



AA BAĞIMSIZ DENETİM VE YMM AŞ

Şehit Ersan Cad. No: 28 / 5 06680 Çankaya- Ankara.
Tel:+90 312 4688150 Faks: +90 312 4270847
Ticaret Sicil No: Ankara-170606
www.aa-ymm.com



DOING BUSINESS IN TURKEY (2014)

1. Geographical and Political Location

Being located at the crossroads of Asia, Europe and Africa, makes Turkey one of the most geopolitically strategic countries of the world. Because of having the shortest intercontinental routes, it is where the Eastern and Western civilizations meet. The center of major trade and migration routes, Turkey has Georgia, Armenia, Nakhchivan and Iran to the east, Bulgaria and Greece to the west and Iraq and Syria to the south.

Turkey is surrounded by the Black Sea, the Aegean and the Mediterranean. The Marmara Sea, the Bosphorus, and the Dardanelles are distinctive features of the Turkish geography.

Turkey is a member of a variety of international organizations such as the United Nations, the Council of Europe, the North Atlantic Treaty Organization (NATO), the Organization for Economic Cooperation and Development (OECD), the Organization for Security and Cooperation in Europe (OSCE), the World Trade Organization (WTO), the Organization of Islamic Cooperation (OIC), the Black Sea Economic Cooperation Organization and the Economic Cooperation Organization, and it is also continuing accession negotiations for full EU membership



2. Climate

Turkey is located in a temperate climatic zone, and one can enjoy the four seasons and different climates simultaneously.

Besides, Turkey is also affected by the Mediterranean climate, characterized by hot and arid summers.

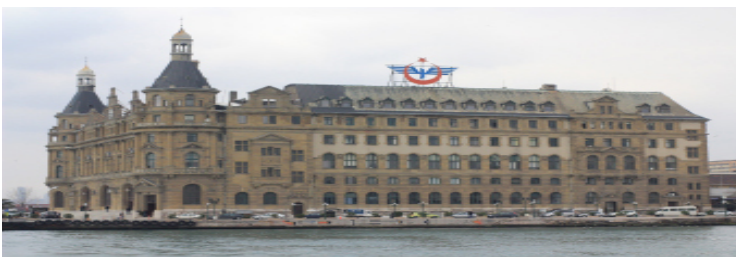


3. Population

With the announcement of the Population Services Law passed in 2006, a new system was put in place in Turkey, which also shapes the base for the census. Within this system, a “National Address Database” and Turkish Nationals living in the country were registered with their identity numbers and foreign nationals with their passport numbers. In this way, a transition was made to an “Address Based Population Registration System (ABPRS)”.

- A population of 76 million people
- Largest youth population compared with the EU
- Median age 28.8
- 60 percent of the population under the age of 35

Young, dynamic, well-educated and multi-cultural population



Haydarpaşa Station in İstanbul is one of the historical structures dating back to the Ottoman period.

4. The Language

The official language of the Republic of Turkey is Turkish. Turkish, which is an agglutinative language, together with Mongolian, Manchu-Tungusic, Korean and Japanese, forms the Altaic language family.

In an area of 12 million square kilometers, which stretches from the Atlantic Ocean in the west to the Pacific Ocean in the east, the North Sea in the north to the Persian Gulf in the south, the Turkish language, along with its dialects, is the fifth most widely spoken language by 220 million people.

The first written sources of the Turkish language are the Orkhun Inscriptions, erected in the 7th-8th century. Its development in Anatolia started in the 13th century. The Turkish of Turkey that is the most spoken form of Turkish among Turkish literary languages is used as a spoken, literary, medium of instruction, scientific, cultural and artistic language by over 76 million people.



Topkapı Palace - İSTANBUL

5. The Legal System

The legal order of the Republic of Turkey is secured by regulatory procedures such as laws, decree having force of law, by-laws and regulations, with the Constitution being first and foremost. The administration also contributes to the operability of this order through its regulatory procedures such as general directives, circulars, and budgetary instructions.

According to the Constitution, international agreements are in effect of laws and it is not possible to apply to the Constitutional Court asserting their

unconstitutionality. It is a constitutional requirement that in case of disputes between the laws and the duly adopted international agreements related to fundamental rights and freedoms, international agreements are to be taken as the basic reference.

The rights and freedoms of individuals can only be restricted by law. Only a judge can issue an arrest warrant and decide on its duration. Those arrested are informed of the reason of apprehension, and their relatives are duly notified.

Turkey, aiming to protect human rights and fundamental freedoms, has signed the Annex Protocol No. 13 of Europe-an Convention for the Protection of Human Rights and Fundamental Freedoms. Under this protocol, capital punishment was deleted from the Constitution with the amendment

6. Economy

The Turkish economy has shown remarkable performance with its steady growth over the last eight years. A sound macroeconomic strategy in combination with prudent fiscal policies and major structural reforms in effect since 2002, has integrated the Turkish economy into the globalized world, while transforming the country into one of the major recipients of FDI in its region.

Economic reforms have strengthened the macroeconomic fundamentals of the country, inflation drastically decreased to 6.4 percent by the end of 2010, down from 30 percent in 2002, while the EU-defined general government nominal debt stock fell to 41.6 percent from 74 percent in a period of eight years between 2002 and 2010. Hence, Turkey has been meeting the “60 percent-EU Maastricht criteria” for the public debt stock since 2004.

6.1. Economic Growth

Growth Forecasts for Selected Countries/Country Groups (%)									
		World	Turkey	Euro Area	US	Brazil	Russia	India	China
IMF	2013	3.0	3.8	-0.4	1.9	2.3	1.5	4.4	7.7
	2014	3.7	3.5	1.0	2.8	2.3	2.0	5.4	7.5
	2015	3.9	4.3	1.4	3.0	2.8	2.5	6.4	7.3
OECD	2013	2.7	3.6	-0.4	1.7	2.5	1.5	3.0	7.7
	2014	3.6	3.8	1.0	2.9	2.2	2.3	4.7	8.2
	2015	3.9	4.1	1.6	3.4	2.5	2.9	5.7	7.5
WB	2013	2.4	4.3	-0.4	1.8	2.2	1.3	4.8	7.7
	2014	3.2	3.5	1.1	2.8	2.4	2.2	6.2	7.7
	2015	3.4	3.9	1.4	2.9	2.7	2.7	6.6	7.5

According to the IMF, Turkish Economy is expected to grow by 3,5% in 2014.

6.2. Trade Growth

Forecasts for Merchandise and Services Trade Growth (%)						
	Years	Exports		Imports		World Trade Volume
		Advanced Economies	Emerging Markets	Advanced Economies	Emerging Markets	
IMF	2013	2.7	3.5	1.4	5.3	2.7
	2014	4.7	5.8	3.4	5.9	4.5
WTO	2013	1.5	3.6	-0.1	5.8	2.5
	2014	2.8	6.3	3.2	6.2	4.5

IMF estimates that global trade volume of merchandise and services is expected to increase by 2,7% in 2013 and 4,5% in 2014.

WTO estimates, global trade volume of merchandise and services is expected to increase by 2,5 % in 2013 and 4,5 % in 2014.

