

Request for additional information

Please answer the questions below and submit your answers on [TRS](#) as a “general submission”, along with any documentary evidence necessary to support your answers.

Please provide both a confidential and a non-confidential version of the submission.

Could you please complete this by Friday, **30 December 2022**? Please do contact us as soon as possible if this deadline isn't feasible.

Questions

1. In an email on 27 November, you said that you do pay property taxes and provided supporting documentation to show this.
 - a. What rate of tax was applicable to your property/land in Free Zones during the POI? Could you please explain how the tax payments seen in “Property Tax Payments- 2021 - Milenyum Metal.pdf” were calculated from this rate?

Response:

Milenyum Metal submitted ownership deeds and land purchase documents in previous submissions. However, since these submissions focused on purchase of property and Milenyum Metal did pay property tax for some of the land and buildings it owned, Milenyum Metal inadvertently missed the non-payment of property tax for its factory located at the land plot no. (Redacted - Company title deed reference). Milenyum Metal did not pay property tax for its factory.

Milenyum Metal paid property tax for the following properties for the POI (Please refer to lines in the tax payment receipts dated 28.05.2021):

BINA VERGISI (40040083 - SERBEST BÖLGE 8. CD. 9 E/Kiracılı): This property is a part of the building which is located next to the factory and used for administrative purposes. Since it is rented to affiliated company (Redacted - Company name), property tax needs to be paid and Milenyum Metal has no exemption from payment of property tax pursuant to Property Tax Law Art. 4.

The following building and land property tax payments belonged to the land plots and building purchased from privately owned (Redacted - Company name) company and sold to privately owned (Redacted - Company name) company.

BINA VERGISI (40174318 - SERBEST BÖLGE 1. CD. BILA -)
ARSA VERGISI (7992139 - SERBEST BÖLGE 1. CD. -)
ARSA VERGISI (7992142 - SERBEST BÖLGE 1. CD. -)

TAS.KÜL.VAR.KOR K.P payment is collected as “immovable cultural assets protection fund share.” It constitutes 10% of the property tax and collected separately.

ISIKSIZ TABELA payment is the tax collected by the Municipality for the unilluminated sign in front of the Milenyum Metal factory.

Milenyum Metal is located at land plot no (Redacted - Company title deed reference). After initial purchase of the land plot (Redacted - Company title deed reference) on 27.11.2006, Milenyum Metal purchased adjacent land plots (Redacted - Company title deed reference), (Redacted - Company title deed reference) and (Redacted - Company title deed reference). Land plots (Redacted - Company title deed reference) and (Redacted - Company title deed reference) were merged to (Redacted - Company title deed reference). Land plots (Redacted - Company title deed reference) and (Redacted - Company title deed reference) were merged to (Redacted - Company title deed reference). On 07.07.2021, land plots (Redacted - Company title deed reference) and (Redacted - Company title deed reference) were merged to (Redacted - Company title deed reference). Milenyum Metal’s factory is located at the present land plot (Redacted - Company title deed reference), which is [35000-40000] sqm in size. Office building, part of which is rented to (Redacted - Company name), is also included in this land plot.

We provided ownership deeds mentioned above and related purchase invoices in Attachment 1(a). All purchases were made from (Redacted - Company name).

Property tax calculation is made by municipalities based on provisions of the Property Tax Law No. 1319. Factory and office buildings of Milenyum Metal are subject to 0.4% tax charged over tax basis. In fact, property tax rate for buildings is 0.2%, however, if a property is located at a city with metropolitan municipality property tax rate is doubled. Calculation of tax basis includes calculations considering area in sqm, construction costs per sqm, heating method, existence of elevator, depreciation, minimum land value appreciation. Apart from the property tax, “immovable cultural assets protection fund share (ICAPFS)” which is 10% of the property tax should also be paid by every tax payer.

Milenyum Metal obtained from the Municipality of Melikgazi property tax and ICAPFS amount for 2021 (which were **not** paid due to exemption under Turkish Property Tax Law) as [28000- 34000] TL for the factory and offices located at land plot (Redacted - Company title deed reference). Letter from the Municipality is submitted in the Attachment 1(a)1.

- b. Could you please clarify why you pay property taxes, even though the [Ministry of Trade's website](#) states that "no property tax is paid for buildings or land in Free Zones"?

Response:

As noted above, Milenyum Metal inadvertently missed the non-payment of property tax for its factory located at the land plot no. (Redacted - Company title deed reference). Milenyum Metal did not pay property tax for its factory. However, Milenyum Metal did pay property tax for some of the land and buildings it owned during the POI.

