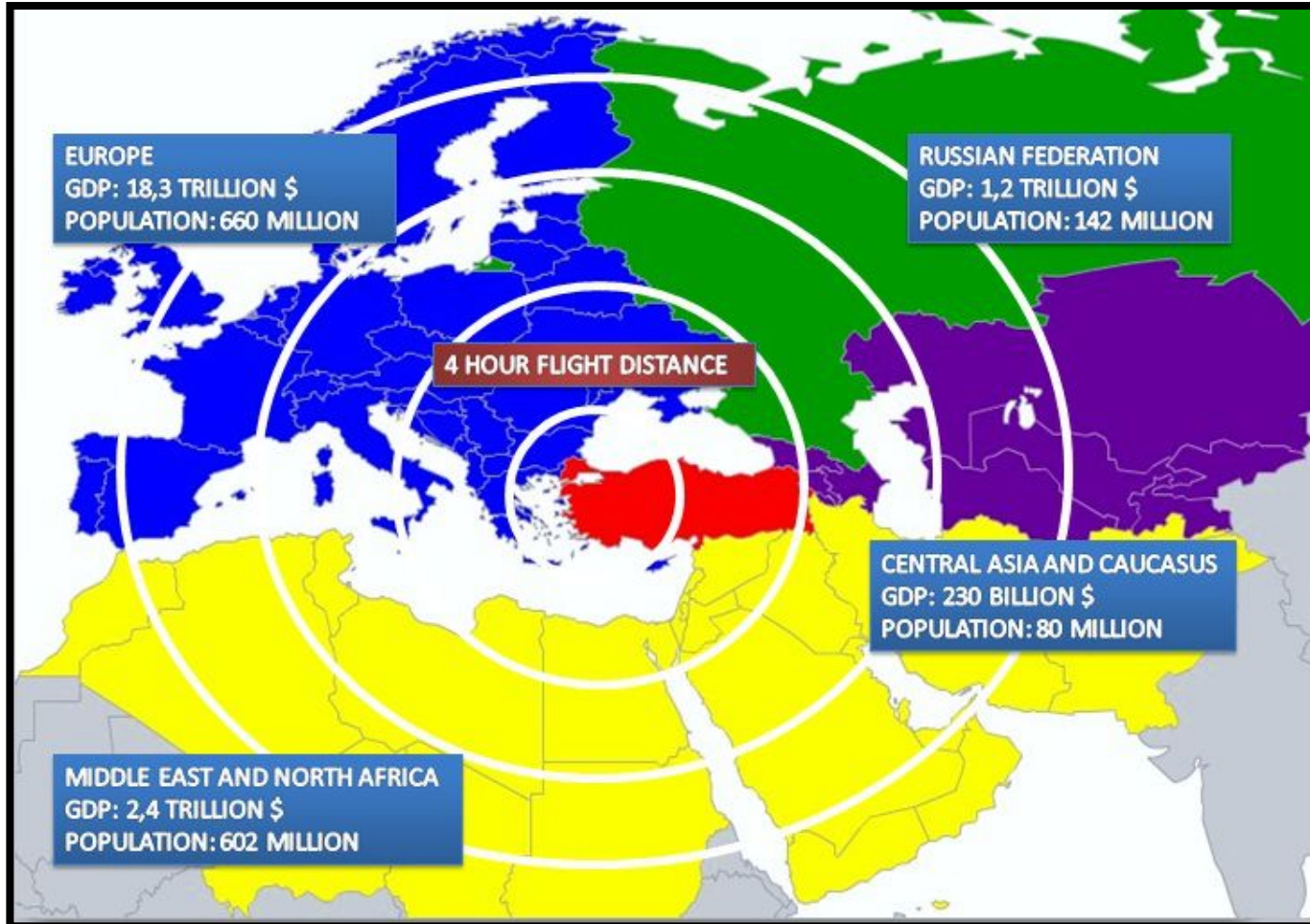




INVESTMENT IN TURKEY

*Ministry of Economy
General Directorate of Incentive
Implementation and Foreign Investment*

❖ *Turkey is located at the intersection point of three continents.*





TURKEY AT A GLANCE: SNAPSHOT



- ❖ Turkey is the **16th** biggest economy in the world (in PPP).
- ❖ Average annual real GDP growth between 2002-2013 is **5%**
- ❖ Average annual real GDP growth forecast is 3,3% - 2014; 4% - 2015; 5% - 2016
- ❖ GDP in 2013: **USD 820 Billion**
- ❖ GDP per capita in 2013: **USD 10,782**
- ❖ Total exports in 2013: **USD 152 Billion**
- ❖ Total imports in 2013: **USD 262 Billion**
- ❖ FDI inflows between 2003-2013: **USD 136,5 Billion**, in 2013: **USD 12,9 Billion**
- ❖ Population: **76.6 Million** (2013)
- ❖ Labor Force: **28.8 Million** (2013)
- ❖ Turkey has a young and dynamic demographic structure.
- ❖ Customs Union with the EU and Free Trade Agreements with **21** Countries

