

Turkey Takes Steps to Support and Encourage Industrial Zones

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Turkey has introduced major changes to the legislative regime governing the various types of industrial zones. Changes include expanding the definition of "industrialist" to include IT and software, introducing a pre-registration system for industrial institutions, as well as introducing various tax and employment incentives which collectively support and encourage these industrial areas.

The Law Amending Some Laws and Decrees on the Promotion of Industry and Production Support ("**Law**") was published in Official Gazette number 30111 on 1 July 2017.

Notable changes introduced by the Law include:

Industrial Institutions

- The definition of "industrialist" has been extended in the Industrial Register Law to now include entities producing information technology and software.
- An electronic pre-registration system is introduced to inform newly established industrial enterprises of their obligations, before they begin production activities.
- Before beginning production activities, industrial undertakings must now electronically pre-register with the industrial register, maintained by the Ministry of Science, Industry and Technology ("**Ministry**").
- Applicants are no longer required to physically deliver their application documents after submitting online applications.
- Industrial enterprises which fail to pre-register will receive administrative fines equivalent to the fines issued for failure to register in the industrial register.
- Administrative fines will be imposed on entities which fail to register in the industrial registry by 1 July 2018.

Tax Exemptions

A range tax exemptions now apply to industrial zones, free zones, technology development zones, as well as industrial sites:

- Stamp tax will no longer apply to land allocation contracts within these areas.
- Allocation procedures requiring annotations for land in these areas are now exempt from the taxes and fees.
- Buildings in these areas are now exempt from property tax.

New Health Zones

Health zones can now be in Trabzon and Zonguldak, in accordance with the Council of Ministers' established in accordance with the public interest decision and the Ministry of Health recommendation.

Organized Industrial Sites

A range of changes have been announced for rules and obligation related to Organized Industrial Sites.

- The Ministry of Science, Industry and Technology now has discretion to grant financial credit to Organized Industrial Sites for projects which are necessary for their activities.
- The Ministry of Science, Industry and Technology can now provide interest support for loans from financial institutions.
- Organized Industrial Sites can now be established outside Turkey, with approval from the Council of Ministers.

Technology Development Zones

Employment incentives are introduced in Technology Development Zones for graduates from basic science departments (math, physics, chemistry and biology) of higher education institutions. The Ministry will pay enterprises in Technology Development Zones which employ R&D personnel in these basic science fields. Provided these employees do not exceed 10% of total employees, for each qualifying employee, the Ministry will the employer the minimum monthly wage, for up to two years.

Special Industrial Zones

- The Council of Ministers will declare the following areas to be private industrial zones:
 - Land area of at least 150,000 m2, with the necessary permits, which would provide at least 50,000 m2 of land for the new investment area or;
 - Land area of 200,000 m2, which do not have any established industrial facilities.
- The minimum investment for areas in private industrial zones is 400,000 Turkish Lira, for investments of five years or less.
- Lands within private industrial zone can be sold or rented in parcels.

Please see this [link](#) for full text of the Regulation (only available in Turkish).

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