

**REGULATION ON THE IMPLEMENTATION AND SUPERVISION OF SUPPORT FOR RESEARCH,
DEVELOPMENT AND DESIGN ACTIVITIES**

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Regulation

SECTION ONE Objective, Scope, Legal Basis and Definitions Objective

ARTICLE 1 – (1) The objective of this Regulation is to regulate the procedures and principles regarding the implementation and supervision of Law No. 5746 of 28/2/2008 on Supporting Research, Development and Design Activities. Scope

ARTICLE 2 – (Amended: OG-25/8/2022-31934) (3)

(1) This Regulation covers the procedures and principles for the implementation and supervision of the supports and incentives concerning the technology centers (technology center enterprises) established by the Small and Medium Enterprises Development and Support Administration, research and development (R&D) centers and design centers in Türkiye, R&D and innovation projects, design projects, pre-competitive cooperation projects, and techno-enterprise capital. Legal Basis

ARTICLE 3 – (1) This Regulation has been prepared based on the seventh paragraph of Article 4 of Law No. 5746 of 28/2/2008 on Supporting Research, Development and Design Activities. Definitions

ARTICLE 4 – (1) The following terms in this Regulation shall mean: a) Research and development activity (R&D): Creative work carried out on a systematic basis in order to increase the stock of knowledge, including knowledge of culture and society, and to use this stock to devise new processes, systems and applications, as well as environment-friendly product design or software activities that provide scientific and technological progress in their field, focus on scientific and technological uncertainty, and whose outputs are original, experimental, scientific and technical in content, b) R&D center: Units that are established to carry out R&D and innovation projects or R&D and innovation activities conducted on a contract-based, order-driven basis, and that are organized as a separate unit within the organizational structure of capital companies whose legal or business headquarters are located in Türkiye, including workplaces of limited taxpayers in Türkiye, that are engaged exclusively in research and development activities within the country, that employ at least fifty full-time equivalent R&D personnel, and that possess sufficient R&D accumulation and capability, c) R&D personnel: Researchers and technicians directly involved in R&D activities, ç) 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 in R&D activities and projects falling within the definition of innovation, and in the management of the relevant projects, d) R&D project: A project whose purpose, scope, general and technical definition, duration, budget, special conditions, the amounts of in-kind and/or cash support to be provided by other institutions, organizations, natural and legal persons, and the principles of sharing the intellectual property rights arising from the results have been determined, which is carried out within the framework of scientific principles in a manner that determines every stage of the R&D activities and is conducted by the researcher, e) Ministry: (Amended phrase: OG-25/8/2022-31934) (3) the Ministry of Industry and Technology, f) Evaluation and Audit Commission: The Evaluation and Audit Commission established in accordance with Article 19 to carry out the evaluation and audit of R&D centers, design centers and pre-competition cooperation projects, the secretariat of which shall be conducted by the Ministry, g) Support personnel: Managers, technical staff, laboratory technicians, secretaries, workers and similar personnel who participate in R&D and innovation or design activities or who are directly related to these activities, ğ) General Directorate: (Amended phrase: OG-25/8/2022-31934) (3) the General

Directorate of R&D Incentives, h) Entrepreneur: Persons applying to benefit from the techno-entrepreneurship capital support, i) (Amended: OG-25/8/2022-31934) (3) Enterprise: Natural and legal persons who may benefit from the supports and incentives within the scope of Law No. 5746, together with the technology development centers supported by the Presidency of the Small and Medium Enterprises Development and Support Administration, i) Monitor: Experts in their field or academics appointed by the Ministry for the purpose of monitoring, auditing and reporting the applications or activities of enterprises benefiting from R&D center, design center and pre-competition cooperation project supports, j) Public institutions and organizations: Institutions and organizations that are assigned, in their establishment laws, the duty of supporting R&D and innovation or design activities and that have appropriations allocated for this purpose in their annual budgets, k) (Amended: OG-25/8/2022-31934) (3) Public personnel: Civil servants, other public officials and other personnel working in public administrations listed in Schedules I, II, III and IV annexed to Public Financial Management and Control Law No. 5018 dated 10/12/2003, in provincial special administrations and municipalities and their affiliated organizations, in local administration unions other than those whose members consist entirely of villages, in revolving fund organizations, in funds established by law, in guarantee funds, in public economic enterprises and their affiliated partnerships, and in public administrations with special budgets outside the scope of Law No. 5018, excluding those who do not possess the civil service rights of public personnel and who are employed temporarily and limited to the project duration, l) Law: Law No. 5746 dated 28/2/2008 on Supporting Research, Development and Design Activities, m) KOSGEB: the Presidency of the Small and Medium Enterprises Development and Support Administration, n) Pre-competition cooperation projects: Projects of a scientific and technological nature, within the scope of a cooperation agreement made for R&D and innovation or design activities, to be conducted by more than one organization for the purpose of developing a common component or system or establishing a platform prior to competition, in order to increase productivity and provide higher added value compared to the current situation by designing new processes, systems and applications through benefiting from economies of scale, o) Design activity: All innovative activities aimed at enhancing, developing, improving and differentiating the functionality of a product or products, having the potential to create added value and competitive advantage in the field of industry and (Amended phrase: OG-25/8/2022-31934) (3) in other fields that the President of the Republic may deem appropriate, ö) Design center: Units that are established to carry out design projects or design activities conducted on a contract-based, order-driven basis, and that are organized as a separate unit within the organizational structure of capital companies whose legal or business headquarters are located in Türkiye, including workplaces of limited taxpayers in Türkiye, that are engaged exclusively in design activities within the country, that employ at least ten full-time equivalent design personnel, and that possess sufficient design accumulation and capability, p) Design personnel: Designers and technicians directly involved in design activities, r) Designer: Persons who take part in the processes of realizing projects within the scope of design activities and in the management of the relevant projects, who hold at least a bachelor's degree graduated from the engineering, architecture or design-related departments of universities, and other persons holding at least a graduate-level educational degree in any of the design fields, s) Design project: A project whose purpose, scope, general and technical definition, duration, budget, special conditions, the amounts of in-kind or cash support to be provided by other institutions, organizations, natural and legal persons, and the principles of sharing the intellectual property rights arising from the results have been determined, which is carried out within the framework of scientific principles in a manner that determines every stage of the design activities and is conducted by the designer, ş) Technician: Persons graduated from the design, technical, science or health departments of vocational high schools or vocational schools of higher education, possessing technical knowledge and experience, t) (Amended: OG-25/8/2022-31934) (3) Programs to be supported: The undergraduate programs in mathematics, physics, chemistry and biology of higher education institutions, and other programs

