or by the foundations established by law or that borrow funds or loans from international organizations or the state institutions or organizations within the scope of technology development project agreements for the purpose of supporting R&D projects or by international funds, or which are managed by TÜBİTAK, or in the businesses which benefit from the technopreneurship capital support, and on precompetitive cooperation projects as well as the design and supporting staff working in the design projects supported by the abovementioned organizations and institutions and in design centers within the scope of this Law, excluding the civil servants, as well as the staff whose wages are exempted from income tax pursuant to the provisional article 2 of the Law No 4691 dated 26/6/2001 on Technology Development Zones(...) shall be covered by the allowance provided to the budget of the Ministry of Finance. (1)(2)

Exemption from Stamp Duty: The stamp duty tax is not levied on the papers arranged on all sorts of R&D and innovation activities and design activities within the scope of this Law. (3)

Technopreneurship Capital: A one-off technopreneurship capital support up to 100,000 T.L. shall be granted to those who meet the conditions defined in the article 2, first subsection paragraph (e) of this Law, by the public administrations under the central government. (Clauses added on: 16/2/2016- By Law No: 6676/Art. 28) The Minister of Science, Industry and Technology shall have the power to increase such amount up to five times more or decrease to the legal amount separately or jointly based on the sectors, lines of business, Zones or fields of technology. The total amount paid by the public administrations under the central government who obtain an allowance for supporting R&D projects in their budget for the year pursuant to this paragraph shall not exceed 50,000,000 Turkish Liras for each calendar year. Such amounts shall apply by an increase calculated by the revaluation ratio which is determined every year as per Law No. 213 in the following years. (Clauses added on: 16/2/2016- By Law No: 6676/Art. 28) A portion, no more than ten percent for the income and profit of the organization declared and no more than twenty percent of the equity capital, of the capital support provided by the income and corporate taxpayers to be used for financing projects subject to the support provided for the beneficiaries of technopreneurship capital shall be subject to reduction in calculation of the declared income as per the article 89 of the Law no 193 and profit of the organization as per the article 10 of the Law No 5520. The amount to be subject to the reduction cannot exceed 500,000 Turkish Liras in a year. The President shall have the power to reduce such rates and monetary limit to their half or increase such amounts up to four times more. The taxes not accrued in due time for the portion of the capital support provided by the income and corporate taxpayers to be used for financing projects subject to technopreneurship capital support not used for financing the project due to the reduction applied shall be collected with their default interests. (4)(5)(6)

(1) The expression “for a duration of five years for each employee” in this paragraph has been repealed by the article 144 of the Law No 6552 dated 10/9/2014.
(2) By the article 28 of the Law No 6676 dated 16/2/2016, the expression “the design and supporting staff working in the design projects supported by the abovementioned organizations and institutions and in design centers” has been added to follow the “R&D and supporting staff” in this paragraph. .
(3) The expression “regarding” in this paragraph has been amended as “on ... design activities” as per the article the article 28 of the Law No 6676 dated 16/2/2016.
(4) “10.000.000 New Turkish Liras” in this paragraph has been amended and inserted into the text as “50.000.000 Turkish Liras” by the article 5 of the Law No 6215 dated 29/3/2011.
(5) The expression “New” in this paragraph has been removed from the text of the article as per the article the article 28 of the Law No 6676 dated 16/2/2016
(6) The expression “Council of Ministers” specified in this paragraph was amended as “the President” as per the article 63 of the Decree-Law No 698 dated 2/7/2018.
(6) Any contribution provided to the cooperation of a precompetition cooperative project by the organizations constituting the parties of such cooperation shall be monitored in a private joint account specified in the cooperation agreement. The amounts transferred to this private account shall be deemed as expenditure for R&D and design and cannot be used for any other purposes. The amounts collected in project account shall not be taken into account as income in determining the profit of the enterprise that opened the private project account. (Clause added on: 16/2/2016- By Law No. 6676/Art. 28) The budget of the precompetition cooperation project may be provided non-refundable support up to fifty percent limited to the allowance provided to the budget of the Ministry of Science, Industry and Technology. (1)

(7) The supports provided by state institutions or organizations or by the foundations established by law or that borrow funds or loans from international organizations or the state institutions or organizations within the scope of technology development project agreements for the purpose of supporting R&D and innovation projects and design projects or by international funds for those who are engaged in R&D and innovation activities and design activities shall be kept in a private fund account. This fund shall not be taken into account in determining the taxable profit pursuant to the Laws no 193 and 5520 and R&D or design expenditure in relevant year. In the event that this fund is transferred to another account or is withdrawn from the company by any means other than additions made onto the capital in the five year period following the account period in which the fund is acquired, taxes not accrued in due time shall be deemed as loss. (2)

(8) (Added on: 16/2/2016- By Law No. 6676/Art. 28) The goods imported to be used in research for the R&D, innovation and design projects managed within the scope of this Law shall be exempted from customs duty, and the papers issued and transactions conducted in this context from any sort of fund shall be exempted from stamp tax and duties.

