

[Home Page](#) / [Investment](#) / [Schemes](#) / Large Scale Investments

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Large scale Investment Incentive Scheme supports 12 different investment categories which will potentially foster Turkey's technology and R&D capacity and competitiveness. It is designed to incentivize investments according to regional development level of their respective regions, yet with more advantageous rates than those for the regional Investment Incentive Scheme. Investment projects in 12 designated investment areas should have the following minimum fixed investment amounts, in order to be supported by this scheme.

Investment Subjects To Be Supported By The Large Scale Investment Incentive Scheme

No	Investment Subject	Minimum Investment Amounts (Million TL)	Fixed
1	Production of Refined Petroleum Products	1000	
2	Production of Chemical Products	200	
3	Harbors and Harbor Services	200	
4	Automotive Investments		
4-a	Automotive OEM Investments	200	
4-b	Automotive Supply Industries Investments	50	
5	Railway and Tram Locomotives and/or Railway and Tram Cars		
6	Transit Pipe Line Transportation Services		
7	Electronics		
8	Medical, High Precision and Optical Equipment		
9	Pharmaceuticals	50	
10	Aircraft and Aerospace Vehicles and/or Parts		
11	Machinery (including electrical machinery and appliances)		
12	Investments for Metal production: Investments for the final metal production from mineral ores and/or concentrates of IV/c group mines as defined in the Mining Law (including integrated mining investments)		

As it is the case for the Regional Investment Incentive Scheme, the intensity of the incentives for specific investment subjects within the scope of the Large Scale Investment Incentive Scheme is also determined based on the development level of the respective region. For instance, an investment in the Main Motor Vehicles Industry satisfying the prerequisite of 200 million TL minimum fixed investment amount will get a higher contribution rate to investment -in terms of tax reduction-

in Region 6 than it would in Region 1. Except for interest rate support, all other incentive instruments offered by the Regional investment Incentive Scheme are also provided to investments within the scope of the Large Scale Investment Incentive Scheme.

Terms and Rates Of Supports in Large Scale Investment Incentive Scheme						
INCENTIVES	REGIONS					
	1	2	3	4	5	6
VAT Exemption	.	.	.	.	.	.
Customs Duty Exemption	.	.	.	.	.	.
Tax Deduction	Tax Reduction Rate (%)					
	50	55	60	70	80	90
	Reduced Tax Rate (%)					
	10	9	8	6	4	2
Rate of Contribution (%)						
	25	30	35	40	50	60
Social Security Premium Support (Employer's Share)	Term of Support (years)					
	2	3	5	6	7	10
Cap for Support (Certain Portion of Investment Amount - %)						
	3	5	8	10	11	No Limit
Land Allocation	.	.	.	.	.	.
Social Security Premium Support (Employee's Share) (years)	-	-	-	-	-	10
Income Tax Withholding Support (years)	-	-	-	-	-	10

The investments in organized industrial zone of a specific province, supported by the Large Scale Investment Incentive Scheme, will yield additional benefits through Tax Deduction and SSP Support for Employers' Share, as those offered by the Regional Investment Incentive Scheme. Large scale investments that are made in an organized industrial zone will be eligible for rates and terms applicable to the next better region's supports in terms of Tax Deduction and SSP Support for Employers' Share.

Terms and Rates of Supports For Investments in Organized Industrial Zones under the Large Scale Investment Incentive Scheme						
Incentives	Regions					
	1	2	3	4	5	6
VAT Exemption	.	.	.	.	.	.
Customs Duty Exemption	.	.	.	.	.	.
Tax Deduction	Tax Reduction Rate (%)					
	55	60	70	80	90	90
	Reduced Tax Rate (%)					
	9	8	6	4	2	2
Rate of Contribution (%)						
	30	35	40	50	60	65
Social Security Premium Support (Employer's Share)	Term of Support (years)					
	3	5	6	7	10	12
Cap for Support (Certain Portion of Investment Amount - %)						
	3	5	8	10	11	No Limit
Land Allocation	.	.	.	.	.	.
Social Security Premium Support (Employee's Share) (years)	-	-	-	-	-	10
Income Tax Withholding Support (years)	-	-	-	-	-	10

A certain portion of the contribution rate to the investment availed through tax deduction under the Large scale Investment Incentive Scheme can be applied at different rates in different regions before the investment is completed. An investor can use a part of tax deduction provided at different rates according to regions as shown in the following table for revenues generated from all other activities during the investment period. For instance, 50% of the contribution rate granted to an

investment made in Region 5 and benefiting from tax deduction can be applicable to revenues generated from other activities of this investor conducted throughout the investment period, before the investment becomes partially or completely operational.

Percentage of Contribution Rate to Investment to be Applicable during Investment/Operating Periods under the Large Scale Investment Incentive Scheme		
Regions	Investment Period	Operating Period
1	0%	100%
2	10%	90%
3	20%	80%
4	30%	70%
5	50%	50%
6	80%	20%

In order to also provide impetus to investment decisions regarding large scale projects, the new Investment Incentive Program grants more advantageous rates and terms of Tax Deduction and SSP Support for Employer's Share to investments initiated by December 31, 2013. In order for an investment to be considered as started, an investor must spend minimum 5 million TL on land, infrastructure, building-construction, machinery and equipment (including advance pre-payments) and other expense items. Within this framework, Tax Deduction and SSP Support for Employer's Share will be available at the following rates and terms for projects launched as of January 1, 2014.

Tax Deduction and SSP Support For Employer's Share For The Investments to be Launched as of January 1, 2014 under the Large Scale Investment Incentive Scheme				
Regions	Tax Deduction			SSP Support for Employer's Share
	Contribution Rate to Investment	Tax Deduction	Tax Rate Applicable	
1	20%	30%	14%	-
2	25%	40%	12%	-
3	30%	50%	10%	3 years
4	35%	60%	8%	5 years
5	40%	70%	6%	6 years
6	45%	90%	2%	7 years

Investments that are made within an OIZ and investments that are realized by an investor who has at least five real persons or legal entity partners in the same sector and provides integration to the field of common activity can benefit from tax deduction and SSP support for employer's share at terms and rates offered for the next better region within the Regional or Large Scale Investment Incentive Schemes.



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