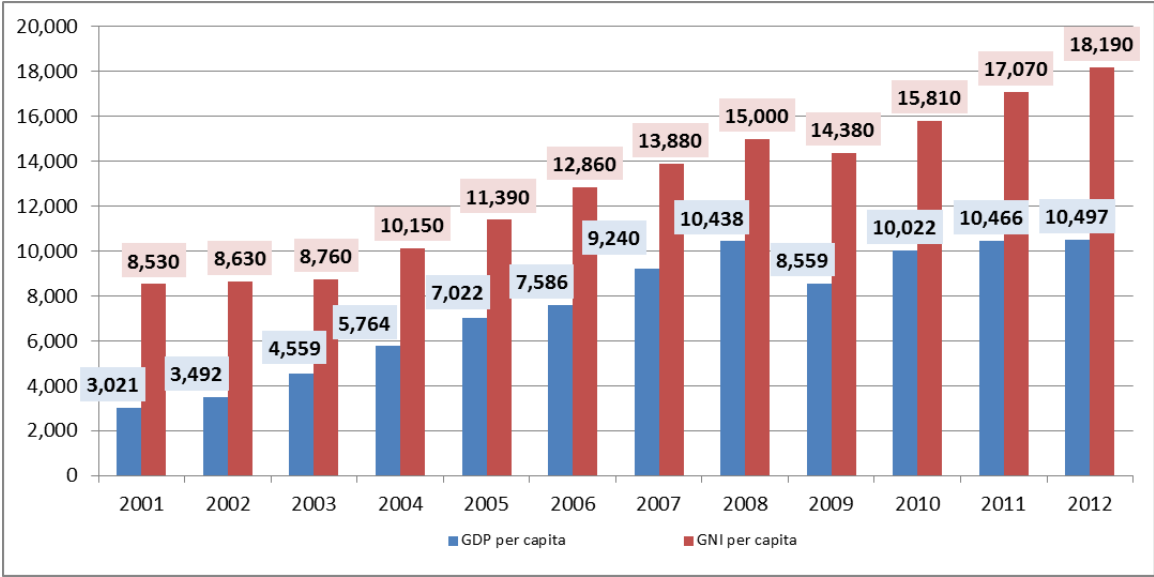
6.3. Economic Targets of Turkey in the 2014-2016 Medium Term Programme

	2012*	2013**	2014	2015	2016
GDP (Billion \$, Current Prices)	786	823	867	928	996
GDP Per Capita (\$)	10,497	10,818	11,277	11,927	12,670
Real GDP Growth	2.2	3.6	4.0	5.0	5.0
Unemployment Rate (%)	9.2	9.5	9.4	9.2	8.9
Tourism Income (Billion \$)	25.7	29.0	31.0	32.0	34.5
Current Account Balance (Billion \$)	-47.8	-58.8	-55.5	-55.0	-55.0
Current Account Balance / GDP (%)	-6.1	-7.1	-6.4	-5.9	-5.5

Medium Term Programme which covers 2014-2016 period aims to reduce the current account deficit gradually and increase the growth rate by minimizing the effects of global uncertainty.

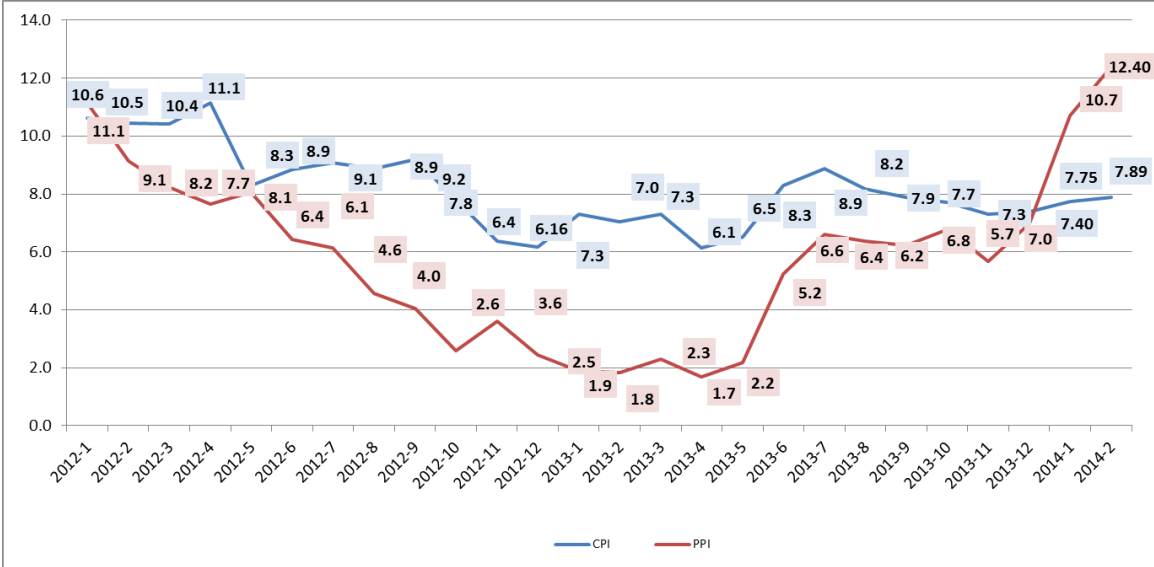


6.4. GDP Per Capita Income



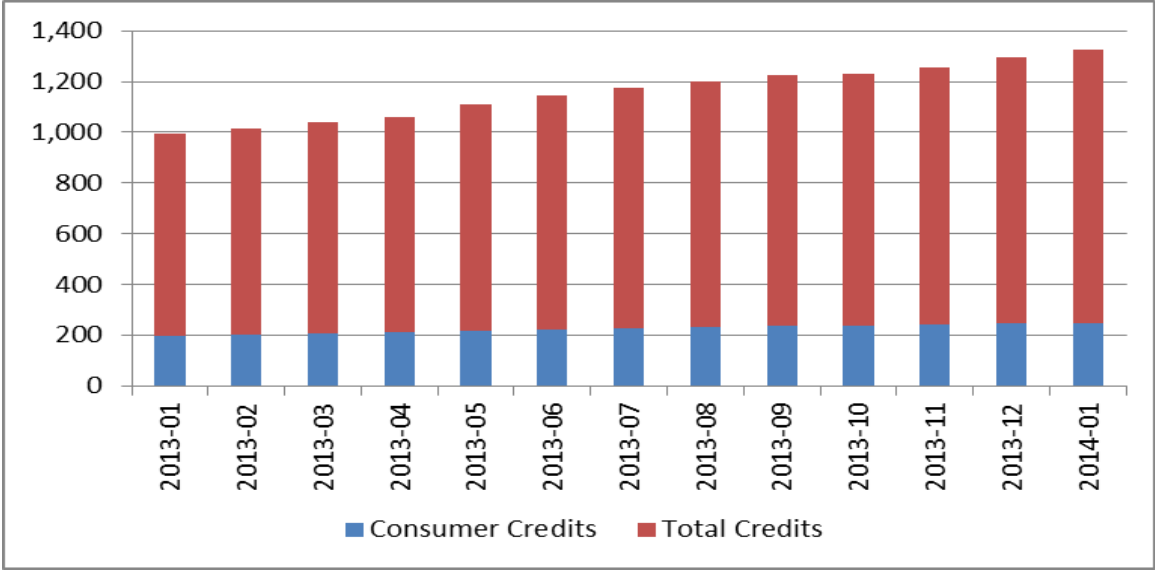
Since 2002 GDP per capita has tripled from 3,492 USD to 10,497 USD. According to Purchasing Power Parity (PPP) GNI per capita surpassed 18 thousand USD.

6.5. Inflation (Annual Percentage Change)



Annual inflation in 2013 was realized as 7.40% and 6.97% according to CPI and PPI, respectively.

