



**CIRCULAR NUMBER: 2025/116eng.**

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## **THE PRESIDENTIAL DECREE IMPLEMENTING NEW INVESTMENT INCENTIVE SYSTEM HAS BEEN PUBLISHED**

The investment incentive system has been restructured by Decree No. 9903 on State Aid for Investments (hereinafter referred to as the “Decree”) published in the Official Gazette dated 30 May 2025 and numbered 32915. This circular provides information about the restructured investment incentive system.

### **1. New Incentive System and Support Elements**

The Decree has repealed the Decree No. 2012/3305 on State Aid for Investments and the Decree No. 2018/11201 on Support for Investments within the Scope of the Attraction Centers Program, which currently form the basis of the investment incentive system.

The incentive system covered by Decree No. 2012/3305, which has been repealed, had been classified into three groups: incentives for general, regional, and strategic investments. Decree No. 9903 categorizes the incentive system into three main categories: the “**Türkiye's Century Development Initiative**,” the “**Sectoral Incentive System**,” and “**Regional Incentives**.” Within the scope of the decree, incentive certificate applications to be filed until 31 December 2030 will be assessed.

The following section provides information about the structure of this new incentive system.

### **1.1. Türkiye's Century Development Initiative**

Türkiye's Century Development Initiative consists of the following three programs:

- **Technology Initiative Program;**
- **Local Development Initiative Program;**
- **Strategic Initiative Program.**

Investments supported under these programs may benefit from regional incentives and the following support elements.

- Customs duty exemption;
- Value Added Tax (VAT) exemption;
- Tax deduction;
- Interest or profit share support;
- Machinery support;
- Investment site allocation.

### **1.2. Sectoral Incentive System**

The Sectoral Incentive System consists of the following two sub-incentive systems:

- **Priority Investment Incentive System**
- **Targeted Investment Incentive System**

Investments supported under these programs may benefit from regional incentives and the following support elements.

- Customs duty exemption;
- VAT exemption;
- Tax deduction;
- Interest or profit share support;
- Investment site allocation.

### **1.3. Regional Incentives**

Investments supported under the Türkiye's Century Development Initiative and Sectoral Incentive System may benefit from the following support elements depending on the investment region.

- Employer's insurance premium contribution
- Insurance premium support (for investments to be made in Region 6)

## 2. Fixed Investment Amounts Have Been Re-determined

- Investments eligible for support must be related to the investment areas specified in **Annex 3 of the Decree** and must meet the conditions specified for these areas. This condition will not be sought for investments supported under the Türkiye's Century Development Initiative, Digital Transformation Program, Green Transformation Program, and investments to be made in existing facilities holding an industrial registry certificate to provide protection against earthquake or fire risks.
- Unless the minimum fixed investment amount is specified otherwise, in order for investments to benefit from support elements, the minimum fixed investment amount must be 12 million TL in **regions 1 and 2**, and **6 million TL in other regions**.
- In case of investments to be made through leasing, the total amount of machinery and equipment subject to leasing must be **at least 3 million TL** for each leasing company.
- Investments and expenditures to be made by investors not classified as Small and Medium Sized Enterprises or investors supported under the Local Development Initiative Program until the investment completion visa date shall not be less than 2% of the fixed investment amount. This provision shall not apply to investments for which tax deduction support is not foreseen.
- The minimum fixed investment amount for investments to be supported under the Strategic Initiative Program has been determined as **100 million TL for investments in the production of high-tech products** and **200 million TL** for other investments.

## 3. Revaluation and Limit Application

- The Turkish lira amounts set forth in the Decree and its annexes will be updated each year, in order to be effective at the beginning of the calendar year, by taking into account the revaluation rate for the previous year. This makes it possible to update the minimum investment and support thresholds every year.
- The total value of VAT exemption, customs duty exemption, tax deduction, interest or profit share support and machinery support calculated using the revaluation rate taking into account the year of utilization cannot exceed the actual fixed investment amount calculated by taking into account the revaluation rate. This provision will enter into force on 1 January 2026.