to be determined by the Ministry upon the opinion of the Council of Higher Education, u) Techno-entrepreneurship capital: Capital support provided to encourage persons who are students able to graduate within one year from any undergraduate program of universities providing formal education, master's or doctoral students, or persons who have obtained one of the bachelor's, master's or doctoral degrees at most ten years before the preliminary application date, to transform their technology- and innovation-focused business ideas into ventures with high potential for creating added value and qualified employment, within the framework of a business plan deemed appropriate to be supported by public administrations within the scope of central government, ü) Technology centers (technology center enterprises): Enterprises that hold R&D and innovation projects, established or caused to be established under Law No. 3624 by benefiting from the facilities of universities and research centers, where new and advanced technology-based knowledge is compiled, evaluated and developed and made ready for production for implementation and presented for the use of enterprises, within the scope of KOSGEB technology development and innovation supports

technology development centers (TEKMERs) supported, v) Single Window System: the system established and operated by the Ministry of Trade, in which, with regard to goods subject to customs procedures, applications for permits, approvals and documents required to be issued by different institutions are submitted at a single point (e-application) and forwarded to the relevant institution, and the documents issued by the relevant institution are transmitted electronically (e-document) to be used directly in customs procedures, (Phrase amended: OG-25/8/2022-31934) (3) y) TÜBİTAK: the Scientific and Technological Research Council of Türkiye, z) Innovation: the 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 outcomes of such processes, aa) (Added: OG-25/8/2022-31934) (3) Project Evaluation Commission: the commission of at least three members with no relationship to the project, two members being faculty members who are experts in their field and one member being either a sector expert or an individual participation investor licensed under the Regulation on Individual Participation Capital published in the Official Gazette No. 28560 dated 15/2/2013, to be determined by the Management Company, bb) (Added: OG-25/8/2022-31934) (3) Project partner: each of the organizations taking part in the project within the scope of pre-competition collaboration projects, cc) (Added: OG-25/8/2022-31934) (3) Project coordinator: the project partner designated among themselves by the project partners within the scope of the collaboration agreement, responsible for submitting to the Ministry the progress report, change request and final report, as well as other necessary information and documents, at the stages of making the project application and the support, monitoring, finalization and evaluation of the results of the project, within the scope of pre-competition collaboration projects, çç) (Added: OG-25/8/2022-31934) (3) Management Company: the management company of technology development zones, established as a joint-stock company in compliance with the Technology Development Zones Law No. 4691 dated 26/6/2001, responsible for the management and operation of technology development zones, and, in case it is authorized by the Ministry, responsible for carrying out the appropriateness and compliance audits of the R&D, innovation and design activities carried out under this Regulation. SECTION TWO Provisions Concerning R&D and Innovation Activities and Design Activities Activities not considered R&D and innovation

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ARTICLE 5 – (1) The activities listed below shall not be considered as R&D and innovation activities in the implementation of this Regulation: a) Marketing activities, market scans, market research or sales promotion, b) Quality control, c) Research in the social sciences, ç) Exploration and drilling activities for petroleum, natural gas, and mineral reserves, d) (Amended phrase: OG-25/8/2022-31934) (3) Prior to the issuance of a manufacturing authorization for medicinal products, Phase 3 clinical trials conducted without at least one of the Phase 1 or Phase 2 studies being carried out domestically, and clinical trials conducted after the manufacturing authorization, e) The use of processes invented or existing processes improved without being part of an R&D project,

f) Formal changes involving aesthetic and visual modifications such as shape, colour, decoration and similar, which are not directed at R&D and innovation activities, g) Software development activities carried out through the use of existing software assisting in the preparation of websites and similar, except programming languages and operating systems, ğ) Routine and repetitive activities related to software which do not involve scientific or technological advances or the resolution of technological uncertainties, h) Research expenditures related to establishment and organisation, ı) Investment activities directed at production and production infrastructure, expenditures related to the planning of commercial production and the serial production process, i) Making and distributing copies of prototypes for the purpose of providing samples, and consumer tests for advertising purposes, j) Direct or embedded technology transfer which does not serve the development of a new process, system or product without being part of an R&D project, k) Activities aimed at the protection of intellectual property rights related to a product or process developed through R&D and innovation activities, other than the acquisition of such rights.

Activities not considered as design

ARTICLE 6 – (1) The activities listed below shall not be considered as design activities in the implementation of this Regulation: a) Marketing activities, market scans, market research or sales promotion, b) Quality control, c) The use of processes invented or existing processes improved without being part of a design project, ç) Research expenditures related to establishment and organisation, d) Investment activities directed at production and production infrastructure, expenditures related to the planning of commercial production and the serial production process, e) Making and distributing copies of prototypes for the purpose of providing samples, and consumer tests for advertising purposes, f) Direct or embedded technology transfer which does not serve the development of a new process, system or product without being part of a design project, g) Activities aimed at the protection of intellectual property rights related to a product or process developed through design activities, other than the acquisition of such rights, ğ) Design activities involving the improper use of signs, coats of arms, emblems, badges or denominations containing the signs of sovereignty within the scope of Article 6bis of the Paris Convention, as well as those falling outside this scope but which have become associated with the public in terms of religious, historical and cultural values of public concern, and for which the relevant authorities have not granted registration permission, h) Design activities contrary to public order or public morality.

Scope of R&D, innovation and design expenditures

ARTICLE 7 – (1) The expenditures considered within the scope of R&D, innovation and design activities are as follows: a) Raw material and supplies expenses: 1) Include all kinds of direct primary materials, auxiliary materials, operating supplies, semi-finished products, spare parts, prototypes and similar expenses, as well as expenses relating to the acquisition of tangible assets that cannot be depreciated under the Tax Procedure Law No. 213 dated 4/1/1961. 2) The costs relating to the portion of raw material and other supplies stocks actually used in R&D, innovation or design activities are within the scope of R&D, innovation and design expenditures. Therefore, the cost amounts relating to raw materials and other supplies that have not yet been used in R&D, innovation or design activities must be tracked in the stock accounts; and those used, sold or disposed of must be settled against the stock accounts. b) Depreciation: 1) Consists of the depreciation allocated for depreciable economic assets acquired for the purpose of conducting R&D, innovation or design activities.

