

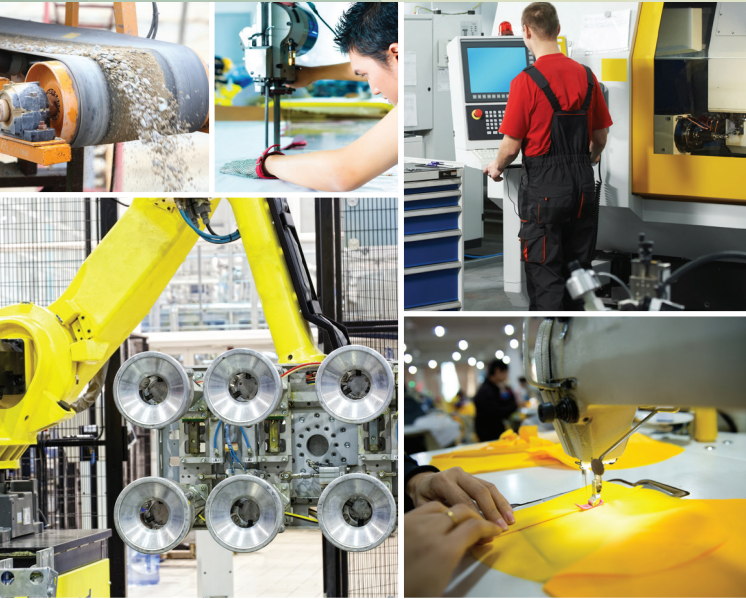


WESTERN BLACK SEA DEVELOPMENT AGENCY
Zonguldak Investment Support Office

ZONGULDAK
INVESTMENT SUPPORT OFFICE

THE NEW INVESTMENT INCENTIVE SYSTEM

*Invest in Zonguldak,
Invest with Confidence!*



You can access the details of
New Incentive System and application requirements from
www.economy.gov.tr
&
www.incentives.gov.tr

Contact Zonguldak ISO Team for more than just advice.

ZONGULDAK
INVESTMENT SUPPORT OFFICE

Address:

Güney Mah. Zonguldak Yolu Cad. No: 36 67600 Kozlu / Zonguldak

Phone: +90 (372) 257 74 70

Fax: +90 (372) 257 74 72

E-Mail: info@zonguldakyatirim.com

zonguldakydo@bakka.gov.tr

www.investzonguldak.com

www.english.bakka.gov.tr

Strategic Investment Incentive Scheme

Investments meeting the criteria below are supported within the framework of the Strategic Investment Incentives Scheme:

- The domestic production capacity for the product to be manufactured with the investment shall be less than the import of the product.
- The investment shall have a minimum investment amount of TRY 50 million.
- The investment shall create a minimum added-value of 40% (this condition is not applicable to refinery and petrochemicals investments).
- The total import value of the product to be manufactured with the investment shall be minimum of USD 50 million as of the past one year (excluding products that are not locally produced).

The support measures are;

- ✓ VAT exemption
- ✓ Customs duty exemption
- ✓ Tax Deduction
- ✓ Social Security Premium Support– Employer's Share
- ✓ Land Allocation
- ✓ Interest Support
- ✓ VAT Refund

Priority Investments

The new 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. This is an upgrading opportunity for the investors. Please contact with Zonguldak Investment Support Office for further information about priority investments issues.

Next Better Region's Supports

Following investments that are in the scope of regional investment incentive scheme or large scale investment incentive scheme benefit from next better region's supports in terms of Tax Deduction and Social Security Premium Support (Employer's Share)

- Investments in Organized Industrial Zones
- Joint Investments by multiple companies consist of at least 5 companies operating in the same sector

Who Can Apply for Investmet Incentives?

1. Individuals
2. Partnerships
3. Capital stock companies i.e. a joint stock company
4. Cooperatives
5. Unions
6. Joint ventures
7. Public institutions and entities
8. Institutions of Professionals that have Public Status.
9. Associations and foundations
10. Local branches of foreign companies

THE NEW 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 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 investments that are tied to an investment incentive certificate (IIC).

Investors can apply to Zonguldak Investment Support Office of Western Black Sea Development Agency for further information about incentives related to Zonguldak.



THE NEW INVESTMENT INCENTIVE SYSTEM

The new investment incentives scheme is specifically designed to encourage investments with the potential to reduce dependency on the importation of intermediate goods vital to the country's strategic sectors.