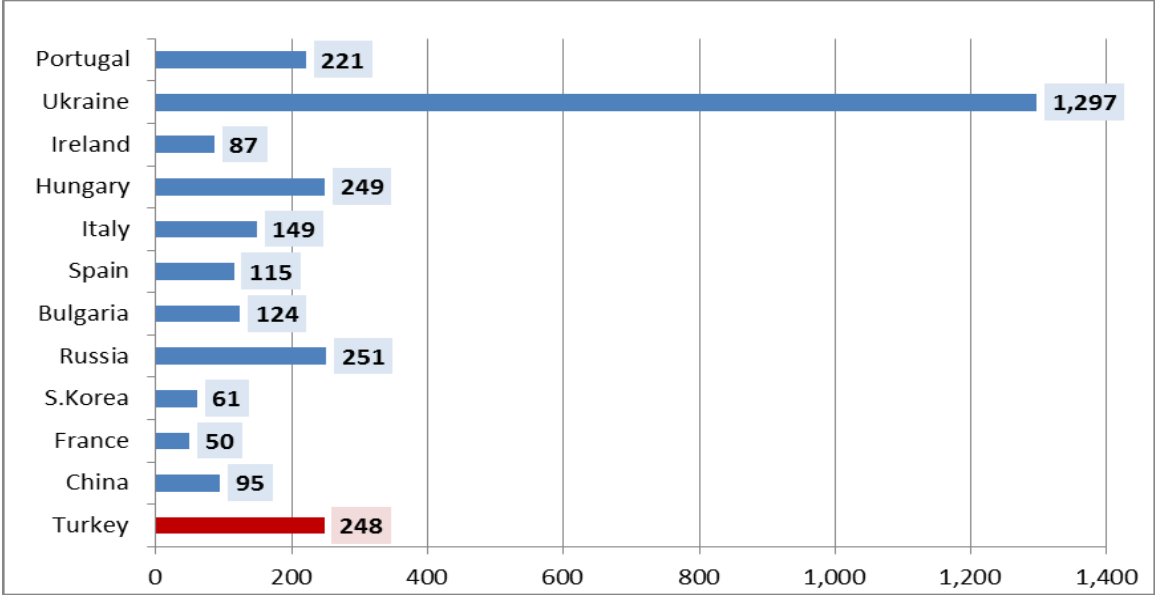
6.6. Total Credits and Consumer Credits (Billion TL)



Credits and specifically consumer credits increased in parallel to the growing domestic demand.

Total credits increased by 2.84 % on a monthly basis in January 2014.

6.7. CDS Premiums (March 14th, 2014)





6.8. Financial Markets

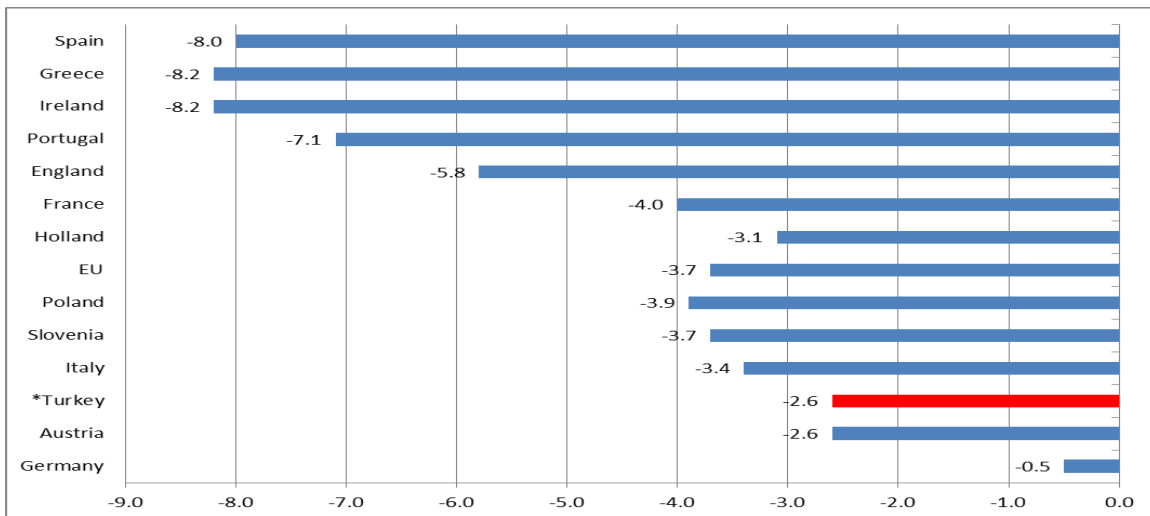
Data on Banking Sector	2013 January	2014 January
Number of Banks	49	49
Number of Domestic Branches	11,071	11,919
Number of Foreign Branches	80	83
Number of Total Domestic Personnel Employed	199,781	213,574
Total Assets (Million TL)	1,367,245	1,794,377
Total Equities (Million TL)	184,806	195,283
Net Profit or Loss (Million TL)	2,524	1,415
Nonperforming Loans (Gross) / Cash and Cash Equivalents (%)	2.94	2.73
Net Profit or Loss / Average Equities (%)	1.38	0.73
Liquid Assets with 12 Months of Maturity / Total Assets (%)	70.39	75.16
Capital Adequacy Ratio (%)	17.84	15.1

Source: BRSA

Comparing to previous year, total assets of the banking sector increased by 31.2% and reached 1,794 trillion TL in January 2014.

Capital Adequacy Ratio of Turkish Banking Sector is 15.1% in January 2014.

6.9. EU Defined Budget Deficit / GDP (%)



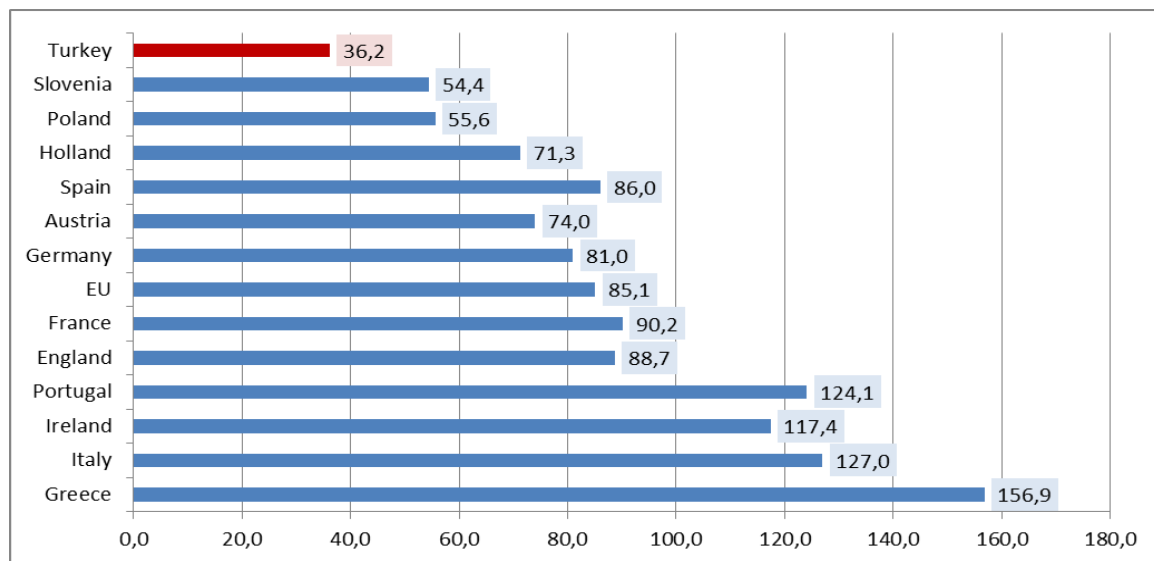
EU defined general government budget deficit/GDP ratio was 2.6% in Turkey.

In 2010 and Turkey satisfied the Maastricht criteria of 3%. Turkey also outperformed 22 EU Countries.

Central government budget deficit/GDP ratio was 2.0% in Turkey in 2012.