2) Depreciation relating to machinery and equipment also used in activities other than R&D, innovation or design activities shall be calculated according to the number of days they are used in R&D, innovation or design activities. c) Personnel expenses: 1) Are the wages accrued in relation to R&D or design personnel employed for the purpose of conducting R&D, innovation or design activities, which fall within the scope of the income tax withholding incentive, and expenses of this nature. Wages corresponding to the time spent outside the premises of R&D or design centers, which are evaluated within the scope of the income tax withholding incentive within the limits determined by the Presidency, (Amended phrase: OG-25/8/2022-31934) (3) are also made subject to the R&D and design deduction. (Repealed sentence: OG-14/2/2017-29979) (1) (...) 2) The wages of support personnel participating in R&D, innovation or design activities and directly related to these activities, not exceeding ten percent of the full-time equivalent number of R&D or design personnel, which fall within the scope of the income tax withholding incentive, and expenses of this nature are also within the scope of personnel expenses. 3) In the case of part-time work, the wage amounts determined by taking into account the ratio of the time the personnel devote to R&D, innovation or design activities to the total working time shall be considered as R&D, innovation or design expenditures. ç) General expenses: 1) Include expenses incurred to ensure the continuity of the activities carried out in R&D or design centers, such as rent, water, energy, maintenance and repair, communication (including postage, cargo, courier and similar expenses) (Added phrase: OG-14/2/2017-29979) (1) , transportation expenses, and maintenance and repair expenses relating to the machinery and equipment used in these centers. 2) Insurance expenses relating to R&D, innovation or design activities, and expenses for books, periodicals and similar scientific publications are also within this scope. (Repealed sentence: OG-14/2/2017-29979) (1) (...) 3) Shares to be calculated over common general operating expenses according to various criteria, excluding rent or depreciation calculated in relation to R&D or design centers, water and energy expenses, shall not be evaluated within this scope. d) Benefits and services purchased from outside: Are payments made for professional or technical support, testing, laboratory (Amended phrase: OG-14/2/2017-29979) (1) and analysis services, legal or scientific consultancy services, and other service procurements of this nature, obtained from other domestic or foreign institutions and organizations outside the enterprise in connection with R&D, innovation or design activities, excluding ordinary maintenance and repair expenses. Expenditures relating to services procured in this manner may not exceed fifty percent of the total amount of expenditures made within the scope of the project. e) Taxes, duties and fees: Include taxes, duties and fees directly related to R&D, innovation or design activities, which may be taken into account as expenses in the determination of the income or corporate tax base. Taxes paid for the immovable properties where R&D, innovation or design activities are directly conducted, as well as similar taxes, duties and fees, are within this scope. (2) For an expenditure made in R&D centers to be made subject to the R&D and design deduction, it is essential that such expenditure be made within the scope of R&D, innovation or design activities; and for an expenditure made in design centers to be made

subject to the deduction, it is essential that such expenditure be made exclusively within the scope of design activities. (3) In pre-competitive cooperation projects, the amounts transferred to the joint special account specified in the cooperation agreement by the organizations forming the cooperation, provided that they fall within the scope of the expenditures listed in the first paragraph, shall, in the period in which the expenditure is made, be accepted as R&D, innovation and design expenditures for each of the contributing organizations, in proportion to their contributions. THIRD SECTION Deduction, Exemption, Support and Incentive Elements Principles of implementation of the R&D and design deduction

ARTICLE 8 – (1) The entirety of R&D and innovation expenditures incurred in technology center enterprises, in R&D centers, by public institutions and organizations, by foundations established by law or utilizing funds or credits provided by international institutions or public institutions and organizations for the purpose of supporting R&D projects within the scope of technology development project agreements, or by those supported by international funds, in pre-competition cooperation projects, and by beneficiaries of technoinvestment capital support, as well as the entirety of exclusively design expenditures incurred in design projects and design centers supported by the above-mentioned institutions and organizations within the scope of the Law, shall be deducted in the determination of corporate earnings in accordance with Article 10 of the Corporate Tax Law No. 5520 dated 13/6/2006, and in the determination of commercial earnings in accordance with Article 89 of the Income Tax Law No. 193 dated 31/12/1960. (2) (Amended phrase: OG-25/8/2022-31934) (3) For R&D or design centers meeting the criteria determined by the President, up to fifty percent of the increase in the R&D and innovation or design expenditures made in that year compared to the preceding year may additionally be deducted under the above-mentioned principles. It is essential for enterprises to benefit from this deduction to submit an activity report and the documents requested by the Ministry as annexed thereto, in line with the criteria determined by the (Amended phrase: OG-25/8/2022-31934) (3) President. (3) Any amount that could not be deducted in the relevant accounting period due to insufficient earnings shall be carried forward to subsequent accounting periods. The carried-forward amounts shall be taken into account in the following years, increased at the revaluation rate determined annually under the Tax Procedure Law. (4) The calculated R&D and design deduction shall be entered in the relevant line of the annual income or corporate tax returns and the provisional tax returns. (5) Those benefiting from the R&D and design deduction within the scope of the Law may not additionally benefit from the provisions of subparagraphs (9) and (13) of the first paragraph of Article 89 of the Income Tax Law and subparagraphs (a) and (ğ) of the first paragraph of Article 10 of the Corporate Tax Law, as well as the provisions of provisional Article 2 of Law No. 4691 (Amended phrase: OG-25/8/2022-31934) (3) . (6) Expenditures within the scope of R&D, innovation, or design activities shall additionally be depreciated through amortization by being capitalized in accordance with the Tax Procedure Law. (7) In cases where no economic value arises due to the impossibility of completing projects for compelling reasons or due to the projects resulting in failure, the amounts that were capitalized in previous years and incurred within the scope of R&D, innovation, or design activities shall be expensed directly. (8) In the case of the transfer of an uncompleted R&D, innovation, or design project, the amounts capitalized by the transferring enterprises shall be taken into account as a cost element in the determination of the earnings amount. Expenditures made within the scope of the project by the enterprises taking over the R&D, innovation, or design project after the date of transfer shall be subject to the R&D and design deduction. If a separate consideration has been paid for the transfer of the project, this consideration may not be made subject to the R&D and design deduction. (9) In the case of the transfer of a completed R&D, innovation, or design project, the enterprise taking over the R&D, innovation, or design project may not benefit from the R&D and design deduction. (10) It is mandatory that R&D, innovation, and design expenditures be recorded separately from the expenditures related to the other activities of the enterprises, in a manner enabling the accurate calculation of the R&D and design deduction.

