

General Investments

05 September 2018

General Investment

Any investment subject not incentivized by the Regional, Large Scale or Strategic Schemes under the new Investment Incentive Program can benefit from supports granted by the General Investment Incentive Scheme, as long as it fulfills certain criteria. **The General Investment Incentive Scheme supports the investments fulfilling the criteria below:**

1. **The minimum fixed investment amount should be 1,000,000 TL for Region 1 and 2 and 500,000 TL for the rest.**
2. The investment subject under the program
 - o Should not be one of "Investment Subjects not Supported",
 - o Should meet specific criteria set for the "Conditionally Supported Investment Subjects "

There are certain investment subjects that will not be supported within the scope of the Investment Incentive Program. While identifying these investment subjects to be excluded, exceptions that may possibly be supported by the program were also identified. Accordingly, apart from certain exceptions, the investment subjects grouped below under Agriculture and Agricultural Industry, Manufacturing, Energy and Mining and Services Industry cannot benefit from the supports granted by the Program.

AGRICULTURE AND AGRICULTURAL INDUSTRY

1. Flour, semolina (except for pasta manufacturing, integrated semolina investments and corn semolina investments), feed (except for fishmeal, fish oil, fish feed and feed production as part of integrated livestock production), starch and starch based sugar
2. Catering companies
3. Sugar cube
4. Greenhousing investments made on less than 5 decares land
5. Plant production (except for greenhouse investments made on 5 decares and larger land, fungiculture and cultivation of forage crops as part of integrated livestock investments)
6. Livestock investments apart from integrated livestock investments supported by the regional scheme and those that are conditionally supported
7. Milk processing investments with 5 tons/day or less capacity

MANUFACTURING, ENERGY AND MINING INVESTMENTS

1. Investments apart from those for modernization in brick and tile production
2. Investments in unginned cotton processing
3. Yarn and weaving investments apart from those for modernization purposes (except for investments in wool yarn, yarn investments of more than 15 million TL, weaving investments of more than 5 million TL, smart and multi-function technical textile, carpet, tafting, nonwoven fabric and sack production).
4. Investments in power generation from natural gas (excluding those that were certified by the Energy Market Regulation Authority before June 19, 2012).
5. Mining investments to be made in line with a royalty agreement (except for mining investments made in public mine sites in line with the agreements concluded with public agencies and institutions or their direct affiliates).
6. Investments in coal mining (excluding coal in category "low C" as per the international codification system of the United Nations Economic Commission for Europe).
7. Investments in the manufacturing of iron and steel products specified in Appendix 5 (however, facilities fulfilling all criteria below for these manufacturing subjects may benefit from the general incentive system only).

- The total share of one or more than one legal entities or Public institutions and agencies within the partnership structure should not be equal to or more than 25%
 - Investor should not own more than 25% of the capital of another enterprise.
 - The number of employees should be less than 250 persons per year.
 - The annual net sales income must not exceed the Turkish Lira equivalent of 50 Million Euros or the financial balance sheet value must not exceed the Turkish Lira equivalent of 43 Million Euro.
 - These criteria may also apply for the certificates issued according to the Decree of the Council of Ministers No. 2009/15199.
8. Investments for synthetic fiber and synthetic yarn manufacturing using extraction method except for the investments for modernization purposes (however, such modernization investments and investments in synthetic fiber and synthetic yarn manufacturing by means of extraction method made by the enterprises fulfilling all the criteria in Article 7 can only be supported by the general Investment Incentive Scheme).

SERVICES INDUSTRY

1. Education investments excluding pre-school education, primary education, high school, academy, university, higher education, technical and vocational education and investments concerning adult education (courses, training centers etc.)
2. Healthcare investments in polyclinics, doctor's office and joint offices
3. Tourism accommodation facilities excluding hotels with tourism investment/operation certificate, boutique hotels, holiday villages, special rest areas and mountain resorts
4. Press and media investments except for national daily newspaper printing services, television and radio broadcasting, and printing, press house and packaging investments
5. Movie theatre investments
6. Investments in contracting services and residential construction projects
7. Bus, tow truck and trailer investments for passenger and cargo transportation (Except for investments to be undertaken by municipalities)
8. Investments in wholesale and retail trade including hypermarket, trade center, shopping mall and car-park investments
9. Investments in maintenance, repair and service station of land vehicles
10. Petroleum products (including LPG) distribution investments, gas station investments
11. Highway stopover investments
12. Restaurants, cafeterias, entertainment facilities, daily excursion facilities, thermal cure facilities, wellness centers, and swimming pools
13. Yacht import investments
14. Vehicle rental investments
15. Carpet wash investments
16. Real estate renting and business activities (except for software, R&D activities, database activities, data processing, technical testing and analysis, packaging activities, shows, exhibitions and congress activities)
17. Investments of financial intermediary institutions except for financial leasing activities
18. Cold storage investments with an indoor area of less than 500 m²
19. Complete new and expanded shipbuilding yards