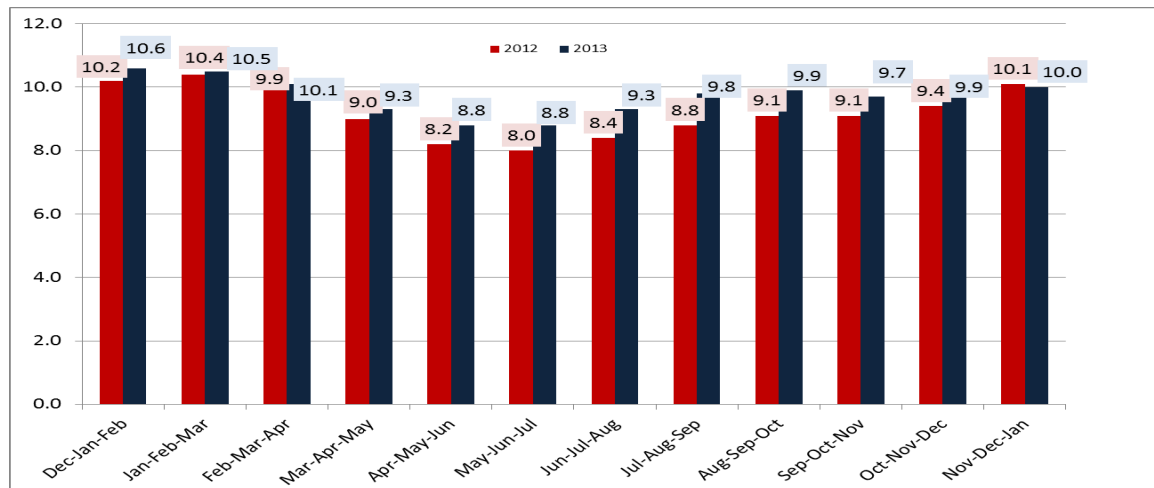
In 2013, central government budget deficit was 18.4 billion TL. In February 2014, central government budget surplus was 1.7 billion TL compared to 1.4 billion TL in the same month of 2013.

6.10 Government Debt / GDP (%)



Debt/GDP ratio of Turkey was 36.2% in 2012, which was below the level in 25 EU Countries and the Maastricht Criteria (60%).

6.11 Unemployment Rates (%)



In December 2013, unemployment rate was 10.0% and seasonally adjusted unemployment rate was 9.4%.

In 2013, unemployment rate was 9.7%.

Seasonally adjusted unemployment rate in Euro Area was 12.0% and 10.8% in (EU28) in January 2014. In terms of unemployment ratio Turkey outperformed 14 EU countries according to current data.

After Russia, Germany, England and France, Turkey has the 5th largest labour force among the European countries. (2012, World Bank)

7. Growing Dynamism in Turkey's Domestic Market

1. Cell phone penetration rate in households: 93.7% (2013)
2. Internet access rate in households: 49.1% (2013)
3. Internet access rate in enterprises: 90.8% (2013)
4. PC penetration rate in households: 30.5% (2013)
5. Laptop penetration rate in households: 31.4% (2013)
6. Digital camera penetration rate in households: 28.1% (2013)
7. Printer penetration rate in households: 14.0% (2011)

8. Foreign Trade Developments (2012-2013 / January 2013 – 2014)

	Annual (Billion \$)		Periodic (Billion Dollar)		Change (%) 2013/2014
	2012	2013	2012 / (JAN)	2013 / (JAN)	
Export	152.5	151.8	11.5	12.5	8.6
Energy Export	7.7	6.7	0.5	0.5	-10.3
Gold Export	13.3	3.3	0.5	0.2	-54.5
Import	236.5	251.7	18.8	19.3	2.6
Energy Import	60.1	55.9	4.6	4.9	6.2
Gold Import	7.6	15.1	0.7	0.4	-44.6
Foreign Trade Volume	389.0	403.5	30.3	31.8	4.9
Foreign Trade Balance	-84.1	-99.8	-7.3	-6.8	-6.8
Balance excl. Energy	-31.7	-50.6	-3.2	-2.4	-25.9
Export/Import (%)	64.5	60.3	61.1	64.7	*

In January-January period of 2014 compared to same period of 2013, exports increased by 8.6% and imports increased by 2.6% respectively.



8.1. Distribution of Foreign Trade in Broad Economic Categories

Export

(Million \$)	Annual		2012/2013	Periodic (January)		2014 Jan	2013/2014
	2012	2013	Değ.%	2013	2014	% Share	Change %
Investment Goods	13,734	15,601	13.6	1,051	1,072	8.6	2.0
Intermediate Goods	82,656	74,843	-9.5	5,872	6,265	50.2	6.7
Consumption Goods	55,556	60,764	9.4	4,514	5,083	40.8	12.6
Others	516	662	28.3	45	52	0.4	16.2
TOTAL	152,462	151,870	-0.4	11,482	12,473	100.0	8.6

Import

(Million \$)	Annual		2012/2013	Periodic (January)		2014 Jan	2013/2014
	2012	2013	Değ.%	2013	2014	% Share	Change %
Investment Goods	33,925	36,760	8.4	2,598	2,567	13.3	-1.2
Intermediate Goods	174,930	183,812	5.1	14,207	14,668	76.0	3.2
Consumption Goods	26,699	30,416	13.9	1,842	2,028	10.5	10.1
Others	990	663	-33.0	155	29	0.2	-81.2
TOTAL	236,544	251,651	6.4	18,802	19,292	100.0	2.6

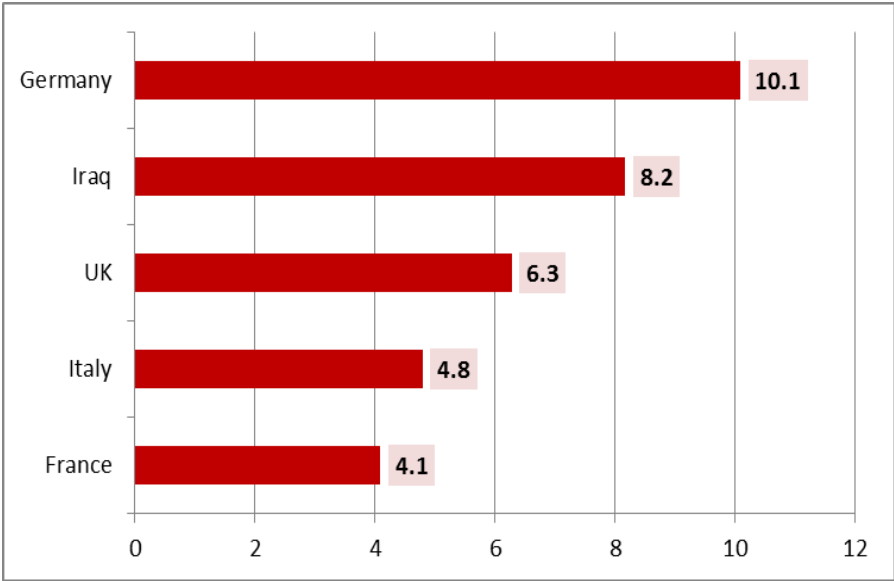
Main export items

Periodic (January) Million Dolar									
Rank	Code	Description of Chapter	EXPORT		IMPORT		BALANCE		CHANGE %
			2013	2014	2013	2014	2013	2014	2014/2013
1	87	Vehicles other than railway, tramway	1,083	1,217	801	765	281	451	12.4
2	84	Machinery, nuclear reactors, boilers, etc	920	1,052	2,226	2,202	-1,306	-1,150	14.4
3	61	Articles of apparel, accessories, knit or crochet	714	829	62	82	652	747	16.1
4	72	Iron and steel	836	805	1,468	1,651	-633	-845	-3.6
5	85	Electrical, electronic equipment	684	747	1,290	1,459	-606	-712	9.2
6	73	Articles of iron or steel	458	538	208	210	250	329	17.4
7	71	Pearls, precious stones, metals, coins, etc	690	538	772	453	-82	84	-22.1
8	62	Articles of apparel, accessories, not knit or crochet	483	525	115	171	367	354	8.7
9	27	Mineral fuels, oils, distillation products, etc	523	470	4,601	4,885	-4,078	-4,416	-10.3
10	39	Plastics and articles thereof	381	462	1,173	1,217	-792	-755	21.2
LIST TOTAL			6,771	7,182	12,717	13,095	-5,945	-5,913	6.1
TOTAL			11,482	12,473	18,802	19,292	-7,320	-6,819	8.6