Method to be Followed in the Application of the R&D and Design Deduction

ARTICLE 9 – (1) Enterprises that will benefit from the R&D and design deduction shall submit the documents specified below, annexed to the annual income or corporate tax return, to the tax office to which they are affiliated: a) For R&D centers benefiting from the R&D and design deduction for the first time within the scope of the Law, the "R&D Center Certificate"; for design centers, the "Design Center Certificate"; and for those benefiting from the project-based R&D and design deduction, the "R&D and Innovation Project Evaluation Report", the "Design Project Evaluation Report", or the "Decision of the Pre-Competition Cooperation Project Evaluation and Audit Commission" prepared by the technical organizations, or alternatively the project contract (However, from enterprises that have previously submitted these documents to the tax office and continue to benefit from the R&D and design deduction within the same scope, the re-submission of these documents shall not be requested in subsequent taxation periods.), b) For enterprises benefiting from technoinvestment capital, the project contract signed by the public administration within the scope of central government providing the support and the annexed business plan for R&D and innovation projects, design projects, and pre-competition cooperation projects; documents indicating the stage at which the R&D, innovation, or design projects conducted in R&D centers, design centers, and technology center enterprises are, and documents regarding the implementation status of these projects or the business plan, c) A list showing the annual amounts and detailed breakdown of the expenditures subject to the R&D and design deduction by main groups, ç) For R&D centers, design centers, technology center enterprises, R&D and innovation projects, design projects, pre-competition cooperation projects, and enterprises benefiting from technoinvestment capital support, a list showing the periods during which employees (Repealed phrase: OG-25/8/2022-31934) (3) served in the projects, their salaries, and the tax amounts made subject to income tax withholding incentives, together with (Amended phrase: OG-25/8/2022-31934) (3) information and documents regarding the numbers and qualifications of graduates of the programs to be supported and the support provided to such personnel, d) For external testing, laboratory, analysis, consultancy, expertise, and similar services, a list containing the name of the natural/legal person providing the service, the Turkish Republic identity number/tax identification number, the nature of the service received, the invoice date and number, the amount, and the withholding and VAT amounts, e) A list showing the R&D and design deduction amounts to be provided by the R&D and design centers for R&D, innovation, or design activities conducted on an order basis within the framework of a contract. (2) R&D, innovation, or design projects financially supported by the funds of bilateral or multilateral international R&D or design cooperation programs to which Türkiye is a party by treaty must be approved by TÜBİTAK. (3) In order for the R&D and design deduction to be applied in R&D centers, design centers, and pre-competition cooperation projects, it is mandatory to submit to the tax office to which they are affiliated, within the period specified in the relevant legislation, the sworn financial advisor's certification report containing the documents specified in the first and second paragraphs; and for R&D centers, design centers, and pre-competition cooperation projects, the submission of the above-mentioned documents together with the tax return shall not be additionally requested. For projects other than R&D centers, design centers, and pre-competition cooperation projects, and for beneficiaries of support and incentives within the scope of the Law, a sworn financial advisor's certification report shall not be additionally required. (4) In cases where the documents specified in the first and second paragraphs regarding the R&D and design deduction are included as annexes to the full certification report, there is no need to additionally prepare a certification report regarding the R&D and design deduction.

R&D Deduction Stipulated in Article 3/A of the Law

ARTICLE 9/A – (Added: OG-14/2/2017-29979) (1) 100% of the research and development expenditures incurred by income and corporate taxpayers, within their enterprises, exclusively for the purpose of seeking new technology and knowledge, shall be deducted in the determination of earnings pursuant to Article 10 of Law No. 5520 and Article 89 of Law No. 193, provided that the

projects within this scope are evaluated as R&D and innovation projects by the Ministry. (2) In the application of the deduction for research and development projects aimed at the pursuit of new technology and knowledge, which are the subject of applications made as of 9/8/2016 under Article 3/A of Law No. 5746 by income and corporate taxpayers, the provisions set forth in this Article shall be taken into consideration. For projects that are the subject of applications made prior to 9/8/2016, the R&D deduction shall be benefited from in accordance with subparagraph (9) of the first paragraph of Article 89 of Law No. 193 and the provisions of subparagraph (a) of the first paragraph of Article 10 of Law No. 5520, as they read prior to their amendment by Law No. 6728. (3) By the date on which the provisional tax return for the period in which the benefit of the R&D deduction under Article 3/A of the Law is to commence is filed, the application form to be prepared for the project, in a format to be determined by the Ministry in relation to the R&D activities, shall be submitted to the Ministry electronically or in writing. However, for projects for which no application has been made within this period, where work has commenced and expenditures have been made, an application is submitted at any stage of the project and the project is found eligible, the R&D expenditures incurred as of the beginning of the provisional tax period in which the application date falls may benefit from the R&D deduction; applications made after the completion of the R&D project shall not be taken into evaluation. (4) After the general evaluation of the project, the subject of the application, by the Ministry, it is sent to TÜBİTAK in order to determine, upon scientific examination, whether it is exclusively aimed at the pursuit of new knowledge and technology. The project is examined and evaluated by TÜBİTAK within the framework of the following matters: a) Where deemed necessary by TÜBİTAK, at least two academicians who are experts in the field are appointed as referees to examine the application in question, with the possibility of requesting additional information and documents. b) Evaluation reports are prepared by the referees in line with their examinations of the application. c) By TÜBİTAK, taking the evaluation reports into consideration, a conclusion letter is prepared regarding whether the project is aimed at the pursuit of new knowledge and technology. (5) The conclusion letter regarding the project shall be transmitted to the Ministry, together with the evaluation reports attached thereto, at the latest within sixty days from the date on which the application for the project was sent by the Ministry to TÜBİTAK. (6) The expenses related to the examination and evaluation shall be covered by TÜBİTAK. (7) A copy of the conclusion letter shall be sent to the applicant by the Ministry. The applicant shall submit a copy of the positive conclusion letter to the tax office to which he/she is affiliated with respect to income or corporate tax. (8) All procedures relating to requests for changes in the budget, duration, personnel and similar matters concerning the project are subject to the approval of the Ministry. Where deemed necessary by the Ministry, the opinion of TÜBİTAK may be sought on these matters. (9) In the application of the R&D deduction within the framework of Article 3/A of the Law, the provisions and explanations set forth in Articles 8 and 9 of Law No. 5746 regarding R&D and innovation projects supported by public institutions and organizations, or by foundations established by law or utilizing funds or credits from international institutions or public institutions and organizations for the purpose of supporting R&D projects under technology development project agreements, or by international funds shall be taken into consideration, in accordance with the matters set forth in this Article. (10) The explanations made in Article 33, regarding that grants accounted for as funds are included in income in the determination of taxable earnings and are not taken into consideration as R&D expenditures in the determination of the R&D deduction amount, shall also apply to those benefiting from the R&D deduction pursuant to Article 3/A of the Law. (11) Where the Ministry deems it necessary, it may issue procedures and principles related to this Article.

Income tax withholding incentive application

ARTICLE 10 – (1) (Amended: OG-25/8/2022-31934) (3) Ninety-five percent for those holding a doctoral degree or those holding at least a master's degree in one of the programs to be supported, ninety percent for those holding a master's degree or those holding a bachelor's degree in one of the programs to be supported, and eighty percent for the others, of the remaining tax

amount — after deducting the tax corresponding to the minimum subsistence allowance regulated in Article 32 of Law No. 193 for periods prior to 1/1/2022, and the tax corresponding to the minimum wage exemption regulated in subparagraph (18) of the first paragraph of Article 23 of Law No. 193 for periods after 1/1/2022 — from the tax calculated on the wages earned by R&D and support personnel working in technology center enterprises, in R&D centers, in foundations established by law or utilizing funds or credits from international institutions or public institutions and organizations within the scope of technology development project agreements for the purpose of supporting R&D, innovation or design projects, or in R&D and innovation projects supported by international funds or carried out by TÜBİTAK, in pre-competition cooperation projects, and in enterprises benefiting from techno-venture capital support, as well as by design and support personnel working in design projects supported by the institutions and organizations listed above within the scope of the Law and in design centers, shall be cancelled by way of deduction from the tax accrued on the withholding tax return to be filed.

