

advantis
MASTERING TÜRKİYE

“*Powerhouse for
investments in
the Türkiye
century*”

9 measures designed to strengthen
Turkey's attractiveness to foreign
investors



PRESIDENCY OF
THE REPUBLIC OF TÜRKİYE
**INVESTMENT &
FINANCE OFFICE**

**POWERHOUSE
FOR INVESTMENTS**
IN THE TÜRKİYE CENTURY

POWERHOUSE FOR INVESTMENTS IN THE TÜRKİYE CENTURY

- 1 Istanbul Financial Center incentive framework
- 2 Expansion of tax incentives for transit trade
- 3 Corporate tax reduction for manufacturing and production activities
- 4 Expansion of tax incentives for service exports
- 5 Tax incentives for Qualified Service Centers
- 6 Simplification of investment processes and the One-Stop Shop Model
- 7 20-year tax regime for individuals relocating to Turkey ("Non-Dom" Regime)
- 8 Bringing overseas assets to Turkey
- 9 Strengthening entrepreneurship and the startup ecosystem



MEASURE 1/9

THE ISTANBUL FINANCIAL CENTER ENHANCES ITS TAX BENEFITS



WHY THIS MEASURE



Turkey aims to make the Istanbul Financial Center one of the world's leading international financial hubs



Attract more international financial institutions

Expand financial service exports

Strengthen the competitiveness of Turkey's financial center



WHAT CHANGES

Today :

✓ Income from **financial service exports** already benefits from a 100% deduction from the corporate tax base until 2031.

Tomorrow :

➡ This incentive would be extended until **2047**.



The **financial activity fee exemption** would be extended from 5 years ➡ to 20 years



OTHER BENEFITS OF THE ISTANBUL FINANCIAL CENTER

- ✓ Exemption from banking and insurance transactions tax
- ✓ Stamp duty exemption
- ✓ Tax benefits for qualified international employees
- ✓ Option to maintain accounting records in foreign currencies



MEASURE 2/9

EXPANSION OF TAX INCENTIVES FOR TRANSIT TRADE





WHY THIS MEASURE

Turkey aims to strengthen its role as an international trading platform by encouraging companies to manage their international trade operations from Turkey.



Expand transit trade activities

Attract regional headquarters and international trading platforms

Strengthen Turkey's attractiveness as an intercontinental commercial hub



WHAT CHANGES

In addition to traditional transit trade, **tax incentives are now extended to intermediation activities** in overseas commercial transactions.

In other words, a company may benefit from these incentives even when it arranges or **facilitates a commercial transaction between two foreign countries without the goods necessarily transiting through Turkey.**



CURRENT REGIME

For companies established in the
Istanbul Financial Center

50% of income from transit trade
is deductible from the corporate
income tax base



NEW TAX FRAMEWORK



✓ For companies established in the **Istanbul Financial Center** and in certain **Designated Industrial Zones** :

✓ **100% of income is deductible** for 20 fiscal years



✓ For companies operating outside these zones :

✓ **95% of income** from transit trade and international commercial intermediation activities becomes deductible



MEASURE 3/9

CORPORATE TAX REDUCTION FOR MANUFACTURING & PRODUCTION ACTIVITIES



WHY THIS MEASURE



Turkey aims to **strengthen its industrial base** by encouraging companies to manufacture locally



Support domestic production

Strengthen the competitiveness of Turkish industry

Attract more high-value-added industrial investment



CURRENT REGIME

- ✓ The standard **corporate income tax rate is 25%**.
- ✓ **Manufacturing activities** benefit from a reduced rate of **24%**.
- ✓ **Income from exports** benefit from a **20%** rate.
- ✓ For **exporting manufacturers**, only **20%** rate applies with no additional benefit for manufacturing.



NEW TAX FRAMEWORK



Companies that

- ✓ hold an **industrial registration certificate**, and
- ✓ operate exclusively in **manufacturing or production**

✓ will now benefit from a **corporate income tax rate of 12.5%**.



The same rate will apply to companies exclusively engaged in **agricultural production**.



MEASURE 4/9

EXPANSION OF TAX INCENTIVES FOR SERVICE EXPORTS



WHY THIS MEASURE



Turkey aims to strengthen the **competitiveness of its companies** in international markets by encouraging service exports



Support internationally oriented companies

Promote foreign currency earnings

Strengthen Turkey's attractiveness as a base for service exports



THE TAX FRAMEWORK BECOMES MORE ADVANTAGEOUS

✓ Current regime

Income from service exports benefited from an **80% tax deduction**.

✓ Under the reform

✓ This deduction is increased to **100%**.



