

REGIONAL INVESTMENT INCENTIVE SCHEME

Within the scope of the Investment Incentives Program, all provinces in Turkey have been grouped into 6 regions. According to this system, Konya is in the 2nd region and Karaman is in the 3rd region. Additionally following investments benefit from next better region's supports in terms of Tax Deduction and SSP Support (Employer's Share) (For Konya 3rd region, for Karaman 4th region)

- Investments in Organized Industrial Zones (OIZ)
 - Joint investments by multiple companies operating in the same sector
- In each province, the industries to be supported through incentives are determined based on the competitive potential of that specific province. There is a minimum fixed investment amount for each industry and region.

FAVOURABLE SECTORS FOR KONYA AND KARAMAN

Code	Sector Descriptions	Minimum Eligible Amounts For Konya (TRY)	Minimum Eligible Amounts For Karaman (TRY)
1	Integrated Livestock Investments	1 Million	500 Thousand
2	Fisheries Production	1 Million	500 Thousand
3	Food And Beverage Production	2 Million	1 Million
5	Garment Manufacturing	x	1 Million
8	Luggage, Handbags, Saddlery, Shoe Manufacturing, Etc.	1 Million	1 Million
9	Wood And Cork Products (Except Furniture), Mats	3 Million	2 Million
10	Paper And Derivatives	10 Million	10 Million
11	Chemicals	3 Million	2 Million
24	Manufacture Of Concrete Products For Construction	3 Million	2 Million
27	Main Metal Industry, Except Iron And Steel	3 Million	2 Million
28	Metallic Goods	3 Million	2 Million
33	Electrical Appliances (Not Listed Under Other Categories)	3 Million	2 Million
38	Motorcycle And Bicycle Manufacturing	3 Million	2 Million
40	Furniture	3 Million	2 Million
41	Hotels	3* and higher	3* and higher
42	Dormitories	100 students	100 students
43	Cold Storage Services	1.000 m ²	1.000 m ²
46	Hospital	1 Million	500 Thousand
46	Nurseries For The Elderly People	100 people	100 people
48	Waste Recovery And Elimination	1 Million	500 Thousand
49	Production Of Coal Gas (Synthesis Gas)	50 Million	x
50	Greenhouse	40 decares	20 decares



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For further information about incentive system in TURKEY
www.incentives.gov.tr

For more information about our city and investment climate, please visit;



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THE INVESTMENT INCENTIVE PROGRAM OF TURKEY IN KONYA AND KARAMAN



THE INVESTMENT INCENTIVE PROGRAM OF TURKEY IN KONYA AND KARAMAN

The Investment Incentive System of Turkey, has been enacted since June 15, 2012 with the Decree no. 2012/3305 and has changed in 2016 and 2017 with the Decree no. 2016/9139 and 2017/9917. Investments are supported through 4 different incentive schemes and 7 different incentive instruments designed for Konya and Karaman.

THE INVESTMENT INCENTIVE PROGRAM AND DEVELOPMENT AGENCIES

The Ministry of Economy, Directorate of Incentive Implementation and Foreign Investment is responsible for the implementation and coordination of investment incentive program at the national level. Regional Development Agencies (RDAs) are entitled to issue General and Regional Incentive Certificates provided that investment costs per project do not exceed TRY 10 million. In addition, if given by Ministry of Economy, Development Agencies could make document closing process. RDAs are also commissioned to monitor and report the progress of incentivised investments. Mevlana Development Agency gives information for the investors about investment incentive system and prepares documents in regional level.

SUPPORT MEASURES AND SCHEMES OF THE INVESTMENT INCENTIVES PROGRAM

Supports	General Scheme	Regional Scheme	Large Scale Scheme	Strategic Scheme
VAT Exemption	✓	✓	✓	✓
Customs Duty Exemption	✓	✓	✓	✓
Tax Deduction		✓	✓	✓
SSP* Support (Employer's share)		✓	✓	✓
Interest Rate Support		✓		✓
Land Allocation		✓	✓	✓
VAT Refund**				✓