(2) (Repealed: OG-25/8/2022-31934) (3)

(3) In the calculation of the income tax withholding incentive, the ratio of the time that the personnel within this scope actually devote to R&D, innovation or design activities to the total working time shall be taken into consideration. The wages corresponding to the earned weekly rest periods and annual paid leave of full-time employees, as well as to the holidays specified in Law No. 2429 on National Holidays and General Holidays dated 17/3/1981, shall also be considered within the scope of this incentive. Wages relating to working hours exceeding forty-five hours per week and to overtime cannot benefit from this incentive. The wages of personnel working part-time in R&D and innovation or design activities, corresponding to earned weekly rest periods and annual paid leave and to the holidays specified in Law No. 2429, shall not be taken into consideration in the application of the income tax withholding incentive.

(4) Provided that they are directly related to the projects carried out by R&D or design personnel working in R&D or design centers, in cases where it is mandatory for a part of the activities within the scope of the project to be carried out outside the R&D or design center, subject to obtaining the approval of the R&D or design center management and notifying the Ministry, the portion determined by the President of the Republic (Amended phrase: OG-25/8/2022-31934) (3) , not exceeding one hundred percent of the wages relating to such activities outside the center, and, for R&D or design personnel working in R&D or design centers (Repealed phrase: OG-25/8/2022-31934) (3) , provided that the periods do not exceed one and a half years for those pursuing a master's degree and two years for those pursuing a doctorate (Additional phrase: OG-25/8/2022-31934) (3) , subject to notification to the Ministry by the R&D or design center management and (Repealed phrase: OG-25/8/2022-31934) (3) , the portion determined by the President of the Republic (Amended phrase: OG-25/8/2022-31934) (3) , not exceeding one hundred percent of the wages relating to the periods spent outside the center, shall be considered within the scope of the income tax withholding incentive.

a) (Amended phrase: OG-25/8/2022-31934) (3) The substantiation and responsibility of the necessity and the fact that the periods to be spent outside the R&D or design center, within the scope of the activities to be determined by the President of the Republic, are within the scope of the project, rest with the R&D or design center management. Within this scope, the list of R&D or design personnel who have benefited from the incentive shall be reported in the annual activity reports submitted to the Ministry for each project.

b) The period to be spent in graduate education shall be calculated with the approval of the relevant R&D or design center, taking into account the course program approved by the university. In these calculations, the research to be conducted within the scope of the courses taken in graduate education shall also be taken into consideration. In the application of the periods of one and a half years for those pursuing a master's degree and two years for those pursuing a doctorate, periods spent under leave of absence (freezing of registration) shall not be taken into consideration.

c) The activities carried out outside the scope of the R&D or design centers and the periods spent outside within the scope of graduate education, in accordance with this Article, shall also benefit from the discount, support and incentive elements provided under this Regulation. (Additional sentences: OG-25/8/2022-31934) (3) Furthermore, in the event that personnel holding a doctoral degree working in R&D or design centers teach courses in the field of R&D and innovation at universities, the content of such courses is substantiated by the universities as being related to matters such as R&D, innovation, technology, innovation and entrepreneurship, and this is approved by the relevant R&D or design center management and reported to the Ministry, or in the event that R&D and design personnel act as mentors to entrepreneurs located in technology development zones established under Law No. 4691, this mentoring activity is substantiated by the technology development zone management company, and it is approved by the relevant R&D or design center management and reported to the Ministry, the periods corresponding to the mentoring activity and course hours shall, provided that they do not exceed eight hours in total per week, be considered within the scope of the income tax withholding incentive for these activities. In addition to this, provided that it does not exceed twenty percent of the total number of personnel working in R&D or design centers or of the total working hours subject to the incentive, the periods spent outside these centers, other than the situations specified in this paragraph, shall also be considered within the scope of the income tax withholding incentive, subject to notification to the Ministry by the relevant R&D or design center management. The President of the Republic is authorized to increase this rate, determined as twenty percent, up to seventy-five percent in the regional and/or sectoral areas to be determined, or to reduce it back to the statutory rate.

ç) (Repealed: OG-14/2/2017-29979)

(5) The full-time equivalent number of support personnel who will benefit from the income tax withholding incentive cannot exceed ten percent of the total full-time equivalent number of R&D or design personnel. Fractional numbers shall be rounded up to the nearest whole number. In the event that the support personnel exceed ten percent of the total full-time equivalent number of R&D or design personnel, the incentive shall be applied starting from the wages of the support personnel with the lowest gross wage. In the event that the gross wages are the same, the employer shall determine the support personnel whose wages will be subject to the income tax incentive. The manager of the R&D center or design center shall be considered as R&D personnel, design personnel or support personnel, according to the job description and nature of the position.

(6) Public personnel working in the projects specified in the first paragraph or employed in enterprises cannot benefit from the specified incentive.

(7) The calculation regarding the amount to be cancelled on the withholding tax return must be carried out separately for each of the R&D or design personnel and the support personnel. The information regarding this calculation shall be shown in the notification table (Amended phrase: OG-25/8/2022-31934) determined by the Ministry of Treasury and Finance and submitted to the relevant tax office as an annex to the withholding tax return.