Companies will therefore benefit from a **full tax exemption** on income from their service exports



ONE CONDITION TO BE MET

Income
generated from
service exports
must be
transferred to
Turkey



MEASURE 5/9

TAX INCENTIVES FOR QUALIFIED SERVICE CENTERS



WHY THIS MEASURE



Turkey is introducing a **new Qualified Service Center status** to strengthen its attractiveness to international groups.



Expand high-value-added service exports

Attract more international investment

Position Turkey as a regional hub for the service centers of multinational companies



WHO CAN BENEFIT

The Qualified Service Center status will be available to companies that :

- ✓ Operate in at least **3 countries**
- ✓ Generate at least **80% of their annual revenue** from affiliated entities **located abroad.**



A DOUBLE TAX BENEFIT

1 FOR THE COMPANY

*Corporate income tax
incentives*

✓ **95% deduction from the corporate income tax base** for eligible foreign-source service income transferred to Turkey

✓ **100% deduction** for centers established in the **Istanbul Financial Center** or in **designated industrial zones**

✓ Benefits granted for **20 fiscal years**



A DOUBLE TAX BENEFIT

2 FOR THE EMPLOYEE

*Income tax
incentives*

✓ **Income tax exemption for salaries up to 4x the gross minimum wage** for centers located outside the Istanbul Financial Center

✓ **Up to 6x the gross minimum wage** for centers operating within the Istanbul Financial Center and in designated industrial zones

✓ **Stamp duty exemption** for the relevant employment-related documents



MEASURE 6/9

SIMPLIFICATION OF INVESTMENT PROCESSES AND THE ONE-STOP SHOP MODEL



WHY THIS MEASURE



Turkey aims to simplify the administrative procedures related to investment projects by implementing a **One-Stop Shop** model.



Reduce administrative processing times

Simplify procedures for investors

Improve the business environment and company experience



WHAT CHANGES

Investors will now benefit from a **single point of contact** responsible for coordinating the various administrative procedures required for their project.

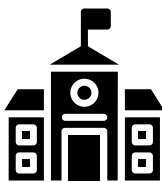
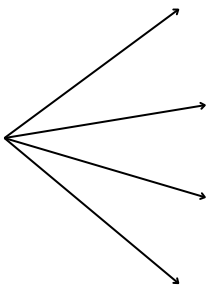
This model will **centralize procedures** and ensure **better monitoring** throughout the investment process.



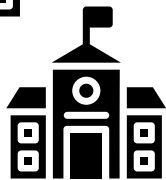
Company



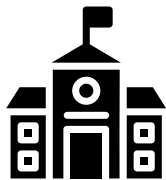
One-Stop-Shop



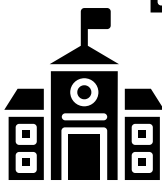
Administration A



Administration B



Administration C



Administration D





KEY DEVELOPMENTS

- ✓ **Centralization** of administrative procedures
- ✓ **Simplified** communication between investors and the relevant administrations
- ✓ **Faster** procedures for investment projects
- ✓ **Smoother** support throughout the project



MEASURE 7/9

20-YEAR TAX REGIME FOR INDIVIDUALS RELOCATING TO TURKEY (“NON-DOM” REGIME)



WHY THIS MEASURE



Turkey aims to attract more **executives, investors, entrepreneurs and international talent** by introducing a new tax regime inspired by the “**Non-Dom**” frameworks used in certain countries



Attract internationally mobile individuals

Encourage inflows of capital and foreign currency

Strengthen Turkey's attractiveness as an investment and residence destination



WHO CAN BENEFIT

All individuals, including Turkish citizens, who have not been tax residents or domiciled in Turkey during the previous 3 calendar years.



KEY BENEFITS



✓ **20-year exemption** from income tax on **foreign-source** income and gains

✓ **Reduction of inheritance** and transfer tax to 1% (previously 10%)



IMPORTANT : income generated in Turkey will remain subject to the standard Turkish tax regime



MEASURE 8/9

BRINGING OVERSEAS ASSETS TO TURKEY



WHY THIS MEASURE



In addition to measures designed to attract international entrepreneurs and talent, Turkey is introducing the “**Bring It Home**” scheme to encourage the **repatriation of overseas assets** into the Turkish economy.



Promote investment in Turkey

Encourage capital repatriation

Strengthen the financial resources of the Turkish economy



SCOPE OF APPLICATION

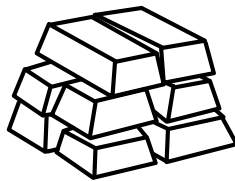
Individuals and legal entities will be able to declare and transfer their overseas assets to Turkey



Cash



Foreign
currency



Gold



Shares,
bonds,
securities



Other



TAX TREATMENT IMPLEMENTED



- ✓ **Tax rate ranging from 0% to 5%** depending on the investment instrument and the associated holding period
- ✓ **No tax audit** concerning the origin of the assets, provided the conditions of the scheme are met





KEY DATES TO REMEMBER

- ✓ Assets must be declared to a bank or financial institution by **31 July 2027**.
- ✓ They must then be transferred to Turkey within **2 months**.