- c. Does being in a Free Zone allow you to pay less property tax? That is, do you receive any partial exemptions from property tax as a result of being located in a Free Zone?

Response:

Being in a Free Zone allows exemption from property tax provided that the property is not rented pursuant to Property Tax Law Art. 4 paragraph (m). On the other hand, **this exemption is extended to all foundations, free zones, organized industrial zones, industrial zones, technology development zones and industrial sites (usually small maintenance and repair shops are located at "industrial sites," which exist at all cities and almost all towns). Therefore, exemption from property tax is general in nature and not specific to a region or industry. Milenyum Metal is of the opinion that property tax exemption should not be regarded as a countervailable subsidy.**

Translation and original version of the Property Tax Law Art. 4 paragraph (m) are provided below. The same can be accessed at the following link: <https://www.mevzuat.gov.tr/mevzuatmetin/1.5.1319.pdf>

Property Tax Law No. 1319 Article 4

Permanent exemptions

Article 4 - (Amended first para.: 16/10/1981-2536/1 Art.) Buildings written below are permanently exempt from building tax unless they are not rented (Except for the transfer of operating rights within the scope of the Law No. 4046 dated 24/11/1994).

....

(m) (Amended 8/12/1980 - 2350/1 Art.) Buildings belonging to foundations granted tax exemption by the President (provided that they are assigned to the subject in the foundation deed) and buildings located in organized industrial

zones, free zones, industrial zones, technology development zones and industrial sites; (Amended also by Law no 7033 Art. 10 dated 18.06.2017)

Turkish Original

Daimi muafliklar:

Madde 4 – (Değişik birinci fıkrası: 16/10/1981-2536/1 md.) Aşağıda yazılı binalar, kiraya verilmemek (24/11/1994 tarihli ve 4046 sayılı Kanun kapsamında yapılan işletme hakkı devirleri hariç) şartıyla Bina Vergisinden daimi olarak muaftır.

....

m) (Değişik : 8/12/1980 - 2350/1 md.) Cumhurbaşkanınca vergi muafiyeti tanınan vakıflara ait binalar (Vakıf senedindeki cihete tahsis edilmek şartıyla) ile organize sanayi bölgeleri, serbest bölgeler, endüstri bölgeleri, teknoloji geliştirme bölgeleri ve sanayi sitelerinde yer alan binalar;

2. Thank you for the advice you gave us regarding steel prices in Türkiye. Do you have any more detailed information on average prices in the Turkish market for ironing-board inputs during the POI? If possible, please provide prices for the following:
- Steel profiles, cold-rolled sheet, cold-rolled sheet strip and black steel pipe;
 - The fabrics/material used for ironing boards (e.g., for cotton covers);
 - Electrostatic powder coating; and
 - Paints and powder paints of the kind used for ironing boards.

Alternatively, could you please suggest some sources where we may be able to find this information?

Response:

Milenyum Metal is not aware of any sources publishing average prices for fabrics, powder coating or paints. For steel profiles one Turkish producer, Kardemir provides its historical steel profiles prices on own website at the following link: https://www.kardemir.com/fiyat_listesi. We are unable to provide any other source of information for the inputs listed in the question.

3. Please explain whether Free Zones have any effect on the prices of inputs to ironing boards.

- a. Does being in a Free Zone enable you to purchase steel, fabrics, electrostatic powder coating or paints at lower prices than if you were not located in a Free Zone?

Response:

Being in a free zone does not enable us to purchase inputs at lower prices compared to companies that are not located in a free zone. Since free zones are separate customs territories, companies located outside the free zone export goods to free zone without VAT.

- b. Do **suppliers** that are located **in Free Zones** sell at the same prices to customers inside Free Zones as to customers outside of Free Zones?

Response:

Milenyum Metal purchases inputs only from (Redacted - Company name) in the free zone. We are of the opinion that there is no price advantage to Milenyum Metal for being located in the free zone. We do not have information concerning (Redacted - Company name)'s comparative prices to its customers in the free zone and outside the free zone.

- c. Do **suppliers** that are located **outside of Free Zones** sell at the same prices to customers inside Free Zones as to customers outside of Free Zones?

Response:

We are of the opinion that suppliers that are located outside of Free Zones sell at the same prices. Milenyum Metal is not aware of any price difference. Moreover, being located in a free zone do not provide an advantage in price to Milenyum Metal for purchases from suppliers outside the free zone.