Social insurance premium support application

ARTICLE 11 – (1) Excluding public personnel, half of the employer's share of insurance premiums calculated over the wages earned by R&D personnel and support personnel working in technology center enterprises, R&D centers, and in R&D and innovation projects supported by public institutions and organizations, foundations established by law or using funds or credits provided by international institutions or public institutions and organizations for the purpose of supporting R&D projects under technology development project agreements, or supported by international funds or carried out by TÜBİTAK, in pre-competition cooperation projects, and in enterprises benefiting from techno-venture capital support; and half of the employer's share of insurance premiums calculated over the wages of design and support personnel working in design projects and design centers supported by the institutions and organizations mentioned above within the scope of the Law, as well as half of the employer's share of insurance premiums calculated over the wages exempted from income tax, for as long as the income tax exemption is applied, of personnel whose wages have been exempted from income tax pursuant to Article 2 of the Provisional Article of Law No. 4691, (Amended phrase: OG-25/8/2022-31934) (3) shall be covered from the appropriation to be included in the budget of the Ministry of Treasury and Finance. (2) The full-time equivalent number of support personnel who will benefit from the employer's share of insurance premiums support may not exceed ten percent of the total full-time equivalent number of R&D or design personnel. Fractional numbers shall be rounded up to whole numbers. Where the number of support personnel exceeds ten percent of the total full-time equivalent number of R&D or design personnel, the employer's share of insurance premium incentive shall be applied starting from the wage of the support personnel with the lowest gross wage. Where the gross wages are the same, the support personnel to whom the employer's share of insurance premium incentive will be applied shall be determined by the employer. (3) In order to benefit from the employer's share of insurance premiums support, it is a condition that employers apply in writing to the Provincial Directorate of Social Security or Social Security Center to which the workplace is affiliated, together with: for technology center enterprises, the support decision letter or project contract obtained from the TEKMER directorate; for R&D and innovation or design projects supported by public institutions and organizations, foundations established by law or using funds or credits provided by international institutions or public institutions and organizations for the purpose of supporting R&D projects under technology development project agreements, from the public institution/organization providing the support or from the foundations mentioned above; for R&D and innovation or design projects supported by international funds or carried out by TÜBİTAK, from TÜBİTAK; for R&D centers, design centers, and pre-competition cooperation projects, from the Ministry; for enterprises receiving techno-venture capital support, the support decision letter or project contract obtained from public administrations within the scope of central government; and for employers employing personnel whose wages are exempted from income tax within the scope of the Technology Development Zones Law, the document to be obtained from the managing company, which is obligated to verify whether the insured person actually works in the zone. (4) The employer's share of insurance premiums support shall be benefited from as of the beginning of the month following the date of receipt of the document issued by the relevant institution, organization, or the company in charge of auditing, stating that the conditions stipulated in the Law are fulfilled and that the right to benefit from the support has been acquired in accordance with the relevant articles of this Regulation. (5) In order for employers to benefit from the employer's share of insurance premiums support, it is mandatory that they submit the monthly premium and service documents regarding the insured persons covered by the scope to the Social Security Institution within the legal period (Amended phrase: OG-25/8/2022-31934) (3) . Where the said document is submitted outside the legal period, the employer's share of insurance premiums support specified in the Law may not be benefited from. (6) Where the monthly premium and service documents regarding the insured persons covered by the scope are submitted within the legal period, the other half of the

employer's share of insurance premiums (Amended phrase: OG-25/8/2022-31934) (3) shall be covered from the appropriation to be included in the budget of the Ministry of Treasury and Finance, regardless of whether half of the accrued employer's share of insurance premiums and the insured person's share have been paid by the employers. (7) In the implementation of the employer's share of insurance premiums support, the ratio of the time that the personnel within this scope devote to R&D, innovation, or design activities to the total working time shall be taken into account. (8) Where the work of the personnel covered by the scope related to R&D, innovation, or design activities (Amended phrase: OG-25/8/2022-31934) (3) fills the entire weekly working hours of the workplace, the weekly rest day pertaining to the week worked shall be taken into account in the implementation of the employer's share of insurance premiums support. Where all of the monthly work of the personnel covered by the scope is related to R&D, innovation, or design activities, the wages pertaining to annual paid leave periods and the public holidays specified in Law No. 2429 shall also be evaluated within the scope of this support. (9) Where it is understood, as a result of the audits to be conducted pursuant to Article 4 of the Law or from the documents to be obtained from the TEKMER directorate, managing companies, official institutions and organizations, or the foundations specified in the Law, that workplaces benefiting from the employer's share of insurance premiums support do not fulfill the necessary conditions to benefit from the employer's share of insurance premiums support, the amounts of the employer's share of insurance premiums previously (Amended phrase: OG-25/8/2022-31934) (3) covered by the Ministry of Treasury and Finance shall be collected from the employers together with the default penalty and default interest to be calculated in accordance with the relevant provisions of the social security legislation. (10) In the implementation of the employer's share of insurance premiums support calculated over the wages of personnel whose wages have been exempted from income tax pursuant to Provisional Article 2 of the Technology Development Zones Law, the other conditions of this Regulation other than this article shall not be sought. The wages corresponding to the rate determined by the (Amended phrase: OG-25/8/2022-31934) (3) President of the Republic, pertaining to the periods spent outside the zone for activities carried out outside the zone within the scope of the Law and for graduate education, of personnel working in Technology Development Zones whose wages are exempted from income tax, shall also be evaluated within the scope of this article. The managing companies within the scope of the Technology Development Zones Law are obligated to verify whether the employers benefiting from this support fulfill the necessary conditions pursuant to the relevant legislation and, upon determining that the conditions are not fulfilled, to notify the situation to the Provincial Directorate of Social Security or Social Security Center to which the workplace is affiliated within ten business days. (11) Where employers falling within the scope of the first paragraph have more than one workplace related to R&D, innovation, or design activities, a separate application shall be made for each workplace covered by the scope, and each workplace shall be evaluated separately. Where the workplaces have more than one R&D or design center organized as separate units within the same organizational structure, a separate application shall be made for each R&D or design center by registering a new workplace file. (12) In the case of the transfer of an incomplete R&D, innovation, or design project, the enterprise taking over the R&D, innovation, or design project shall benefit from the employer's share of insurance premiums support, provided that it fulfills the necessary conditions. However, in the case of the transfer of a completed R&D, innovation, or design project, the enterprise taking over the R&D, innovation, or design project may not benefit from the employer's share of insurance premiums support. (13) In the event that employers decide to pay wage differences to insured persons whose services and wages have previously been notified pursuant to the Law, based on collective bargaining agreements, and that supplementary

where the monthly premium and service documents are submitted to the Institution by the end of the month following the month in which the collective labour agreement is signed, the employer's share of insurance premium support may be utilised. (14) The employer's share of

insurance premium support may not be utilised for public personnel working in the enterprises or taking part in the projects specified in the first paragraph, workers subject to social security support premium, candidate apprentices and apprentices specified in the Vocational Education Law No. 3308 dated 5/6/1986, students receiving vocational training in enterprises, students subject to internship, and those working abroad. (15) Payments made to insured persons covered by the Law, other than wages, shall not be included in the earnings subject to premium stated in the monthly premium and service document arranged within the scope of the Law. Such payments shall be reported to the Social Security Institution through the monthly premium and service document that is not covered by the support. (16) The employer's share of insurance premium support shall not be applied to unemployment insurance premiums accrued on account of the monthly premium and service documents arranged within the scope of the Law. (17) The amounts of insurance premium support arising within the framework of the above provisions shall be reported by the Social Security Institution to the Ministry of Treasury and Finance for the quarterly periods of the calendar year. (Amended phrase: OG-25/8/2022-31934) (3) Exemption from stamp duty application

