

M- DEDUCTED CORPORATE TAX

1- Deducted Corporate Tax Implementation in Scope of Corporate Tax Law Article 32/a

The aim of the deducted corporate tax implementation within the scope of Corporate Tax Law article 32/a is to direct the savings to investments which has high value added, to increase production and employment, to encourage big scale investments in order to increase the international compete, to increase direct foreign investments, to decrease the inter-regional diversifications and to support the research and development activities in line with the aims foreseen with development plans and annual programs.

Deducted corporate tax anticipates lower taxation on the investments which has incentive certificate issued by Ministry of Economy. Deducted corporate tax rates stated in "Decree Regarding State Aids in Investments" which is dated 15/06/2012 and numbered as 2012/3305, are applied to the regional and big scale investments. According to the decree:

- Deducted tax is implemented until the deducted corporate or income tax amount reaches the investment contribution amount.
- If the investment is transferred after fully or partly started to operate, the assignor continues to benefit from the deducted tax rate until the date of transfer and the assignee starts to benefit from the deducted tax rate beginning from the date of transfer for the residual amount of investment contribution.

2- Incentive in Scope of Corporate Tax Law Artificial Article 4

The corporate tax rate is applied %75 discounted for the income of the tax payers who transfers their production plants which deals with textile, ready-to-wear, leather and leather manufacture exclusively to the provinces stated by the Council of Ministers until 31/12/2010 and employs 50 staff at minimum. The discounted rate is applied for five years following the budget year of the date of transfer. Income tax payers shall also benefit from this incentive.

Language English