4. Using the attached spreadsheet, would you please be able to provide us with information on the subsidies received by Muhico? Please provide evidence to support your answers.
- a. Please complete tab D2 in the attached spreadsheet, providing information for the corporate-tax exemption and the income-tax exemption received by Muhico which are attributable to the POI.

Response:

Muhico did not benefit from any corporate tax exemption or income tax exemption. Milenyum Metal had provided Muhico's following documents in its initial questionnaire response submission, which show tax payments made by Muhico.

Appendix A6-3(8) Financial Statements and Tax Return 2018-MUHICO_Tur_Eng
Appendix A6-3(12) Financial Statements and Tax Return 2019-MUHICO_Tur-Eng
Appendix A6-3(16) Financial Statements and Tax Return 2020-MUHICO_Tur-Eng
Appendix A6-3(20) Financial Statements and Tax Return 2021-MUHICO_Tur-Eng

- b. If Muhico received other subsidies in the scope of this investigation, please complete whichever tabs are relevant (from D3 to D7) in the attached spreadsheet.

Response:

Muhico did not receive other subsidies in the scope of this investigation. Therefore, Milenyum Metal did not complete any of the tabs concerning subsidies in the excel file provided. Muhico employs (Redacted – Number of personnel) persons in total, its small production and office spaces are rented and the company had no imports. Under these conditions, Muhico did not benefit from any labour, property or import subsidies. Moreover, Muhico's purchases of inputs that are sold to Milenyum Metal are from private companies, so there is no benefit from government owned entities.

On the other hand, Muhico received a loan received from World Bank funds via Eximbank on 17 June 2021. **Since this loan was provided by the World Bank and not by a Turkish Government institution, TRA should not regard it as a countervailable subsidy.** Milenyum Metal provided loan documents in the Attachment 4(b).

- c. Are your purchase prices from Muhico affected by association? If so, how could we quantify the difference between your purchase prices from Muhico and purchase prices at market rates?

Response:

Muhico purchased inputs from domestic suppliers and sold to Milenyum Metal without adding a profit margin on a transaction basis. However, Muhico issued commission invoices to Milenyum Metal for the services rendered which was [2-4]% over the related period. In this respect, Muhico

earned commissions from Milenyum Metal rather than adding profits to individual sales.

Milenyum Metal provided copies of sample invoices for Muhico in the Attachment matching invoices from suppliers and sales to Milenyum Metal as a reference to procedure outlined above. Please see Attachments 4(c) 1 to 7.

Milenyum Metal also provided commission invoices issued by Muhico to Milenyum Metal in Attachment 4(c)8. (Redacted – Commission details).

As can be seen in the sample purchase-sale invoices of Muhico, purchase prices of Milenyum Metal from Muhico are not affected by association. Muhico did not sell inputs to Milenyum Metal at prices lower than its purchase prices.

5. Would you be willing to provide email addresses for the following suppliers, so we can contact them?
- [Redacted-Name of Supplier Company]
 - [Redacted-Name of Supplier Company]
 - [Redacted-Name of Supplier Company]
 - [Redacted-Name of Supplier Company]
 - [Redacted-Name of Supplier Company]
 - [Redacted-Name of Supplier Company]
 - [Redacted-Name of Supplier Company]

Response:

Contact person, telephone number and email addresses of the suppliers listed are provided below. Due to quality problems, Milenyum Metal does not have working relationship with (Redacted - Company name). Therefore, we included website contact page for this company.

(Redacted - Company name)
Contact Person: (Redacted – Personal information)
E-mail: (Redacted – Personal information)
Tel: (Redacted – Personal information)

(Redacted - Company name)
Contact Person: (Redacted – Personal information)
E-mail: (Redacted – Personal information)
Tel: (Redacted – Personal information)

(Redacted - Company name)
Contact Person: (Redacted – Personal information)
E-mail: (Redacted – Personal information)

Tel: (Redacted – Personal information)

(Redacted - Company name)

Contact Person: (Redacted – Personal information)

E-mail: (Redacted – Personal information)

Tel: (Redacted – Personal information)

(Redacted - Company name)

(Redacted - Company name)

Contact Person: (Redacted – Personal information)

E-mail: (Redacted – Personal information)

Tel: (Redacted – Personal information)

(Redacted - Company name)

Contact Person: (Redacted – Personal information)

E-mail: (Redacted – Personal information)

Tel: (Redacted – Personal information)