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ARTICLE 12 – (1) Papers arranged in relation to all types of R&D and innovation activities and design activities within the scope of the Law are exempt from stamp duty. (2) For the application of the stamp duty exemption, it shall be sufficient to submit, during the transaction, to the institutions and organisations carrying out the transaction, such as notaries, public offices, and other public institutions and organisations, the project proposal information form, or the support decision letter, or the project contract, or a document of this nature — obtained from or approved by the public institution to which the application for R&D and innovation or design projects for R&D centres, design centres, and pre-competition cooperation is made and which provides the support, or from the foundations specified in the Law; from the TEKMER directorate for technology centre enterprises; and from TÜBİTAK for R&D and innovation or design projects supported by international funds or carried out by TÜBİTAK — indicating that the transaction covered by the paper is related to R&D and innovation or design activities within the scope of the Law; no further documents shall be required by the institutions or organisations carrying out the transaction. (3) In the event that the said documents cannot be submitted for any reason during the transaction, the stamp duty on the papers shall be paid by the persons concerned. (4) No stamp duty shall be levied on papers arranged due to wage payments made, exclusively in connection with these duties, to personnel employed in R&D and innovation or design activities within the scope of the Law, and on monthly premium and service documents to be arranged for insured persons falling within the scope of the Law. (5) Where it is determined that the support and incentive elements are used for purposes other than their intended purpose, that the conditions are violated, or that the evaluation reports concerning the projects are unfavourable, the stamp duty subject to the exemption shall be collected from the enterprises under Article 34. The fact that the said documents were submitted during the transaction shall not affect this application. (6) Institutions and organisations that carry out transactions by applying the stamp duty exemption within the scope of the Law shall be obliged, within one month following the date of the transaction, to notify the tax office to which the persons concerned are attached with respect to income and corporate tax, of the stamp duty that was not charged to the persons concerned or not withheld at the time of payment due to the exemption, by means of a notification the content of which is (Amended phrase: OG-25/8/2022-31934) (3) determined by the Ministry of Treasury and Finance. (7) Papers arranged in relation to R&D and innovation activities and design activities within the scope of the Law that are subject to the exemption, and the documents serving as the basis for the application of the exemption shall be retained for five years as of the beginning of the year following the date on which the papers were arranged and, when necessary, submitted to the relevant persons and institutions.

Customs duty exemption

ARTICLE 13 – (1) Goods imported for use in research related to R&D, innovation and design projects carried out within the scope of the Law shall be exempt from customs duty and all types of funds; papers arranged and transactions carried out within this scope shall be exempt from stamp duty and fees. (2) The goods imported by enterprises holding an R&D Centre or Design Centre Certificate and within the scope of pre-competition cooperation projects taken under support shall consist of goods that the Ministry deems appropriate for use in R&D, innovation or design-related activities. (3) Enterprises within the scope of the second paragraph that are to benefit from this exemption shall submit their applications to the General Directorate through the Ministry of Trade Single Window System E-Application System. (Amended phrase: OG-25/8/2022-31934) (3) (4) The General Directorate shall evaluate the application and, if it deems it appropriate, approve the said application on the same business day and notify the Ministry of Trade through the Single Window System for use in customs transactions. (Amended phrase: OG-25/8/2022-31934) (3) Where the General Directorate deems it necessary, it may appoint at least one expert monitor to obtain an opinion on the application. (5) Enterprises holding R&D, innovation and design projects within the scope of the Law that are not specified in the second paragraph shall apply to the institution or organisation providing the support, or to the foundations specified in the Law; and, for R&D, innovation and design projects supported by international funds, to TÜBİTAK. Enterprises shall benefit from this exemption in accordance with the application processes determined by the institution or organisation to which they apply.

SECTION FOUR Contract-Based R&D, Innovation and Design Activities, Supports for Supported Programmes, Design Support, Scope of Support and Incentives, and Assignment of Teaching Staff (2)

Contract-based R&D, innovation and design activities

ARTICLE 14 – (1) The R&D and innovation activities carried out by R&D centres on a contract basis within the framework of a contract, and the design activities carried out by design centres on a contract basis within the framework of a contract, within the scope of the Law, may benefit from the deduction, exemption, support and incentive elements specified in the Law. (2) Of the expenditures made in relation to R&D or design activities carried out on a contract basis by R&D or design centres, only fifty per cent may be taken into account as the R&D and design deduction by these centres, and the remaining fifty per cent of these expenditures may be taken into account by the income and corporate taxpayers placing the order. (3) This provision shall apply to R&D and design deductions arising from orders placed after 1/3/2016. (4) Where the party placing the order is not an income or corporate taxpayer, the entire R&D or design expenditure may be deducted by the R&D or design centre. Within this scope, in projects carried out upon orders placed by persons who do not have the right to R&D and design deduction on an income or corporate tax return filed in Türkiye, the entire right to deduction shall be exercised by the R&D or design centre. Parties placing orders may not benefit from the other incentive and support elements within the scope of this Law, apart from the R&D and design deduction and the stamp duty exemption for papers relating to the placing of the order. (5) Half of the total amount of the R&D and design deduction that may be benefited from as of each provisional taxation and accounting period shall be notified in writing to the party placing the order by the R&D centre or design centre before the commencement of the periods for filing returns.

Supports for programmes to be supported (Amended heading: OG-25/8/2022-31934) (3)

ARTICLE 15 – (1) (Amended phrase: OG-25/8/2022-31934) (3) For R&D centers employing R&D personnel holding at least a bachelor's degree among the programs to be supported, the portion of the monthly salary paid to each such personnel equal to the monthly gross amount of the minimum wage in force for that year shall be covered, for a period of two years and excluding public personnel, from the appropriation to be allocated in the Ministry's budget. (2) Within this scope, the number of personnel to benefit from the support in each R&D center may not exceed

ten percent of the total number of personnel employed at the R&D center in the relevant month. If this figure includes a fraction, it shall be rounded up to the nearest whole number. (3) (Amended: OG-25/8/2022-31934) (3) In order to benefit from this support, it is essential that personnel graduated from the mathematics, physics, chemistry, and biology undergraduate programs of higher education institutions be employed for the first time at the relevant enterprise after 1/3/2016 (inclusive), and personnel graduated from other programs to be determined by the Ministry upon the opinion of the Council of Higher Education be employed for the first time at the relevant enterprise after 3/2/2021 (inclusive). (4) The enterprise is obliged to notify the Ministry, in writing or electronically, of the matters related to the recruitment and departure of the personnel it employs within the scope of this support. (5) Payments to be made in respect of this support shall be carried out by the Ministry on a monthly basis, taking into account the number of insurance premium days pertaining to the personnel covered by the support. (6) In order for payments to be made within the scope of this article, a report demonstrating that the conditions above are fulfilled and that the periodic salaries of the relevant personnel have been paid by the enterprise must be submitted to the Ministry. The amount deemed appropriate by the Ministry shall be paid to the bank account notified by the enterprise by the end of the month following the date of delivery of the report. (7) The minimum information to be included in the report to be prepared in respect of this support, as well as other matters, shall be determined by the Ministry. (8) The amount of support paid by the Ministry shall be subject to the special fund practice specified in Article 33 with respect to the enterprise.

