

**GENERAL COMMUNIQUE ON THE LAW NO. 5746 ON SUPPORTING RESEARCH AND
DEVELOPMENT ACTIVITIES (SERIES NO: 3)**

1 Published in the Official Gazette No. 26814 dated 12/3/2008.

1. Introduction The subject of this Communiqué constitutes the procedures and principles regarding the implementation of the stamp duty exemption specified in the Law No. 5746 on Supporting Research and Development Activities dated 28/2/2008. 2. Legal Regulation Paragraphs 1/a, 1/b, 1/f and 1/g of Article 2, the fourth paragraph of Article 3, and the fourth and sixth paragraphs of Article 4 of the Law No. 5746 on Supporting Research and Development Activities, which entered into force effective as of 1/4/2008, are as follows: "Article 2- (1) In the implementation of this Law; a) Research and development activity (R&D): Research and development refers to creative work carried out on a systematic basis in order to increase the stock of knowledge, including knowledge of culture, man and society, and to use this stock to devise new processes, systems and applications, as well as activities that achieve scientific and technological progress in their field, focus on scientific and technological uncertainty, and whose outputs are original, experimental, scientific and technical in content, including environmentally friendly product design or software activities, b) Innovation: Processes created with the idea of a new product, service, application, method or business model that can respond to social and economic needs, that can be successfully introduced to existing markets or that can create new markets, and the results of such processes, ... f) R&D personnel: Researchers and technicians directly engaged in R&D activities; 1) Researcher: Experts holding at least a bachelor's degree who take part in the processes of designing or creating new knowledge, products, processes, methods and systems, and in the management of the relevant projects within the scope of R&D activities and projects falling under the definition of innovation, 2) Technician: Persons who have received higher education in the fields of engineering, science and health sciences, or who have graduated from the technical, science and health departments of vocational high schools or vocational schools of higher education, and who possess technical knowledge and experience, g) Support personnel: Managers, technical staff, laboratory technicians, secretaries, workers and similar personnel who participate in R&D activities or who are directly related to these activities." "Article 3- ... (4) Stamp duty exemption: Stamp duty shall not be levied on papers issued in relation to all kinds of R&D and innovation activities covered by this Law." "Article 4- ... (4) In the event of a violation of the conditions stipulated in this Law or of the use of incentives and support elements for purposes other than their intended purpose, tax loss shall be deemed to have occurred with respect to taxes that have not been accrued on time. Non-tax supports provided, on the other hand, shall be collected in accordance with the provisions of the Law No. 6183 on the Procedure for the Collection of Public Receivables dated 21/7/1953, with the application of late payment surcharges. ... (6) The procedures and principles regarding the implementation and inspection of this Law shall be determined by a regulation to be jointly issued by the Ministry of Finance and the Ministry of Industry and Trade, after obtaining the opinion of TÛBİTAK." The implementation and inspection procedures and principles regarding the supports and incentives covered by the Law No. 5746 have been determined by the Regulation on the Implementation and Inspection of Supporting Research and Development Activities, published in the Official Gazette No. 26953 dated 31/7/2008. 3. Implementation of the Stamp Duty Exemption Related to R&D and Innovation Activities 3.1. Implementation Principles Pursuant to paragraph (4) of Article 3 of the Law No. 5746, papers issued in relation to R&D and innovation activities, the scope and limits of which are specified in this Law and the relevant regulation, shall be exempt from stamp duty. In this framework, the exemption shall also apply to papers issued due to wage payments made exclusively in connection with their duties to personnel employed in R&D and innovation activities within the scope of the Law and the regulation. On the other hand, in order for the stamp duty exemption to be applicable to papers issued in relation to R&D and innovation activities within the

scope of the Law No. 5746 by institutions and organizations such as notaries, official offices, and other public institutions and organizations, - the public institution or organization that specifies and supports the transactions to be carried out within the scope of the R&D and innovation activity, - the public institution to which applications are made for pre-competitive cooperation projects together with R&D centers, - for technology center enterprises, the Technology Development Center (TEKMER) Directorate,

- For R&D and innovation projects funded by international funds or carried out by the Scientific and Technological Research Council of Türkiye (TÜBİTAK), it shall be sufficient for the taxpayer to submit the approved list, at the time of the transaction, to the institutions and organizations that will carry out the transaction, and no other document shall be required by the said institutions and organizations. However, it must be evident from the approved list that the papers subject to the transaction fall within the scope of the R&D and innovation activity. If the approved list is not submitted at the time of the transaction, it is not possible for the persons performing the transaction to apply the exemption.

