

New Tax Exemptions for R&D Activities in Turkey

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Turkey has introduced income tax exemptions for salary payments in relation to certain specified tasks conducted outside of R&D Centers, provided these tasks are related to ongoing projects. A tax exemption is also introduced for staff expenses when undertaking postgraduate study. Further, 50% of R&D expenses can now be disregarded when calculating the previous years' profits.

Income Tax Exemption for Time Spent on Ongoing Projects, Conducted Outside of R&A Centers

100% of an employee's salary can be exempt from income tax in relation to the following activities and operations conducted outside of R&D centers, provided the work is directly related to the R&D center's on-going projects:

- Analysis, tests and experiments conducted in laboratories.
- Activities and operations in other R&D centers.
- Field research.
- Scientific activities limited to the project's personnel.

To access the exemption, approval is required from the R&D and Design Center Administration or administrative company of the Technology Development Center and Ministry of Science, Industry and Technology.

Time Spent Outside of R&D Centers, Within the Scope of Postgraduate Studies

100% of expenses for R&D or design personnel are exempt from income tax during study outside the R&D center, provided the person has worked in the technology development center for at least one year and the study directly relates to an ongoing project at the R&D center. The exemption applies for:

- One and a half years for postgraduate study
- Two years for doctoral studies

To access the exemption, approval is required from the R&D and Design Center Administration or administrative company of the Technology Development Center and Ministry of Science, Industry and Technology.

50% of R&D Expenses Exempt when Calculating Previous Years' Profits

50% of R&D, innovation or design expenses from the previous year will be exempt from consideration when determining the company's profit within the scope of Corporate Tax Law and commercial income within the scope of Income Tax Law, until 31 December 2023.

To be eligible, any of the following items will be increased at least 20% from the previous year:

- Ratio of the R&D or design expenses within total revenue.
- Number of national and international registered patents.
- Number of projects which are internationally funded.
- Ratio of the total number of researchers with a postgraduate degree, compared to the total number of R&D personnel.
- Ratio of the total number of researchers, compared to the total number of R&D personnel.
- Ratio of the revenue made from new R&D products, compared to total revenue

Please see these links for the full text Council of Ministers Decisions (only available in Turkish).

- [Decision on Determination in the Scope of Income Tax Withholding Incentive of the Expenses of the Activities which are made outside of the R&D or Design Center or Area by the Personnel who Work in R&D or Design Centers and Technology Development Centers No. 2016/9091 \(published in Official Gazette number 29798 on 11 August 2016\).](#)
- [Decision on Relief Regarding Revenue Determination of R&D, Innovation and Design Expenses No. 2016/9092 \(published in Official Gazette number 29797 on 10 August 2016\).](#)

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