

# Amendments to the Decree on State Aids in Investments

## I. Introduction

The Decree on State Aids in Investments ("**Incentive Decree**"), which was enacted by the cabinet on June 15, 2012, under Decision No. 2012/3305, has been amended by Presidential Decision No. 8860 ("**Decision**"), published in the Official Gazette No. 32647 on August 29, 2024.

You can access the full Turkish text of the Decision [here](#).

## II. General Information on Incentives

According to the subsections of paragraph 5 of Article 4 of the Incentive Decree quoted below, the aid elements to be provided for strategic investments, which meet the criteria specified in Article 8 of the same decree, are as follows:

- a) Customs duty exemption
- b) VAT exemption
- c) Tax reduction
- ç) Employer's share of insurance premium aid
- d) Allocation of land for the investment
- e) Interest or profit share aid
- f) VAT refund
- g) Income tax withholding aid
- ğ) Insurance premium aid

*Subsections (g) and (ğ) are only applicable to "investments to be made in the 6th region and/or investments decided to be supported under the Technology-Oriented Industry Move Program." The 6th region mainly consists of the provinces in Eastern and Southeastern Anatolia, and Bozcaada and Gökçeada districts of Çanakkale province.*

Article 7 of the Incentive Decree states that, to benefit from these aid elements, the **investment project** must be approved by the relevant public authority based on "**sectoral**,

*financial, and technical evaluations to be made by taking into account macroeconomic programs and supply-demand balance*" and an **incentive certificate** must be issued accordingly.

### III. Regulation on the Recollection of Interest and Profit Share Aid

The procedures and principles related to the provision of the "*interest or profit share aid*" mentioned in subsection (e) above are regulated in Article 11 of the Incentive Decree. According to the amended paragraph 13 of the article, in cases where the incentive certificate is **cancelled** or a **partial sanction is applied** to the investor, the excess amount of interest or profit share aid received by the investor from the state **will be reclaimed** with interest, calculated at the late payment rate specified in Article 51 of the Law on the Collection Procedure of Public Receivables, starting from the date when each payment was made. To allow the amended provision to apply retroactively, it has been stipulated that the new rule will also apply to the "*incentive certificates issued based on the Incentive Decree and previous decrees*".

### IV. Restrictive Regulation on Incentives for Solar Panel Production

Article 2 of the Decision adds a new regulation to subsection II/B of Annex 4, titled "**Areas of Investment Not to Be Incentivized or to Be Incentivized Under Certain Conditions**" of the Incentive Decree, as item 3. According to this regulation, individuals investing in **photovoltaic solar panel production** must ensure that the production process they invest in is "*integrated with the solar cell produced starting from the ingot slicing stage or an earlier stage*" to benefit from the incentive. It is stated that the incentive will be provided in a manner that **does not exceed the cell production capacity** of the relevant production facility.

Finally, the "**List of Machinery and Equipment Not Eligible for Customs Duty Exemption**" in Annex 8 of the Incentive Decree has been updated as per the annex to the Decision.

### Conclusion

The changes introduced by the Decision represent significant steps towards more rigorous evaluation of incentives provided for strategic investments and the imposition

of specific restrictions in certain areas. The regulation concerning the reclamation of interest and profit share aid in particular, aims to ensure the effective use of the aids provided to investors. Additionally, the requirement for more specific conditions for incentives in certain sectors, such as solar panel production, is intended to enhance the efficiency of the incentive system.

**Dr. iur. Onur Ergöner, Managing Partner**  
**Can Kaleli, Legal Intern**