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Advantages of the Turkish Free Zones

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1. Opportunity to Benefit from Tax Advantages

- Until the end of the taxation year including the date when Turkey becomes a full member of the European Union, the earnings of manufacturers generated through the sales of the goods that are produced in the zones are exempted from income and corporate taxes.
- Until the end of the taxation year including the date when Turkey becomes a full member of the European Union, the wages of the workers employed by manufacturers who export at least 85% of the FOB value of the goods they produced in the zones are exempted from income tax.
- The transactions and arranged documents related to the activities carried out by manufacturer users in the zones are exempted from stamp duties and fees.
- No property tax is paid for buildings or land in the free zones.
- Logistical services supplied to third countries are exempted from VAT.
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The free zone users that obtained "operating license" other than "production" before 06/02/2004, the income or corporate tax exemption continues during the validity period of the Operating License.

The free zone users that obtained operating license other than production after 06/02/2004 do not enjoy income or corporate tax exemption.

2. Opportunity of Medium and Long Term Planning

The validity period of an operating license:

- 5 years for tenant users.
- 20 years for manufacturer tenant users.
- 30 years for users who build their own working premises (investor users).
- 45 years for manufacturer-investor users.

Building plots and buildings on Treasury owned land can be leased or granted easement until 49 years for the investor users.

3. Opportunity to Transfer Profits

The revenue and earnings from free zone activities can be freely transferred to Turkey or abroad without any permission.

4. Facilitation of Foreign Trade

Since the goods sold from Turkey to free zones are subject to export regime, free zone users can buy goods and services from Turkey without paying value added tax. On the other hand, trade between free zones and third countries is not subject to foreign trade regime.

Moreover, upon request, goods of Turkish origin in value less than 5000 US \$ or its equivalent in Turkish Lira can be exempted from export procedures.

5. Trade Facility Free from Customs Duty Procedure

- Since the free circulation status of Turkish or EU originated goods brought into the zones does not change, these goods are exempted from customs duty while entering into Turkey's or European Union customs territories.
- Third country originated goods are exempted from customs duty while entering into the free zones or being exported to another country apart from Turkey or the EU.

6. Easy Access to EU Countries

Since free zones are part of the Turkey-EU Customs Territory, the goods in free circulation can be sent to the EU Countries by an A.TR certificate. Customs duties for the goods of third country origin are also not paid at the entry into the free zones. However, the goods of third country origin that are not in free circulation can be sent to the EU countries by an A.TR certificate, only after the customs duties are paid over the rates determined in the Common Customs Tariff.

7. Equal Treatment

The incentives and advantages provided in the free zones are available to all firms regardless of their origin.

8. No Time Limitation

The goods can remain in the zones without any time limit.

9. Managing Trade Activities According to Market Demands and Conditions

In the Turkish Free Zones, unless the manufacturers demand, any authority regarding prices, quality and standards granted to public institutions and agencies by laws or by other legislation is not valid. Also legislative provisions pertaining to customs and foreign exchange obligations are not applicable in the zones.

10. Inflation Accounting Opportunity

Every payment in the Turkish Free Zones is done with Convertible Currencies or its equivalent in Turkish Lira.

11. Access to Domestic and Foreign Markets

In contrast to most of the free zones in the world, sales to the domestic market with the exception of consumer and risky products are allowed.

12. Reduced Bureaucratic Procedures and Dynamic Management

During application and operation process bureaucracy is minimized. Professional private sector companies manage free zones.

13. Strategic Location

Turkish Free Zones are close to the EU and Middle East Markets, adjacent to the major Turkish Ports on the Mediterranean, Aegean and Black Sea and have easy access to international airports and highways.

14. Competitive Infrastructure Standards

Infrastructure of the Turkish Free Zones is competitive with international standards.

15. Supply Chain Management

Turkish Free Zones, particularly for the companies which manufacture for export, offer supply chain management opportunities in providing intermediate and raw materials.



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