* SSP: Social Security Premium

** For strategic investments with a minimum fixed investment amount of TRY 500 Million.

GENERAL INVESTMENT INCENTIVE SCHEME

This scheme supports all investments fulfilling conditions on specific level of capacity and minimum fixed investment amounts regardless of the regions. The minimum fixed investment amount is 1 million TL in Konya and 500 thousand TL in Karaman. The investment subject under the program

- Should not be one of "Investment Subjects not Supported",
- Should meet specific criteria set for the "Conditionally Supported Investment Subjects"



PRIORITY INVESTMENTS

The investment incentives system defines certain investment areas as “priority” and offers them the regional support extended to Region 5 by the Regional Investment Incentives Scheme, regardless of the region of the investment. If the fixed investment amount in priority investments is TRY 1 billion or more, tax reduction will be applied by adding 10 points on top of the “rate of contribution to investment” available in Region 5.



SPECIFIC PRIORITY INVESTMENTS TO BE SUPPORTED BY INCENTIVES EXTENDED TO EVEN WHEN MADE IN KONYA AND KARAMAN

INVESTMENTS SUBJECTS

1	Tourism accommodation investments
2	Mining, Mine extraction/exploration investments
3	Railroad and maritime freight or passenger transportation investments
4	Defense industry investments
5	Test centers, wind tunnels, and similar investments
6	Education Investments
7	International trade fair investments
8	Investments for the manufacturing of products or parts developed by an R&D project
9	Investments in the motor vehicles main industry min. TRY 300 million, engine investments min. TRY 75 million and investments for motor engine parts min. TRY 20 million
10	Investments for power generation where metals used as inputs stated in the 4-b group of Article 2 of the current Mining Law
11	Energy efficiency projects Investments
12	Investments for electricity generation through waste heat recovery in a facility (excluding natural gas-fired electricity generation plants)
13	Liquefied natural gas (LNG) investments and underground gas storage investments with a minimum amount of TRY 50 million
14	Investments for the production of carbon fiber or composite materials
15	Investments for the production of items in high-tech industry segment
16	Investments for the production of turbines and generators used in renewable energy generation, as well as investments for the production of blades used in wind energy generation
17	Integrated flat aluminum products producing investments
18	Licensed warehousing investments
19	Nuclear power plant investments



INVESTMENT SUBJECTS OF MEDIUM HIGH-TECH INDUSTRY

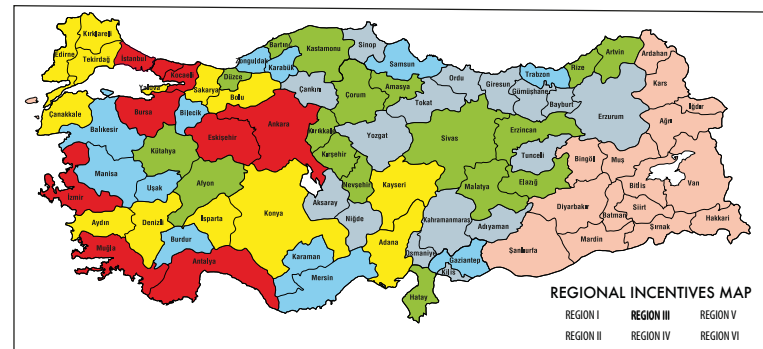
Investments for the production of items in medium high-tech industry segment stipulated in the Organization for Economic Cooperation and Development's (OECD) definition for technology intensity will be able to benefit from the instruments of Region 4 regardless of the location of the investment.



TERMS AND RATES OF SUPPORTS IN REGIONAL INVESTMENT INCENTIVES

INCENTIVES		KONYA	KARAMAN	MEDIUM HIGH-TECH INVESTMENT	PRIORITY	
VAT Exemption		✓	✓	✓	✓	
Customs Duty Exemption		✓	✓	✓	✓	
Land Allocation		✓	✓	✓	✓	
Interest Rate Support	TRY Loans	X	3 Points	4 Points	5 Points	
	FX Loans	X	1 Points	1 Points	2 Points	
Tax Deduction	Rate of Contribution to Investment (%)	Out of OIZ*	20	25	30	40
		Within OIZ	25	30	40	50
	Deduction Rate (%)	Out of OIZ*	55	60	70	80
		Within OIZ	60	70	80	90
SSP Support (Employer's Share)	Duration of support	Out of OIZ*	3 Years	5 Years	6 Years	7 Years
		Within OIZ	5 Years	6 Years	7 Years	10 Years
	Rate of Contribution to Investment (%)	Out of OIZ*	15	20	25	35
		Within OIZ	20	25	35	No limit

* OIZ: Organized Industrial Zone



LARGE SCALE INVESTMENT INCENTIVE SCHEME

Large scale Investment Incentive Scheme supports 12 different investment categories which will potentially foster Turkey's technology and R&D capacity and competitiveness.