3.2. Commencement of the Application of the Exemption Within the framework of Law No. 5746, which entered into force effective as of 1/4/2008, and the relevant regulation setting out the procedures and principles for the implementation of this Law; - in R&D centers, as of the date on which the R&D center certificate is issued, - in pre-competition collaboration projects, as of the date on which the project agreement enters into force, - in technology center enterprises, as of the date on which the R&D and innovation project is approved, - in R&D and innovation projects supported by public institutions and organizations and foundations established by law or carried out by TÜBİTAK, as of the date on which the support decision letter for such projects is issued or the project agreement enters into force, - for R&D and innovation projects funded by international funds, as of the date on which TÜBİTAK's letter of approval is issued, - in technoinitiative capital supports, as of the date on which the business plan is approved by the public administration, the stamp duty exemption may be applied to papers issued in connection with R&D and innovation activities. However, where the said papers are processed before notaries, official offices, other public institutions and organizations, or similar institutions and organizations, it is naturally required that the approved list be submitted for the stamp duty exemption to be applied by such institutions and organizations.

3.3. Circumstances in Which the Application of the Exemption Ends Pursuant to the provisions of Law No. 5746 and the relevant regulation, - for enterprises holding R&D center status, as of the date on which the conditions for being an R&D center are lost, the conditions are breached, or the supports and incentives are used for purposes other than their intended purpose, - in a pre-competition collaboration project, as of the date on which the project ends for any reason, or, if the project agreement is terminated, as of the date on which the audit commences, - in projects carried out in KOSGEB technology center enterprises, where the project ends for any reason or the support provided for the project ceases, as of such date, since the R&D and innovation activity will also cease, - in R&D and innovation projects, where the project ends for any reason or the support provided for the project ceases, as of such date, since the R&D and innovation activity shall be deemed to have ended, - in technoinitiative capital supports, as of the date on which the support provided by the public administration for the approved business plan ceases, the stamp duty exemption may no longer be benefited from.

4. Responsibility of the Institutions and Organizations Performing the Transaction It is mandatory for institutions and organizations such as notaries, official offices, and other public institutions and organizations that perform transactions by applying the stamp duty exemption to fill in, within 1 month following the date of issuance of the papers subject to taxation, the "Notification of Those Benefiting from the Stamp Duty Exemption in Connection with R&D and Innovation Activities" included in the Annex of this Communiqué, in relation to stamp duties that were not charged to the relevant parties or not withheld at the time of payment due to the application of the exemption and that concern papers issued in connection with R&D and innovation activities, and to submit it to the tax office to which the relevant parties are affiliated with respect to income or corporate tax. It is possible to notify,

collectively and in the same notification, papers on which the stamp duty exemption has been applied, provided that the 1-month period from the date of their issuance is not exceeded. Where a notification regarding the income tax withholding incentive is submitted for wage payments made to R&D and support personnel covered by the income tax withholding incentive under Law No. 5746, there is no obligation to submit an additional notification for papers issued on account of these wage payments to which the stamp duty exemption is also applied. However, where the stamp duty exemption is applied to papers concerning wages paid to personnel not included in the notification regarding the income tax withholding incentive, an additional notification shall be submitted to the tax office to which the withholding return is filed for these papers. 5. Other Matters By the institutions and organizations that performed transactions between the date on which Law No. 5746 entered into force and the date on which this Communiqué was published by applying the stamp duty exemption within the framework of the provisions of the said Law and regulation, the notification concerning these papers issued within the scope of R&D and innovation activities shall be submitted within 3 months following the date of publication of the Communiqué. Where it is determined that the support and incentive elements have been used for purposes other than their intended purpose, that the conditions have been breached, or that the evaluation reports on the projects are negative, tax loss shall be deemed to have occurred with respect to the stamp duty that was not accrued on time in connection with the R&D and innovation activities, and the taxes subject to loss shall be collected together with late payment interest and the tax loss penalty. To be announced. ANNEX: Notification of Those Benefiting from the Stamp Duty Exemption in Connection with R&D and Innovation Activities

ANNEX

Notification of Those Benefiting from the Stamp Duty Exemption in Connection with R&D and Innovation Activities

To the Tax Office Directorate

Taxpayer

Name and Surname (Title) Tax Identification Number (*) Tax Office Where Registered with Respect to Income/Corporate Tax

Address

Subject of the Transaction

R&D Activity Innovation Activity

Approved List Activity Subject of the List Approval Date/Number of the List Name of the Approving Institution/Organization

Table Concerning Papers Subject to Stamp Duty (**)

Order No Date of Issuance Nature Parties Definite Amount Contained (TL) Stamp Duty Amount (TL)

(3) Notifier

.../.../

Signature – Seal (Names and Titles of the Signatories, Stamps) ----- (*) For natural persons, the Turkish Republic identity number shall be written. (**) Where this section is insufficient, rows shall be added to the table. (***) It shall be signed by authorized representatives.