(9) (Added on: 16/2/2016- By Law No.6676/Art.28) R&D and innovation activities performed by R&D centers within the framework of contracts on a basis of order as well as design activities performed by design centers within the framework of contracts on a basis of order can benefit from the elements of reduction, exemption, support and incentives specified in this article. However, only fifty percent of the expenses spent for such R&D and design activities based on the order by the R&D and design centers can be taken into account as reduction for these centers, and the remaining fifty percent can be taken into account as reduction for the income and corporate tax payers that placed the order. The President shall have the power to increase such rates up to double separately or jointly or decrease them to the legal rates. In case the organization that placed the order is not an income or corporate tax payer, the R&D and design activities can be subject to reduction by R&D or design center in whole. The parties that place order cannot benefit from reduction for R&D and design or incentives and other elements of support other than the exemption from stamp duty for the papers regarding the order. (3)

(1) The expression “in the name of one the organizations specified in the protocol” in this paragraph” has been replaced with “joint account specified in the agreement”, and the expression “expenses spent for R&D” has been replaced with “expenses spent for R&D and design” as per the article 28 of the Law No 6676 dated 16/2/2016.

(2) By the article 28 of the Law No 6676 dated 16/2/2016, the expression “R&D and innovation activities” has been replaced with “R&D and innovation activities and design activities”, and the “R&D projects” has been replaced with “R&D and innovation projects and design projects”.

(3) The expression “Council of Ministers” specified in this paragraph was amended as “the President” as per the article 63 of the Decree-Law No 698 dated 2/7/2018.
A portion corresponding to the monthly gross amount of the minimum wage applied that year of the monthly wage paid for each personnel by the R&D Center that employ R&D staff who has at least an undergraduate degree in one of the fields of fundamental sciences shall be covered by the allowance provided to the budget of the Ministry of Science, Industry and Technology for a duration of two years. However, the support to be provided to each R&D center in this context cannot exceed ten percent of the total number of staff employed by the R&D in the relevant month.

The instructors whose services as a researcher, designer or administrative personnel are needed for the activities performed in R&D or design center can be assigned as full-time or part-time employees subject to the authorization by the board of director of the universities. For full-time assignment, an experience of full-time service for duration of six years in any university shall be required, and the duration of assignment shall be one year after every six year. The period of service by the instructors assigned full-time service in the R&D or design center shall be taken into account for calculation of the full-time equivalent R&D or design staff. The income earned in exchange of the part-time services of the instructors shall be excluded from the circulating capitals of the universities. The instructors who shall be assigned for full-time service shall be granted leave without pay by their organizations and they shall remain their position, the instructors who are on such leave without pay who were deemed as insured or contributor within the scope of the subparagraph (c) of the first paragraph of the article 4 or provisional article 4 of Social Insurances and Universal Health Insurance Law No 5510 dated 31/5/2006 can maintain their status as insured or contributor in the same context for the duration of their leave without pay and their service in the abovementioned places if they submit a request within fifteen days following the date of taking the leave without pay. The following payments shall be made for the instructors who take the leave without pay;

a) For the instructors deemed to be insured as per the subparagraph (c) of the first paragraph of the article 4 of Law No 5510; The share of the employee in the insurance premium to be calculated for the month based on the elements of insurable earnings determined for their previous position and the premium of universal health insurance shall be paid by the instructors, while the share of the employer for the insurance premium and the share of the employer in the universal health insurance shall be paid by the employer for whom the services are provided,

b) For the instructors deemed to be contributor as per the provisional article 4 of the Law No 5510, the personal deduction to be calculated for the month based on the elements of monthly wage subject to pension deduction determined for their previous position shall be paid by the instructors, while the amounts undertaken by the organization and the total amount of the universal health insurance premiums shall be paid by the employers.