This scheme supports 12 investment categories:

Investment Subjects	Minimum Investment Amount (TRY Million)
Production of Refined Petroleum Products	1.000
Production of Chemical Products	200
Harbors and Harbor Services	
Automotive OEM Investments	
Automotive Supply Industries Investments	
Railway and Tram Locomotives and/or Railway and Tram Cars	50
Transit Pipe Line Transportation Services	
Electronics	
Production of Medical, High Precision and Optical Equipment	
Pharmaceuticals	
Aircraft and Space Vehicles and/or Parts	
Machinery	
Integrated Metal Production	



TERMS AND RATES OF SUPPORTS IN LARGE SCALE INVESTMENT INCENTIVES

INCENTIVES		KONYA	KARAMAN	
VAT Exemption		✓	✓	
Customs Duty Exemption		✓	✓	
Land Allocation		✓	✓	
Tax Deduction	Contribution to Investment (%)	Out of OIZ*	30	35
		Within OIZ	35	40
	Deduction Rate (%)	Out of OIZ*	55	60
		Within OIZ	60	70
SSP Support (Employer's Share) (Years)	Duration of support	Out of OIZ*	3 Years	5 Years
		Within OIZ	5 Years	6 Years
	Contribution to Investment (%)	Out of OIZ*	5	8
		Within OIZ	8	10



STRATEGIC INVESTMENT INCENTIVE SCHEME

This scheme supports the investments which satisfy the following criteria:

- Production of largely imported intermediate and final goods, of which domestic production capacity is less than the imports
- Minimum fixed investment amount of 50 million TRY
- Generation of a minimum 40% value added, unless the investment is in refined petroleum or petrochemicals production
- The total import value of the goods to be manufactured shall be at least \$50 million in the past one year period (This condition is not applicable to goods with no domestic production)



TERMS AND RATES OF SUPPORTS IN STRATEGIC INVESTMENT INCENTIVE SCHEME

INCENTIVES		ALL REGIONS
VAT Exemption		✓
Customs Duty Exemption		✓
Land Allocation		✓
SSP (Employer's Share)		7 Years
VAT Refund*		✓
Tax Deduction	Rate of Contribution to Investment (%)	50
	Deduction Rate (%)	90
Interest Rate Support	TRY Loans	5 Points
	FX loans	2 Points

* Only for building expenditures of the investments over TRY 500 million



SUPPORT INSTRUMENTS

Value Added Tax (VAT) Exemption: VAT is exempt for imported and/or domestically delivered machinery and equipment within the scope of the investment incentive certificate.

Customs Duty Exemption: Customs duty is exempt for imported machinery and equipment within the scope of the investment incentive certificate.

Tax Deduction: The income or corporate tax is calculated on basis of reduced rates until the total amount of reduced tax reaches the amount of contribution to the investment. The rate of contribution to investment refers to the rate of the total fixed investment amount that is subject to tax reduction.
Social Security Premium (SSP) Support (Employer's Share): For additional employment created by the investment, the employer's share of the social security premium calculated on basis of the legal minimum wage will be covered by the government.

Interest Rate Support: Interest rate support is a financial support instrument provided for investment loans with a term of at least one year obtained within the scope of an investment incentive certificate. A portion of the interest/profit share regarding the loan equivalent, at most 70 percent of the fixed investment amount registered in the investment incentive certificate, will be covered by the government.

Land Allocation: Government land will be allocated for the investments with incentive certificate under large scale, strategic and regional incentive schemes in accordance with the rules and principles defined by the Ministry of Finance, depending on availability of such land at the locations referred by the investor.

VAT Refund: VAT collected on construction expenses, made within the scope of strategic investments with a minimum fixed investment amount of TRY 500 million, will be rebated