On the other hand, there are certain criteria to be fulfilled for certain investment subjects under the Investment Incentive Program. The investment subjects grouped under Agriculture and Agricultural Industry, Manufacturing and Services Industry below should satisfy certain prerequisites to receive the supports granted by this Program:

AGRICULTURE AND AGRICULTURAL INDUSTRY

1. Minimum 150 cattle in integrated dairy cattle investments
2. Minimum 150 cattle in integrated beef cattle investments
3. Minimum 150 cattle/period in integrated stock cattle breeding (beef/dairy) investments
4. 100.000 pieces/period in integrated poultry investments
5. 1.000 sheep&goat/period in integrated ovine investments for beef and dairy (those for breeding included) are compulsory

MANUFACTURING INDUSTRY

1. Total number of machine-systems in investments of flatbed knitting must be minimum 60.
2. An incentive certificate is issued only for completely new investments in ready mixed concrete investments with a minimum capacity of 100 m³ per hour and more.

SERVICES INDUSTRY

1. Investment incentive certificates can be issued for integrated logistics investments with an indoor area of at least 10,000 m², where warehousing, handling-packaging and automation services are provided together with customs and insurance services in one or more than one locations, provided that the L2 certificate granted from the Ministry of

Transportation, Maritime and Communication is submitted until the end of the incentive period. Such incentive certificates cannot cover vehicles for cargo transportation.

2. For pipe-line transportation as well as filling and storage facility investments for petroleum and natural gas products, an investment incentive certificate can be issued only for expenditures for permanent facility, excluding distribution vehicles and gas cylinders.
3. For cultural investments, an investment incentive certificate can be issued on the basis of the culture investment certificate to be received from the Ministry of Culture and Tourism. However, except for units exclusively built for this purpose, units such as food and beverage, sports, entertainment and sales units are not covered within this scope.
4. Tourism investments such as entertainment center and theme parks without accommodation venues can be granted an investment incentive certificate provided that they possess a tourism certificate issued by the Ministry of Culture and Tourism. However, except for units exclusively built for this purpose, units such as food and beverage, sports, entertainment and sales units are not covered within this scope.
5. Investment incentive certificates can be issued for fair-trade show, congress, exhibition and show center investments which possess a Culture or Tourism Certificate to be obtained from the Ministry of Culture and Tourism. For trade show and exhibition centers, minimum indoor area must be at least 5,000 m², excluding car-parks. Minimum required number of seats is 1,000 for congress centers, and 2,500 for cultural centers.
6. Minimum fixed investment amount of 10 Million TL is required for sports facility investments.
7. For airport ground handling services investments, vehicles that do not enter urban traffic but used only in the apron can be included in the scope of the investment incentive certificate. Passenger cars cannot be included within the scope of the project.
8. For aircrafts to be procured for airway services and/or cargo transportation investments, it is required that passenger aircrafts have minimum 50 seats per unit and cargo aircrafts have minimum 30,000 kg cargo capacity. Investment incentive certificates cannot be issued for investments with general purposes and air taxi services except for the investments, with an exclusive field of activity as airway services and/or cargo transportation.
9. Investment goods used by the final users of services investments in which the telecommunication, radio, television and data signals transmitted via satellite, radio, cable etc. are combined in a single package and offered to the end consumers cannot benefit from supports.
10. Investments of Public institutions and agencies, municipalities, provincial special administrations, unions, cooperatives etc. related to their field of operation will be evaluated on project basis and may be assigned an investment incentive certificate.
11. Each crane should have minimum 100 tons of lifting capacity for investments focusing exclusively on crane services. The import of second hand cranes under 500 tons lifting capacity is not allowed.
12. Minimum fixed investment amount of TL 2 Million is required for laundry washing and drying investments.
13. The yacht length should be minimum 24 meters in order to obtain an incentive certificate for yacht building investments.

Investment projects to be supported by the General Investment Incentive Scheme can benefit from VAT Exemption and Customs Duty Exemption as a general principle. In addition to this, investments made in Region 6 can receive Income Tax Withholding Support for 10 years. Supports to be granted within the scope of the General Investment Incentive Scheme are as follows:

Supports Granted Under the General Investment Incentive Scheme			
Supports		Regions 1, 2, 3, 4 and 5 (Including OIZ)	Region 6 (Including OIZ)
VAT Exemption		•	•
Customs Duty Exemption		•	•
SSP Support for Employer's Share for Ship Building Investments made in Shipyards	Implementation Period	18 MONTHS	No Coast
	Maximum Support Amount (Ratio of Support Amount to Fixed Investment Amount)		
Income Tax Withholding Support			10 years



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