INVESTMENT INCENTIVE PROGRAM

**Regional
Investment
Incentive
Scheme**

**Priority
Investment
Incentive
Scheme**

**Large Scale
Investment
Incentive
Scheme**

**Strategic
Investment
Incentive
Scheme**

**General
Investment
Incentive
Scheme**

**Aims to
eliminate inter-
regional
imbalances**

**Aims to increase
production of
goods and
services in
critical sectors.**

**Aims to improve
technology and
R&D capacity of
Turkey**

**Aims to increase
production of
intermediate
and final
products with
high import
dependence**

**Aims to support
all investment
projects that are
not excluded
from the
program**



INVESTMENT INCENTIVES: SUPPORT MEASURES



Support Measures	General Investment	Regional & Priority Investment	Large Scale Investment	Strategic Investment
VAT Exemption				
Customs Duty Exemption				
Tax Deduction				
Social Security Premium Support (Employer's Share)				
Interest Support				
Land Allocation				
VAT Refund				
Only For Region 6 (The Least Developed Region)				
Income Tax Withholding Support				
Social Security Premium Support (Employee's Share)				



❖ **Railway Vehicles (Locomotives, Wagons and their parts) production is supported within the framework of general investment incentive scheme, regional investment incentive scheme, large scale investment incentive scheme and strategic investment incentive scheme.**

❖ **Minimum investment amount criteria**

	General	Regional*	Large Scale	Strategic
Region 1	\$ 450,000	\$ 900,000	\$ 22,500,000	\$ 22,500,000
Region 2	\$ 450,000	\$ 900,000	\$ 22,500,000	\$ 22,500,000
Region 3	\$ 225,000	\$ 900,000	\$ 22,500,000	\$ 22,500,000
Region 4	\$ 225,000	\$ 900,000	\$ 22,500,000	\$ 22,500,000
Region 5	\$ 225,000	\$ 900,000	\$ 22,500,000	\$ 22,500,000
Region 6	\$ 225,000	\$ 900,000	\$ 22,500,000	\$ 22,500,000

* Railway vehicles and their parts production investments in Istanbul are not supported within the framework of regional investment incentive scheme.



REGIONAL INVESTMENT INCENTIVE SCHEME

Incentives		Region 1	Region 2	Region 3	Region 4	Region 5	Region 6
VAT Exemption							
Customs Duty Exemption							
<u>Tax Reduction</u>	out of OIZ	10	15	20	25	30	35
Rate of Contribution to Investment (%)	in OIZ	15	20	25	30	35	40
Social Security Premium Support (Employer's Share)	out of OIZ	N/A	N/A	3 years	5 years	6 years	7 years
	in OIZ	N/A	3 years	5 years	6 years	7 years	9 years
Land Allocation							
Interest Support		N/A	N/A				
Income Tax Withholding		N/A	N/A	N/A	N/A	N/A	10 years
Social Security Premium Support (Employee's Share)		N/A	N/A	N/A	N/A	N/A	10 years



LARGE SCALE INVESTMENTS



- Goals of the Scheme:**
- Improvement of Technology and R&D Capacity
 - Provide a competitive advantage in the international arena

#	Investment Subjects	Min. Inv. Amount	
		Million TL	Million USD
1	Refined Petroleum Products	1.000	465
2	Chemical Products	200	93
3	Harbours and Harbour Services	200	93
4	Automotive OEM and Side Suppliers	200-50	93-23
5	Railway and Tram Locomotives and/or Railway Cars	50	23
6	Transit Pipe Line Transportation Services	50	23
7	Electronics	50	23
8	Medical, High Precision and Optical Equipment	50	23
9	Pharmaceuticals	50	23
10	Aircraft and Space Vehicles and/or Parts	50	23
11	Machinery (including Electrical Machines And Equipments)	50	23
12	Integrated Metal Production	50	23



INVESTMENT INCENTIVES: LARGE SCALE INVESTMENT INCENTIVES



Large Scale Investment Incentive Scheme

Incentives		Region 1	Region 2	Region 3	Region 4	Region 5	Region 6
VAT Exemption							
Customs Duty Exemption							
Tax Reduction Rate of Contribution to Investment (%)	out of OIZ	20	25	30	35	40	45
	in OIZ	25	30	35	40	45	50
Social Security Premium Support (Employer's Share) (Year)	out of OIZ	N/A	N/A	3	5	6	7
	in OIZ	N/A	3	5	6	7	9
Land Allocation							
Interest Support		N/A	N/A	N/A	N/A	N/A	N/A
Income Tax Withholding		N/A	N/A	N/A	N/A	N/A	10
Social Security Premium Support (Employee's Share) (Year)		N/A	N/A	N/A	N/A	N/A	10

Strategic Investment Incentive Scheme

Eligibility Criteria for Strategic Investment:

- ✓ Production of import dependent intermediate goods and final products (more than 50% supplied by imports)
- ✓ 50 Million TL (\$22.5 M) minimum investment amount
- ✓ A minimum 40% value addition
- ✓ Import in the last year should be at least \$ 50M (This condition is not necessary for goods with no domestic production)



Strategic Investment Incentive Scheme

Incentives		All Regions
VAT Exemption		
Customs Duty Exemption		
Tax Reduction	Rate of Contribution to Investment (%)	50%
Social Security Premium Support (Employer's Share)		7 Years (10 years for Region 6)
Land Allocation		
VAT Refund		The building and construction costs of investments of more than 500 Million TL (\$225 M)
Interest Payment Support		Limited to 5% of total investment amount and with a cap of 50 Million TL (\$22.5 M)
Income Tax Withholding Exemption		10 years only for Region 6
Social Security Premium Support (Employee's Share)		10 years only for Region 6

Last Remark:

Investors could possibly bring used machines and equipment from their home countries or anywhere else:

- Import of used machines and equipment separately or**
- Import of used production lines or plants as a whole.**

For More Information

Investment Incentive Information Center

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Republic of Turkey
Ministry of Economy



Republic of Turkey Ministry of Economy

General Directorate of Incentive Implementation and Foreign Investment