MEASURE 9/9

STRENGTHENING ENTREPRENEURSHIP AND THE STARTUP ECOSYSTEM



WHY THIS MEASURE



Turkey is strengthening its entrepreneurial ecosystem to support the creation, development and financing of innovative startups.



Encourage technological innovation

Facilitate startup creation and growth

Attract more entrepreneurs, talent and investors



KEY DEVELOPMENTS



Digital company

Company formation and management fully online, with exemption from registration fee and chamber contributions for 3 years.



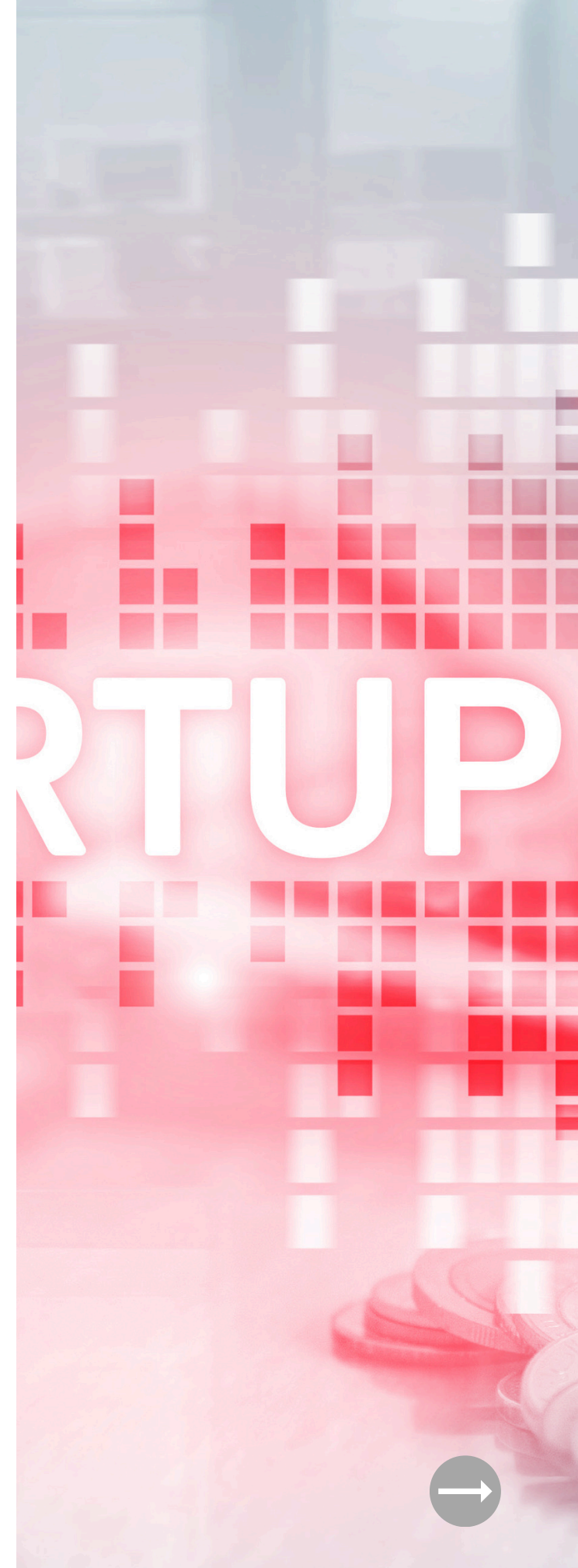
Employee stock options (ESOP)

The Employee Stock Option Plan regime is relaxed to encourage employee participation in company equity.



Venture capital

Financing tools are simplified to facilitate investment in technology startups and improve their access to capital.



TERMINAL ISTANBUL

Beyond the tax and regulatory measures, Turkey is developing Terminal Istanbul, a future innovation hub bringing together within a single ecosystem :

- ✓ Startups
- ✓ Investors
- ✓ Technology companies
- ✓ Talent



THANK YOU FOR FOLLOWING US

Throughout this series, we have presented the 9 new incentive measures under the “**Powerhouse for Investments in the Türkiye Century**” program.

These reforms reflect the country’s **ambition to strengthen its attractiveness to international investors**, companies and talent.

Do you have an establishment, development or investment project in Turkey?

Advantis teams are available to support you at every stage of your project.



Interested in the Turkish market ?

CONTACT US



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Strategic partner of your development in the Turkish market since 2003

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