The employer that makes the assignment shall bear the liability for payment of the premiums. The period the concerned parties spend on leave without pay shall be taken into account in determining the elements of wage subject to pension deduction or insurable earnings based on their titles of previous position. These instructors shall not receive severance payment from the employer for their service for the abovementioned periods during their leave without pay, and such periods shall be taken into for calculation of their retirement bonus. The provisions of the article 36 of Higher Education Law No 2547 dated 4/11/1981 that are contrary to the regulations stipulated by this article shall not apply.
The registration expenses of the designs exhibited in the design contests that are in possession of the criteria established by the Ministry of Science, Industry and Technology in line with the suggestions of the Design Advisory Council of Turkey can be supported on a non-refundable basis within the scope of the allowances provided to the budget of the Ministry of Science, Industry and Technology.

**Other elements of Incentives**

**ARTICLE 3/A- (Added on: 15/7/2016- By Law No 6728/Art.60)**

1. 100% of the expenses of research and development spent exclusively in search of new technology and know-how within the organization of the income and corporate taxpayers shall be subject to reduction in calculation of their income pursuant to article 10 of the Law No 5520 and the article 89 of the Law No 193, provided that the projects in this context are accepted as R&D and innovation projects by the Ministry of Science, Industry and Technology. Furthermore, these expenses shall be redeemed via amortization through capitalization as per Tax Procedure Law no 213 dated, and they shall be treated as expenditure in case of absence of an economic asset.

2. The amount failed to be subject to reduction due to inadequate earning shall be transferred to the following taxation periods. Such amounts shall be taken into account by an increase calculated by the revaluation ratio which is determined every year as per Law No. 213 in the following years.

3. Reduction shall not apply for the expenses that are not directly related to the research and development activities. The amortization calculated for the economic assets subject to amortization used exclusively in research and development activities as well as the portion of the amortization calculated for the machinery and equipment used in other activities that correspond to the number of days during which such assets are used for research and development activities may be taken into account for calculation of the amount of reduction of R&D. The Ministry of Finance and the Ministry of Science, Industry and Technology shall jointly have the power to determine the scope of the expenses for which the reduction of R&D shall apply within the scope of this article, as well as the documents and procedures required to benefit from this application.
Principle of Enforcement and Audits

ARTICLE 4 – (1) Whether the beneficiaries of the support and incentives under this Law fulfill the conditions provided for by this Law shall be determined no more than two yeartime periods.

(2) The number of full-time equivalent supporting staff who will benefit from the incentives regarding the income tax withholding and employer’s share in the insurance premium stipulated in the article 3 of this Law shall not exceed the percent of the total number of full-time R&D or design staff.

(3) The calculation of the minimum number of R&D or design staff shall be based on the average number the staff working full-time and de facto for period of three months.

(4) In the event of breach of the conditions stipulated by this Law or misuse of the incentives and support, the taxes not accrued in due time shall be deemed to cause loss of tax. The nontax support provided shall be collected with a default interest and pursuant to the Law on Collection Procedure of Public Receivables No 6183 dated 21/7/1953.

(5) (Amended on 16/2/2016-By Law No. 6676/Art.29) The beneficiaries of the reduction, exemption, support and incentives within the scope of this Law shall not benefit from the provisions of the subparagraph (13) of the first paragraph of the article 89 of Law No 193, the subparagraph (ğ) of the first paragraph of the article 10 of Law No 5520 and the provisional article 2 of Law No 4691.

(6) (Added on: 6/2/2014- By Law No. 6518/ Art.101; Amended on: 16/2/2016- By Law No. 6676/ Art.29) The President shall have the following power; to decrease the number of fifty full-time equivalent R&D staff specified in subparagraph (c) of the first paragraph of article 2 of Law this Law down to fifteen or to increase the number to this legal number or to change the number based on the sector within the specified limits, and to decrease the number of ten full-time design staff specified in subparagraph (k) by half or to increase the number to this legal number or to change the number based on the sector within the specified limits.

(7) The principles and procedures regarding enforcement and audit of this Law shall be established by the regulations to be jointly issued by the Ministry of Finance and the Ministry of Science, Industry and Technology.

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(1) By the article 101 of the Law No 6518 dated 6/2/2014, the sixth paragraph has been added to follow the fifth paragraph, and the following paragraph has been continued accordingly.