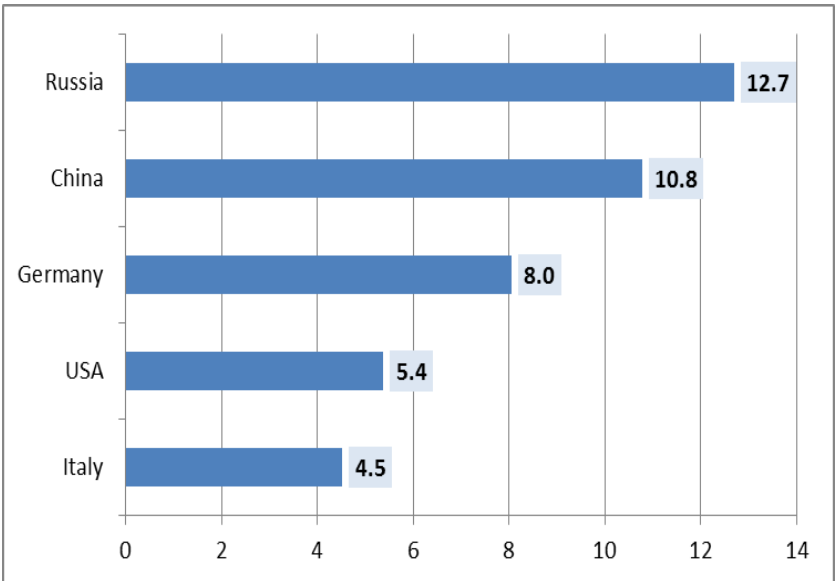


8.2. Main trade partners (Share, %)

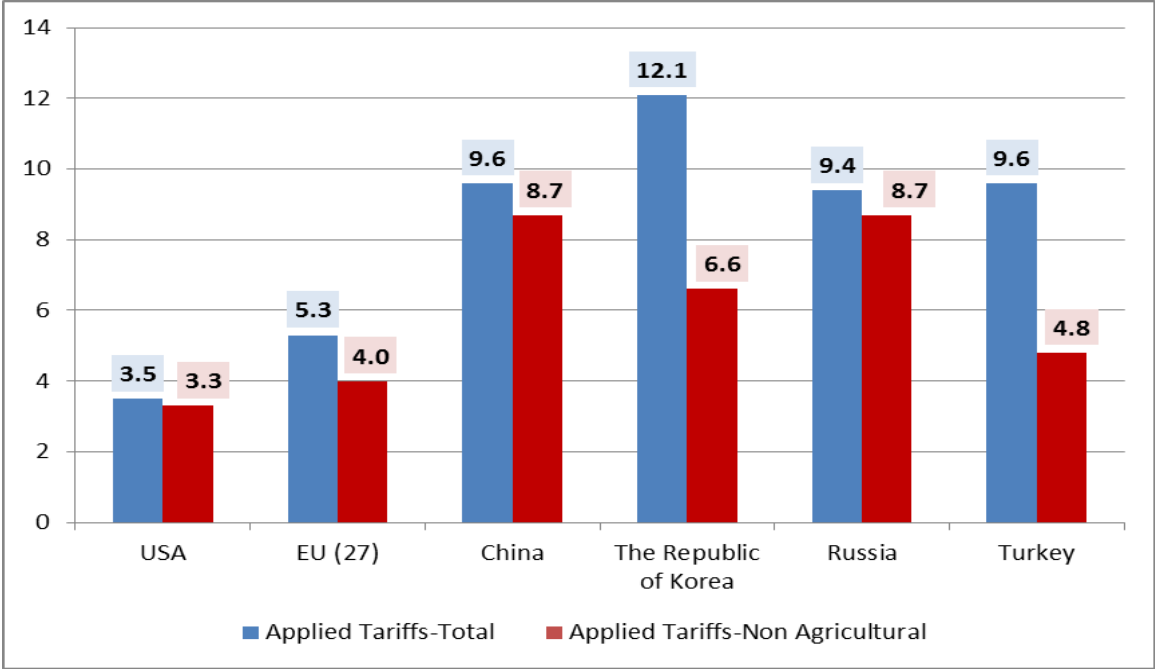
Export



Import

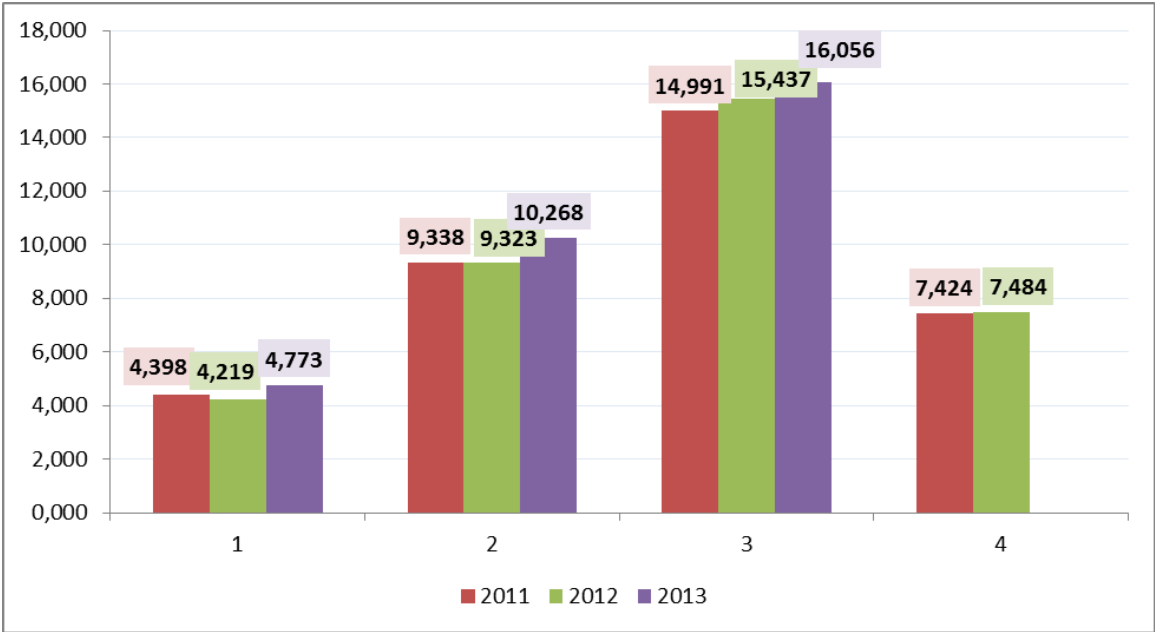


8.3. Tariff rates (%)



9. Some Statistics (Quarterly)

9.1. Tourism



9.2. Contracting Services Abroad

Years	Projects	Countries	Project Volume (Million \$)	Cum. Project Volume (Million \$)	Avr. Project Volume (Million \$)
1971-2001	2006	69	43,252	43,252	22
2002	132	32	2,571	45,823	19
2003	270	36	4,490	50,313	17
2004	429	39	11,367	61,680	26
2005	408	34	12,375	74,055	30
2006	515	36	24,059	98,114	47
2007	570	45	25,260	123,374	44
2008	620	40	24,827	148,201	40
2009	474	45	21,667	169,868	46
2010	583	48	23,067	192,935	40
2011	505	50	20,489	213,424	41
2012	485	49	29,434	242,858	61
2013	390	45	31,851	274,711	82
2014	32	16	3012.4858	277,724	94