## 4. Priority Investment Areas Have Been Redefined

- Solar energy-based electricity generation facility investments and wind energy-based electricity generation facility investments to be made for the self-consumption of manufacturing industry enterprises have been included among the priority investment issues.

- Except for the investments to be made in Istanbul; investments for the production of medium high technology products specified in the priority product list published within the scope of the Technology Initiative Program and investments for the production of medium high technology products with a minimum amount of 1 billion TL will benefit from the priority investment incentive system.

- Investments to be made in existing facilities holding an industrial registry certificate to provide protection against earthquake or fire risks have been included among the priority investment issues.

## **5. A new support was introduced under the name of Machinery Support**

If requested, 25% of the cost of machinery and equipment with a unit price of 2 million Turkish liras or more, excluding other costs, procured within the investment period of the incentive certificate issued for the investments supported within the scope of the Türkiye's Century Development Initiative, will be paid to the investor from budget resources. The Decree sets upper limits for machinery support depending on the type of program to which it is subject. No interest or profit share support will be provided for investments benefiting from machinery support.

## **6. Significant changes have been made in the Discounted Corporate Tax Support**

- Article 32/A of the Corporate Tax Law No. 5520 re-determined the investment contribution rates and tax deduction rates within the scope of the discounted income and corporate tax practice. In this respect, income or corporate tax on investments subject to an investment incentive certificate **will be applied with a 60% discount** until the investment contribution amount — calculated based on the following contribution rates — is reached:

- ✓ **50% investment contribution rate** for investments decided to be supported under the Technology Initiative Program and Local Development Initiative Program,
- ✓ **40% investment contribution rate** for investments decided to be supported under the Strategic Initiative Program,
- ✓ **30% investment contribution rate** for investments decided to be supported under the Priority Investments Incentive System,
- ✓ **20% investment contribution rate** for investments decided to be supported under the Targeted Investment Incentive System.

Under the repealed Decree No. 2012/3305, the investment contribution rate ranged from 15% to 50% depending on the investment region and the tax deduction rate ranged from 50% to 90%. In the new scheme, the investment contribution rate is diversified according to the incentive system utilized instead of regions, while the tax deduction rate is fixed at 60%.

- Discounted income or corporate tax can be applied to the investor's earnings from other activities in the manner specified in Article 32/A of the Corporate Tax Law, **provided that it does not exceed 50%** of the investment contribution amount. Before the Decree,

the amount of discounted tax to be applied to earnings from other activities was limited to the amount of investment expenditure incurred and eighty percent of the total investment contribution amount.

## 7. Transitional Provisions

- Applications that have not been concluded as of the date the Decree comes into effect shall be concluded in accordance with the decrees applicable on the date of application. However, applications for the issuance of new incentive certificates shall be evaluated in accordance with this Decree, if requested.
- Applications related to incentive certificates issued on the basis of decrees prior to the date of entry into effect of the Decree shall continue to be processed in accordance with the decree on which the incentive certificate is based and other relevant decrees.
- No additional machinery and equipment that would lead to an increase in capacity may be added under incentive certificates that have been issued on the basis of previous decrees and that have not yet received a completion visa, for investment areas that are not supported under the decree.

## 8. Effective Date

The Decree shall enter into effect on 1 January 2026 with regard to paragraphs 11, 12, 13, and 14 of Article 5, and on the date of publication with regard to other provisions.

You can find Decree No. 9903 and its accompanying Schedules in the annex to our circular.

Yours respectfully,

**DENGE İSTANBUL YEMİNLİ  
MALİ MÜŞAVİRLİK A.Ş.**

### ANNEX:

Decree on State Aid for Investments

(\*) The explanations provided in our circulars are for information purposes only. We recommend obtaining the opinion and support of an expert before performing a final transaction with respect to any issues on which hesitation prevails, and our consultancy company shall not be liable for any losses to arise from transactions made on the basis of the explanations included in our circulars.

(\*\*) Please do not hesitate to write to our experts whose information are provided below for any questions, criticism and questions about our circulars.

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