(2) By the Article 29 of Law No 6676 dated 16/2/2016, the expression “R&D staff” in the second paragraph has been replaced with “R&D and or design staff”, and the “R&D staff” specified in the third paragraph has been replaced with “R&D or design staff”, and “the Ministry of Finance and the Ministry of Science, Industry and Technology subject to the opinion of the TÜBİTAK” in the seventh paragraph has been replaced with “the Ministry of Finance and the Ministry of Science, Industry and Technology”.

(3) By the article 60 of the Law No 6728 dated 15/7/2016, the clause “subparagraphs (9) and (13) of the first paragraph of the article 89 of Law No 193, and the subparagraphs (a) and (ğ) in the first paragraph of article 10 of the Law No 5520” in the fifth paragraph of this article has been replaced with subparagraph (13) of the first paragraph of the article 89 of Law No 193, the subparagraph (ğ) of the first paragraph of the article 10 of Law No 5520.

(4) The “Council of Ministers” specified in this paragraph was amended as “the President” as per the article 63 of the Decree-Law No 698 dated 2/7/2018.
The Ministry of Science, Industry and Technology shall conduct the inspections of legitimacy and conformity regarding the R&D, innovation and design activities performed within the scope of this Law.

Amended Provisions

ARTICLE 5 – (1) The clause “at the rate of 40% of the expenses of research and development” referred to in the subparagraph (9) of the first paragraph of the article 89 of the Law No 193 and the subparagraph (a) of the first paragraph of article 10 of Law no 5520 has been replaced with “at the rate of 100% of the expenses of research and development.

Entry into Force

ARTICLE 6 – (1) This Law shall enter into force at the beginning of the month following its publication to be enforced until 31/12/2023.

Enforcement

ARTICLE 7 – (1) The provisions of this Law shall be enforced by the Council of Ministers.
LIST ON ENTRY INTO FORCE OF THE LEGISLATION AND THE PROVISIONS REPEALED BY CONSTITUTIONAL COURT THAT LEAD TO ADDITIONAL PROVISIONS OR AMENDMENT IN THE LAW NO 5746

<table>
<thead>
<tr>
<th>Number of the Amending Law / Decree Law / Decision of Annulment of the Constitutional Court</th>
<th>Articles of Law No 5746 amended or repealed</th>
<th>Entry into Force</th>
</tr>
</thead>
<tbody>
<tr>
<td>5904</td>
<td>2 and 3</td>
<td>At the beginning of the month following 3/7/2009</td>
</tr>
<tr>
<td>6215</td>
<td>3</td>
<td>12/4/2013</td>
</tr>
<tr>
<td>6518</td>
<td>4</td>
<td>19/2/2014</td>
</tr>
<tr>
<td>6552</td>
<td>3</td>
<td>11/9/2014</td>
</tr>
<tr>
<td>6676</td>
<td>Title of the Law, 1, 2, 3, 4</td>
<td>At the beginning of the month following 26/2/2016</td>
</tr>
<tr>
<td>6728</td>
<td>Article 3/A, 4</td>
<td>9/8/2016</td>
</tr>
<tr>
<td>Decree-Law/698</td>
<td>2,3,4</td>
<td>On the date the President takes the oath and comes into the office following the Presidential Election and Turkish Grand National Assembly elections held together on 24/6/2018</td>
</tr>
</tbody>
</table>
Exhibit CVD - TR - 44
R&D

PIONEERING THE INDUSTRY WITH OUR R&D CENTER

Aiming to add value to the industry with each of our products, we, as Assan Alüminyum, develop high quality, tailor-made products that exceed the expectations of our customers. We pioneer the ‘twin roll casting technology’ on a global scale, by using basic material science to develop process innovation projects in our R&D Center.

R&D Strategy

To conduct applied research on material science, to design the related processes and to produce high-performance products that fulfill customer expectations on the highest level, in order to strengthen Assan Alüminyum’s global competitiveness by elevating the Twin Roll Casting Technology beyond its perceived boundaries.

Highly experienced and highly competent R&D team

As Assan Alüminyum,

- With our experienced R&D team, by exploiting the high solidification rates and the related results of the solidification mechanisms in ‘twin-roll casting technology’ to improve our products’ performances.
- Capable of achieving the ultimate product performance by differentiating the conventional approaches of twin roll casting and coupling the as-cast properties with proper thermomechanical processes.
- High competencies in microstructural and mechanical characterization techniques of aluminium alloys produced by ‘twin roll casting technology’ and employing these results in material designs.
- By combining our innovative approach with our expertise, we provide innovative solutions at every stage of our products and processes.
- Our R&D activities are strengthened in multi-dimensional level with well established domestic and international academic collaborations.