Last updated on March 2014

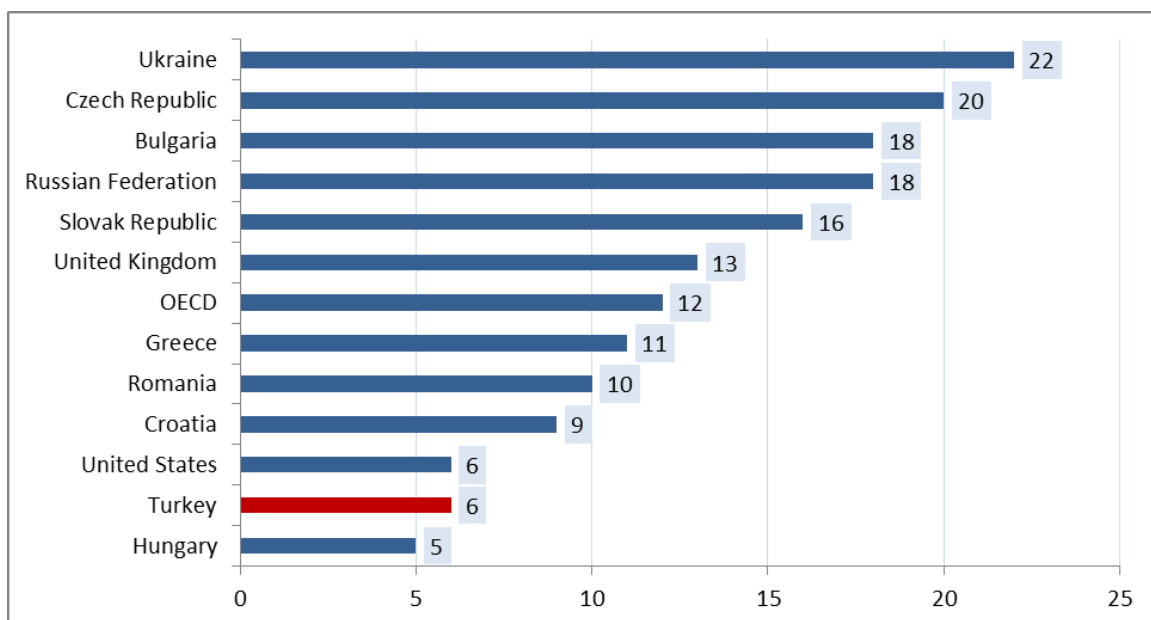
38 out of the world's top 250 contracting companies are Turkish. Turkey ranks as the 2nd country (following China) in terms of the number of top contracting companies.



TEN REASONS FOR DOING BUSINESS IN TURKEY

10 REASONS TO INVEST IN TURKEY	
1- SOUND ECONOMIC PERFORMANCE	6- CENTRAL LOCATION
2- YOUNG and DYNAMIC POPULATION	7- ENERGY CORRIDOR and TERMINAL of EUROPE
3- QUALIFIED and COMPETITIVE LABOR FORCE	8- LOW TAX RATES and INCENTIVE FACILITIES
4- LIBERAL and INNOVATIVE INVESTMENT CLIMATE	9- CUSTOMS UNION with EU and OPEN ECONOMY
5- INFRASTRUCTURE	10- DOMESTIC MARKET

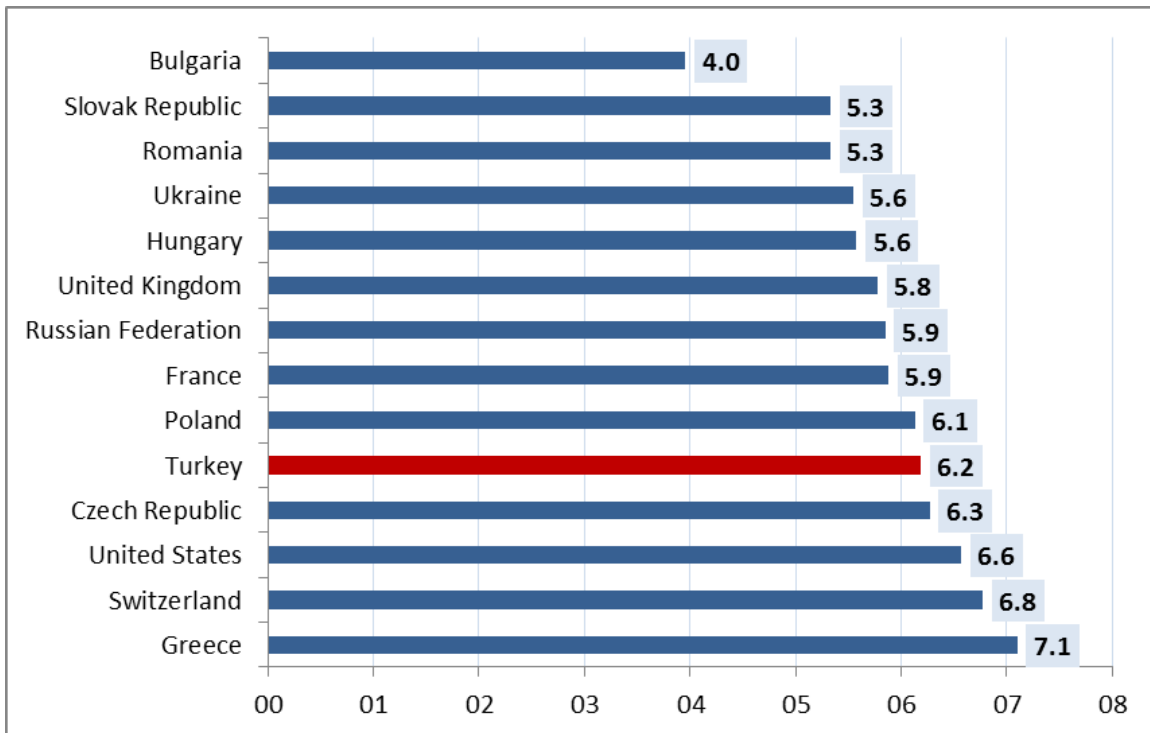
10.1. Time Needed to Start a Business



The required time to start a business is 6 days in Turkey.



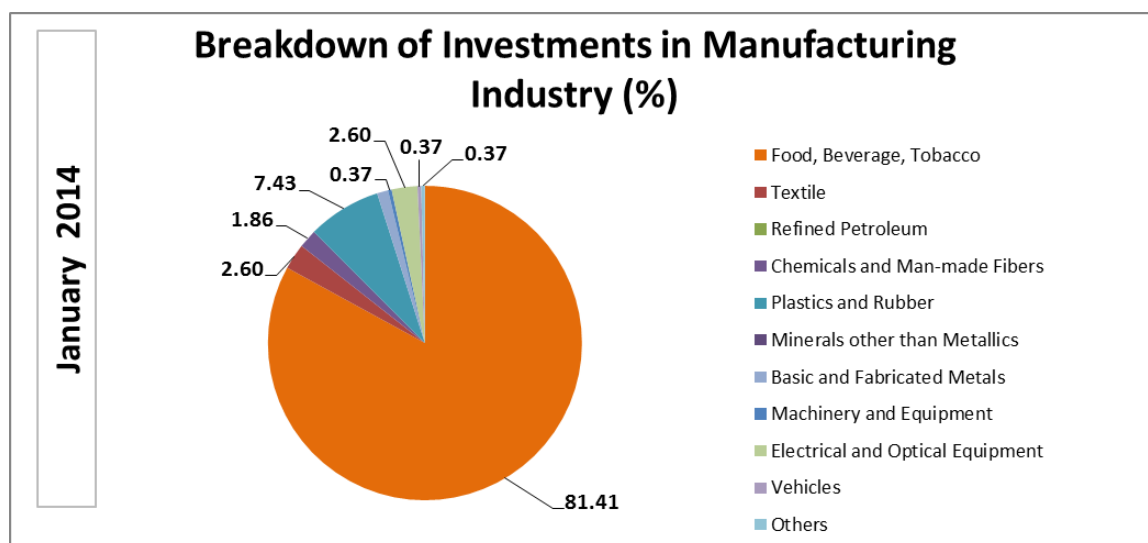
10.2. Skilled Labour Availability



Scoring is between 0 and 10.