Within the scope of the new Investment Incentives Program, all provinces in Turkey have been grouped into 6 regions according to the level of economic and social development as indicated by the 2011 socio-economic development index of the Ministry of Development.



THE SUPPORT MEASURES

VAT Exemption

Investment machinery and equipment imported and/or locally provided within the scope of the incentive certificate will be VAT exempt.

Customs Duty Exemption

Investment machinery and equipment imported within the scope of the incentive certificate will be customs duty exempt.

Tax Deduction

The investor's income will be taxed at reduced rates until the total value reaches the amount calculated on the basis of government's contribution rate determined for that specific investment.

Social Security Premium Support– Employer's Share

The Ministry of Economy will assume the costs associated with the social security premium, to be paid by the Employer for the new staff, in the amount corresponding to the legal minimum wage.

Interest Support

This support will be available for investment loans which were borrowed to finance the investment with a term of at least one year and which shall not exceed 70% of the fixed investment amount registered on the certificate. The Ministry of Economy will pay a portion of the interest/profit share of the loan up to certain maximum limits.

Land Allocation

Government land will be allocated for the investments in accordance with the rules and principles of the Ministry of Finance, depending on availability of such land at the locations preferred by the investor.

VAT Refund

VAT collected on the building & construction expenses made for the strategic investments will be rebated provided that the fixed investment amount is over 500 million TL. This support will be available for the investments which are eligible for the Strategic Investment Incentive Scheme.

THE NEW INVESTMENT INCENTIVE SYSTEM SCHEMES

The new investment incentives system is comprised of four different schemes. Local and foreign investors have equal access to:

1- General Investment Incentives Scheme

- 2- Regional Investment Incentives Scheme
- 3- Large-Scale Investment Incentives Scheme
- 4- Strategic Investment Incentives Scheme

Support Measures	General Investment Incentive Scheme	Regional Investment Incentive Scheme	Large Scale Investment Incentive Scheme	Strategic Investment Incentive Scheme
VAT Exemption	✓	✓	✓	✓
Customs Duty Exemption	✓	✓	✓	✓
Tax Reduction		✓	✓	✓
Social Security Premium Support (Employer's Share)		✓	✓	✓
Interest Support		✓		✓
Land Allocation		✓	✓	✓
VAT Refund				✓

General Investment Incentive Scheme

Regardless of the region where investment takes place, all projects meeting both the specific capacity conditions and the minimum fixed investment amount are supported within the framework of the General Investment Incentives Scheme. Some types of investments are excluded from the investment incentives system and would not benefit from this scheme.

The minimum fixed investment amount is TRY 500,000 in Zonguldak.

Major investment incentive instruments are:

- ✓ Value Added Tax (VAT) exemption
- ✓ Customs duty exemption

Regional Investment Incentive Scheme

Within the scope of the new Investment Incentives Program, all provinces in Turkey have been grouped into 6 regions. According to this system, Zonguldak is in the 3rd region.

The sectors to be supported in each region are determined in accordance with regional potential and the scale of the local economy. The minimum fixed investment amount is defined separately for each sector and region. The lowest amount is TRY 500,000 in the 3rd region.

The support measures are;

- ✓ VAT exemption
- ✓ Customs duty exemption
- ✓ Tax Deduction
- ✓ Social Security Premium Support– Employer's Share
- ✓ Land Allocation
- ✓ Interest Support

For further and detailed information about regional investment incentives related to Zonguldak, please contact Zonguldak Investment Support Office.

Large Scale Investment Incentive Scheme

No	Investment Subject	Minimum Investment Amount (Million TL)
1	Production of Refined Petroleum Products	1000
2	Production of Chemical Products	200
3	Harbours and Harbour Services	200
4	Automotive OEM and Supply Industries	
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	50
8	Medical, High Precision and Optical Equipment	
9	Pharmaceuticals	
10	Aircraft and Space Vehicles and/or Parts	
11	Machinery (Including Electrical Machinery and Equipment)	
12	Integrated Metal Production	

Within the scope of large scale investment incentives, investments that satisfy specific conditions and have minimum fixed investment amount determined in the table above are supported with,

- ✓ VAT exemption
- ✓ Customs duty exemption
- ✓ Tax Deduction
- ✓ Social Security Premium Support – Employer's Share
- ✓ Land Allocation