ASSAN ALÜMINYUM DESIGNS THE FUTURE

As Assan Alüminyum, we offer high value-added, customized solutions to our customers with our highly competent R&D Center, by following global developments closely and creating solutions together.
As one of our main objectives is to strengthen the capabilities of our R&D Center, we design all of our business processes in a way that enables each of our employees to improve upon their knowledge and skills.
Exhibit CVD - TR - 45
ASAŞ is proud of being the first certified R&D Center in the sector in 2015.

It combines its production infrastructure developed by making the most innovative and technologic investments in the sector ever since its incorporation, with its continuously-increased product and service quality, and implements many projects as the desired solution partner. It aims to create an environment that triggers continuous development through innovation culture that aims to go beyond the future expectations in the markets involved. Trusting the passion, information and competencies of our own people, Asaş placed R&D activities and innovation culture in the center of its development and competition strategies.
Innovation Culture at Asaş consists of 4 parts: Lifelong Learning, Idea and Project Management, Cooperation Management and Intellectual Asset Management.

All projects that are conducted within the group every year are presented by project managers in the contest called Asaş'ın Asları (Aces of Asaş) and are assessed very carefully. The winning projects in this contest that determine the Ace Projects of the Year are awarded with a joyful event at the end of the year.

R&D Strategy, which is determined by the vision of being technical authority in the fields of activity, is based on innovative and process excellence. It is supported by our innovation culture, national and international technology network cooperation and our project management conducted by us by special software. The software platform which we call InovALue enables to quickly access and assess the information generated through intranet.

In our R&D Center, 72 R&D Personnel, 37 of whom are researchers, continue to work by using their testing and simulation capabilities for aluminum profiles, PVC profiles, Roller Shutter-Commercial Door systems and aluminum flat products. Believing that a brighter and lighter future can be created with new and different ideas, Asaş cooperates with many invaluable universities in our country.

**Sectors Served**

- Automotive
- Rail systems
- Defense Industry
- Aviation and Space Industry
- Construction sector
- Energy sector
- Advertising sector
- White Goods
- Furniture
- Maritime
- Packaging sector
- Electrics-Electronics sector
- Transportation (Trailer)
- Air Conditioning
- Machine Production Sector
- Food Sector
PRODUCTION FACILITIES

Aluminium Extrusion Production Facility (/production-facilities-/aluminium-extrusion-production-facility/)
Aluminium Flat Rolled Products Production Facility (/production-facilities-/aluminium-flat-rolled-products-production-facility/)
Aluminium Composite Panel Production Facility (/production-facilities-/aluminium-composite-panel-production-facility/)
PVC Profile Production Facility (/production-facilities-/pvc-profile-production-facility/)
Roller Shutter Production Facility (/production-facilities-/roller-shutter-production-facility/)

GROUP OPERATIONS

Aluminium Extrusion Profiles (/group-operations-/aluminium-extrusion-profiles/)
Aluminium Architectural Systems (/group-operations-/aluminium-architectural-systems/)
Aluminium Composite Panel (/group-operations-/aluminium-composite-panel/)
Aluminium Flat Rolled Products (/group-operations-/aluminium-flat-rolled-products/)
PVC Window and Door Systems (/group-operations-/pvc-window-and-door-systems/)
Roller Shutter and Steel Shutter Systems (/group-operations-/roller-shutter-and-steel-shutter-systems/)
Aluminium Design Products (/group-operations-/aluminium-design-products/)
ASAŞART (/group-operations-/asasart/)

R&D (/rd/)

HUMAN RESOURCES

Career Management (/human-resources/career-management/)
ASAŞ ACADEMY (/human-resources/asas/)
Life at ASAŞ (/human-resources/life-at-asas/)

MEDIA

News (/media/news/news-from-us/)
Videos (/media/videos/)

CONTACT (/contact/)

SOCIAL MEDIA
Exhibit CVD - TR - 46
In our high-tech Laboratory, in accordance with international standards with our devices that are calibrated and verified periodically:

- Spectral Analysis-Chemical Composition (TS EN 573-3 standard)
- Etching-Macro / Micro structure inspection
tests are performed and 3.1 certificate is prepared for our products in accordance with TS EN 10204 standard.