10.3. The Sectoral Breakdown of Foreign Investments



(Million \$)	2012	2013	2013*	2014*
AGRICULTURE	43	49	2	37
INDUSTRIAL SECTORS	5,479	4,813	374	313
Mining and Quarrying	213	251	80	0
Manufacturing	4,342	2,010	91	269
Production and Distribution of Electricity, Gas,	924	2,516	203	44
SERVICES SECTOR	5,237	5,337	204	491
TOTAL	10,759	10,199	580	841

11. FREE ZONES IN TURKEY

11.1. The Advantages of Free Zones for Users

- Tax advantages for manufacturers
- Medium-and long-term investment view
- Availability to transfer profits
- Commercial facilities
- Exemption from customs duties
- Acquisition of the documents relating to the free movement of goods under the scope of Customs Union with the EU
- Principle of equality
- No time restrictions
- Flexibility to adjust to the market needs and conditions
- Reliable inflation accounting
- Market access to domestic and foreign markets
- Reduced bureaucratic procedures and dynamic business management
- Strategic advantages
- Affordable and compatible infrastructure
- Supply chain opportunities.

11.2. Location of Free Zones in Turkey



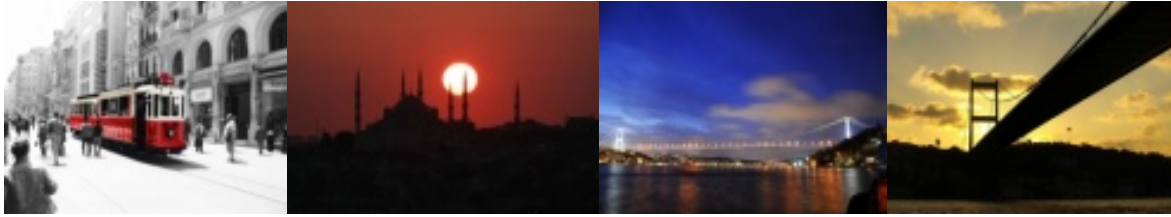
8. 57,010 people have been employed in Free Zones of Turkey in 2013.

11.3. Trade Flows of Free Zones

Million \$	2008	2009	2010	2011	2012	2013
From Domestic Market to Free Zones	3,195	2,177	2,295	2,668	2,971	2,887
From Free Zones to Abroad	5,874	4,914	4,361	6,924	7,070	7,701
From Abroad to Free Zones	8,248	5,493	6,626	7,253	7,258	7,490
From Free Zones to Domestic Market	7,262	5,174	5,291	5,801	5,754	5,162
TOTAL TRADE VOLUME	24,578	17,757	18,572	22,646	23,053	23,240

11.4. Concentration in Free Zones by Industries

Istanbul Ataturk Airport FZ	Services and Software
Antalya FZ	Yacht-building, Medical Equipment
Kocaeli FZ	Ship-building
Avrupa FZ	Ready-Wear
Mersin FZ	Ready-Wear
Bursa FZ	Automotive sub-industries
Izmir FZ	Leather
TUBITAK-MAM FZ	R&D Activities
Adana-Yumurtalik FZ	Ship Repair and Maintenance



12. Trade Relationships of Turkey with Others

- **Bilateral Trade Relationships of Turkey:** Europe, Asia-Pacific, Eurasia, Middle East and North Africa, Sub-Saharan Africa, Americas
- **Regional and Multiple Trade Relationships of Turkey:** EU, ECO, D8, BSEC, OIC, COMCEC
- **Multilateral Trade Relationships of Turkey:** WTO, OECD, G20

13. Chronological Evolution of the Relationship between Turkey and the EU

12 September 1963: Ankara Agreement

23 November 1970: The signing of the Additional Protocol

1 January 1973: Additional Protocol to come into force

14 April 1987: Turkey's Application for Membership

6 March 1995: The Association Council Decision Establishing the Customs Union

10-11 December 1999: Recognition of the Candidate Status of Turkey at the Helsinki Summit

8 March 2001: The first Accession Partnership Document issued

17 December 2004: European Council decision to start Negotiations with Turkey in Brussels Summit

3 October 2005: Start of the Negotiations between Turkey and the EU

20 October 2005: Start of the Screening Process

13 October 2006: End of the Screening Process



14. FTA Countries

EFTA (Norway, Switzerland, Iceland, Liechtenstein)

Israel, Macedonia, Bosnia and Herzegovina, Palestine, Tunisia, Morocco, Syria (**), Egypt, Albania, Georgia, Montenegro, Serbia, Chile, Jordan, South Korea, Mauritius, Lebanon*, Kosovo*

(*) *Agreements that are in the approval process*

(**) *Pending*

FTA Countries(On-going Negotiations)

Ukraine, Colombia, Ecuador, Malaysia*, Moldova*, Democratic Republic of the Congo, Ghana*, Cameroon, Seychelles, Gulf Cooperation Council, Libya, MERCOSUR, Faroe Islands, Japan, Singapore, Peru, Mexico

15. ESTABLISHING A BUSINESS IN TURKEY

Turkey's regulatory environment is extremely business-friendly. You can establish a business in Turkey irrespective of nationality or place of residence. The registration and establishment of a company in Turkey can be completed in one day.

The process is handled by one ministry which acts as the coordinator between all authorities.

The first step in establishing a business in Turkey is to fill out the business registration form at the local trade registry office located at the local chamber of commerce.

The process is as follows:

- Submit the notarized articles of association.
- Deposit 25% of share capital in a bank
- Fee payment 0.04% of the capital to the account of the Turkish Competition Authority at a state bank or the Central Bank of the Republic of Turkey.
- Complete the company establishment form and register with the trade registry office.

International companies may start their activities in Turkey in various forms depending on the investors' development strategies. The most common types of legal entities in Turkey are:

- Limited liability company (Ltd. Sti.)
- Joint-stock company (A.S.)
- Branch office
- Liaison office

Minimum share-holder number for both limited and joint-stock company is one.

Minimum share capital is TRY 10.000 for Limited, TRY 50.000 for Joint-Stock Company (A.Ş.)

16. TAXES

Turkey has one of the most competitive corporate tax rates in the OECD region. Corporate Tax rate is 20%; income (personnel) tax varies 15%-35%; Vat rate is 1%-8%-18%.

The Turkish tax regime can be classified under three main headings:

Income (personal) Taxes

Income taxes in Turkey are levied on all income, including domestic and foreign individuals and corporations residing in Turkey. Non-residents earning income in Turkey through employment, ownership of property, business transactions, or any other activity which generates income are also subject to taxation, but only on the income earned in Turkey.

Corporate Taxes

In Turkey, the basic corporate income tax rate levied on business profits is 20%.

Withholding taxes on selected payments of resident corporations:

- Dividends are subject to 15%.
- Interest on treasury-bill and treasury bonds derived by resident corporations is subject to 0%.
- Interest on other bonds and bills derived by resident corporations is subject to 0%,
bank deposits are subject to 15%.
- Profit shares paid by participation banks in consideration of participation accounts are subject to 15%.
- REPO agreements are subject to 15%.



Withholding taxes on selected payments of non-resident corporations:

- Dividends are subject to 15%.
- Interest on treasury-bill and treasury bonds derived by non-resident corporations is subject to 0%.
- Interest on other bonds and bills derived by non-resident corporations is subject to 0%,
bank deposits are subject to 15%.
- Profit shares paid by participation banks in consideration of participation accounts are subject to 15%.
- REPO agreements are subject to 15%.

Individual Income Tax

The personal income tax rate varies from 15% to 35%.

Income tax rates applicable to yearly gross earnings from 2012 are as follows:

Income Scales (TRY)	Rate (%)
Up to 11.000	15
11.000 – 27,000	20
27.000 – 97,000	27
97,001 and over	35

Social Security

Social security is not a tax but rather a payroll cost to the employer. The employer and employee contribute to a social security system comprised of items such as sick pay, work related accidents, unemployment coverage, pensions, and other programs.

- Employer's contribution: 21,5%
- Employee's contribution: 15%

Taxes on Expenditure

Value Added Tax (VAT)

The generally applied VAT rate varies between 1%, 8%, and 18%. Commercial, industrial, agricultural, and independent professional goods and services, goods and services imported into the country, and deliveries of goods and services caused by other activities are all subject to VAT.

Special Consumption Tax (SCT)

There are four main product groups that are subject to special consumption tax at different tax rates:

Petroleum products, natural gas, lubricating oil, solvents, and derivatives of solvents

Automobiles and other vehicles, motorcycles, planes, helicopters, yachts

Tobacco and tobacco products, alcoholic beverages

Luxury products

Unlike VAT, which is applied on each delivery, special consumption tax is charged only once.

Banking and Insurance Transaction Tax

Banking and Insurance company transactions remain exempt from VAT but are subject to a Banking and Insurance Transaction Tax. This tax applies to income earned by banks, for example on loan interest. The general rate is 5%, while interest on deposit transactions between banks is taxed at 1% and sales from foreign exchange transactions at 0.1%.

Stamp Duty

Stamp duty applies to a wide range of documents, including contracts, agreements, notes payable, capital contributions, letters of credit, letters of guarantee, financial statements, and payrolls. Stamp duty is levied as a percentage of the value of the document at rates ranging from 0.0759% to 0.948%.

Taxes on Wealth

There are three kinds of taxes on wealth: inheritance and gift taxes, property taxes, and motor vehicle tax.

Buildings and land owned in Turkey are subject to real estate tax at the following rates:

- Residences 0.1% - 0.2%
- Other buildings 0.2% - 0.4%

Tax Incentives

- Prioritized development zones
- Technology development zones
- Organized industrial zones
- Free zones
- Research and development
- Private educational corporations
- Cultural investments and enterprises
- Reduced corporate tax application for revenues generated from the new investments.

Tax Exemptions and Allowances

VAT exemptions include but are not limited to the following transactions:

- Export of goods and services.
- Roaming services rendered in Turkey for customers outside Turkey (i.e. non-resident customers) in line with international roaming agreements, where a reciprocity condition is in place.
- Petroleum exploration activities.
- International transportation.
- Deliveries made to diplomatic representatives, consulates and international organizations with tax exemption status and to their employees.
- The supply of machinery and equipment, including importation to persons or corporations that are VAT taxpayers and that have an investment certificate issued by the relevant authority.
- Services rendered at harbors and airports for vessels and aircrafts.
- Social and other exemptions apply to deliveries made to the government and other related organizations for cultural, educational, health and similar purposes.
- Banking and insurance transactions are exempted from VAT as they are subject to a separate Banking and Insurance Transactions Tax at a rate of 5%.
- Tax exemptions are provided for earnings derived by corporations from their overseas branches and both their domestic and overseas ventures if they meet certain conditions.
- Research and development allowances.
- Deductions from the tax base of corporations related to certain donations, aid or sponsorship expenditures for sport activities



WHO HELPS YOU IN TURKEY?



AA Bağımsız Denetim ve YMM A.Ş.

AA Bağımsız Denetim ve YMM A.Ş. is operating in Ankara/Turkey as an *Exclusive Correspondent of and PKF International*. **PKF** is one of the top ten largest global accounting and business advisory networks. Established in 1969, PKF International is a network of 245 legally independent member firms and correspondents in 440 locations in 125 countries, providing local expertise in accounting and international business advisory services.

AA Bağımsız Denetim ve YMM A.Ş. is a multidisciplinary audit/assurance and tax advisory firm with industry specific services. Since its establishment in 2002, it has been assisting clients in solving their most demanding issues and overcoming their major challenges. AA Bağımsız Denetim ve YMM A.Ş. is committed to providing high quality services and solutions that focus on establishing long term partnerships with clients. Through its services, clients can be confident that in-depth assessment of their needs and thorough analysis, design, and implementation of solutions are carried out by teams of dedicated professionals.

Our experience, expertise, methodology, commitment and partnership approach grant our clients an improved business performance. We provide real solutions to real challenges in the shape of customized services and advice to various clients within their business specialties.

AA Bağımsız Denetim ve YMM A.Ş. offers a wide range of services to SME's, large enterprises, governmental bodies, and NGOs in Turkey. Our main services include:

1. Assurance & Audit
2. Business Advisory for new investment
3. Tax Advisory
4. Tax Certification
5. Forensic Accounting

Our Vision:

To be the number one preference for companies in their selection of professional advisers.

Our Mission:

To assist our valuable clients in upgrading their business performance and efficiency and helping them gain competitive advantage for their business to succeed and excel.

Our Philosophy:

Foresight, trust, responsiveness, commitment and technical excellence. Building Value for Growing Business.

SCOPE OF OUR SERVICES



Assurance & Audit

New Turkish Commercial Code (TCC) enforces to special size of companies to have an auditing report for their financial statements and annual operation report. As a decision maker, you need to be sure you are acting on reliable information. You need to be aware of your business risks and know that they are managed effectively. You need faith in your underlying systems and controls and confidence that you are compliant with key legal requirements. Moreover, you need to be able to instill your shareholders, investors and customers with the same confidence. AA Bağımsız Denetim ve YMM A.Ş. can give you the assurance you need.



AA Bağımsız Denetim ve YMM A.Ş. can help you design and improve your systems and arrangements to meet your needs, anticipating problems and finding solutions. It is about ensuring that your creative ideas make sense financially.



AA Bağımsız Denetim ve YMM A.Ş.'s auditing team can deliver the following services:

- Statutory audit (in accordance with TCC and IFRS).
- Non-statutory audit.
- Auditing of Annual Operation Report.
- Compilation of financial statements.
- Turkish and International accounting standards.
- Assurance engagement
- Internal audit
- Business risk services

Assurance and Advisory are at the heart of what **AA Bağımsız Denetim ve YMM A.Ş.** does. Services such as audit, financial reporting and risk management advice provide clients' businesses the stability they need to manage effectively and achieve their objectives.

Taxation & Certification of Tax Returns

AA Bağımsız Denetim ve YMM A.Ş. makes complex tax issues simple for you. The complexity of tax regimes vary from country to country and the many annual changes in tax law can serve to move international borders further apart. Expert tax advice is therefore vital if you do business overseas.

For businesses starting up or moving into new countries or regions, we can provide advice on where to set up and how to choose the most appropriate operating structure. Alien A.Ş.'s advisers in Turkey will also explain the local laws and regulations to ensure that you are compliant.

AA Bağımsız Denetim ve YMM A.Ş. taxation team can deliver the following services:

1. Corporate tax
2. Income (personal) tax
3. Local and international tax planning
4. VAT
5. Certification of VAT repayments
6. Certification of annual tax returns
7. Tax investigations

Forensic Accounting

Quality forensic accounting is vital as personal injury, professional negligence case or commercial litigation can damage your business. You may suspect fraud or you may just require a valuation of a business or other assets. In all of these situations, **AA**

Bağımsız Denetim ve YMM A.Ş.'s forensic accounting experts can help you achieve a successful outcome.

AA Bağımsız Denetim ve YMM A.Ş. also has experts who are highly experienced in providing testimony in court, drawing on accounting, auditing, tax and financial expertise as well as their specific knowledge of court procedures.

AA Bağımsız Denetim ve YMM A.Ş.'s forensic specialists are frequently called upon in the following engagements:

- Appraisal of financial losses resulting from fraud
- Appraisal of damage resulting from prejudicial acts
- Preparation of expert opinions and second opinions
- Assisting solicitors in the financial aspects of cases
- Intervention as arbitrators or mediators in dispute resolution.

Sectors

AA Bağımsız Denetim ve YMM A.Ş. can provide your business with a range of accounting and business advisory services within a number of sectors including Construction and Real Estate, Mining and Energy, Manufacturing, Commercial Trade, Free Trade Zones, Not-for-Profit, Hotels Consulting, Government and Public Sector, Professional Services and Technology, Media and Communications (TMC).



CONTACT

For further details on our services please contact to:

Ali Alıç CpA, MA

Managing Partner



AA Bağımsız Denetim ve YMM A.Ş.

Address: Şehit Ersan Cad. No:28/5 Çankaya 06680 Ankara-Turkey.

Web site: www.aa-ymm.com

Tel:+90 312 468 81 50 **Fax:**+90 312 427 08 47 **E-Mail:** alialic@aa-ymm.com