Design (Repealed phrase: OG-25/8/2022-31934) (3) support

ARTICLE 16 – (1) The costs of designs (Repealed phrase: OG-25/8/2022-31934) (3) exhibited at design competitions meeting the criteria determined by the Ministry in line with the recommendations of the Turkish Design Advisory Council may be supported on a non-refundable basis within the framework of the appropriations to be allocated in the Ministry's budget. (2) Matters relating to the implementation of this article shall be specified in the Design (Repealed phrase: OG-25/8/2022-31934) (3) Support Implementation Principles and Procedures prepared by the Ministry.

Scope of support and incentives

ARTICLE 17 – (1) Those who benefit from the exemptions, exceptions, supports, and incentives under the Law may not additionally benefit from the provisions of subparagraphs (9) and (13) of the first paragraph of Article 89 of the Income Tax Law, subparagraphs (a) and (ğ) of the first paragraph of Article 10 of the Corporate Tax Law, and Article 2 (Provisional) of the Technology Development Zones Law.

Assignment of faculty members

ARTICLE 18 – (1) Faculty members whose services are needed as investigators, designers, or administrative personnel in activities carried out in R&D or design centers may be assigned on a full-time or part-time basis with the permission of the university boards of directors. (2) Six years of full-time employment at any university is required for full-time assignment, and the assignment period is one year after each six-year period. (3) The income to be earned by faculty members who take on part-time assignments in return for such services shall be kept outside the scope of the university revolving funds. (4) Personnel to be assigned on a full-time basis shall be granted unpaid leave by their institutions, and their relationship with their positions shall continue. For those who take unpaid leave in this manner and who, due to their previous duties, are considered insured or participants within the scope of subparagraph (c) of the first paragraph of Article 4 or Article 4 (Provisional) of the Social Insurance and General Health Insurance Law No. 5510 dated 31/5/2006, if they apply within fifteen days following the date of their unpaid leave, the insured or participant status within the same scope shall continue for as long as they are considered on unpaid leave and are employed there. For those who take unpaid leave in this manner: a) For those considered insured within the scope of subparagraph (c) of the first paragraph of Article 4 of Law No. 5510, the employee's share of the insurance premium and the employee's share of the general health insurance premium calculated for the relevant month, based on the earnings elements subject to insurance premium determined for their previous positions, shall be paid by themselves, and the employer's share of the insurance premium and the employer's shares of the general health insurance premiums shall be paid by the employers for whom they work; b) For those considered participants within the scope of Article 4 (Provisional) of Law No. 5510, the personal contribution calculated for the relevant month, based on the monthly salary elements subject to retirement deduction determined for their previous positions, shall be paid by themselves, and the institutional contributions together with the entirety of the general health insurance premiums shall be paid by the employers for whom they work. (5) The obligation to pay premiums rests with the employers to whom they are assigned. The periods spent on unpaid leave in this manner shall be taken into account, based on their previous position titles, in determining the monthly salary elements subject to retirement deduction or the earnings elements subject to insurance premium. (6) No severance pay shall be paid by the employers for whom they work for the said periods of employment during the unpaid leave period, and these periods shall be taken into account in the calculation of the retirement gratuity. The provisions of Article 36 of the Higher Education Law No. 2547 dated 4/11/1981 that are contrary to the arrangements laid down in this article shall not apply.

SECTION FIVE Matters Concerning the Evaluation and Audit Commission, R&D Centers, and Design Centers

Evaluation and Audit Commission

ARTICLE 19 – (1) The evaluation and audit of R&D centers, design centers, and pre-competition collaboration projects shall be carried out by the Evaluation and Audit Commission. (2) The Evaluation and Audit Commission shall be composed of the following five members. a) (Amended phrase: OG-2/12/2020-31322) One member to be designated by the Ministry of Treasury and Finance,

b) (Amended: OG-2/12/2020-31322) One member to be designated by the Ministry of Industry and Technology, c) Two members to be selected by the Ministry from among faculty members with expertise in their fields, in accordance with the subject matter relevant to the center or pre-competition collaboration project whose application is to be evaluated or whose audit is to be conducted, ç) One member to be appointed by the Ministry, in accordance with the subject matter relevant to the center or pre-competition collaboration project whose application is to be evaluated or whose audit is to be conducted, from among the managers or representatives of the Council of the Union of Chambers and Commodity Exchanges of Türkiye (TOBB) assembly or

sector representatives, the Turkish Exporters Assembly (TİM) assembly or sector representatives, Organized Industrial Zones, Industrial Zones, Technology Development Zones, and foundations established by law or professional chambers. (3) The Ministry shall appoint at least two persons with expertise in the field as observers for the application, monitoring, or audit activities related to an R&D center, design center, or pre-competition collaboration project. Observers appointed for the purpose of examining applications may not be assigned to the monitoring and auditing of the activities of the same center or of the project until the end of the year following the year in which the application was accepted. (4) The observers appointed to examine pre-competition collaboration project applications and R&D center and design center applications or to monitor their activities shall conduct on-site actual examinations and audits and submit the report they have prepared to the Evaluation and Audit Commission. (5) Each R&D, innovation, or design project carried out in R&D Centers and Design Centers shall be examined on site and reported by the observers appointed for submission to the Evaluation and Audit Commission. (6) The Evaluation and Audit Commission shall render its decision regarding an R&D center or design center by taking into consideration all of the activities carried out in such centers; and its decision regarding a pre-competition collaboration project by taking into consideration the activities within the scope of the project. (7) (Amended: OG-2/12/2020-31322) The Evaluation and Audit Commission shall convene under the chairmanship of the member designated by the Ministry of Industry and Technology. (8) The Evaluation and Audit Commission shall convene with the participation of at least four members and shall take decisions by the unanimous vote of three members.

R&D centers and design centers

ARTICLE 20 – (1) In applications made to obtain an R&D Center Certificate or Design Center Certificate in order to benefit from the supports and incentives provided in the Law, the following minimum conditions shall be sought. a) In R&D centers, the employment of at least fifty or (Amended phrase: OG-25/8/2022-31934) (3)

full-time equivalent R&D personnel in the number determined by the President,

b) In design centers, the employment of at least ten or (Amended phrase: OG-25/8/2022-31934) (3)

full-time equivalent design personnel in the number determined by the President,

c) The R&D or design activities of R&D centers and design centers within the scope of the Law being carried out domestically, ç) The existence of sufficient R&D or design management and technological assets, human resources, intellectual property rights, project and knowledge resource management capability and capacity of the applicant enterprise, d) The existence of mechanisms to physically verify that the personnel working in R&D centers and design centers work in such centers, e) The existence of programs and projects with defined subject matter, duration, budget, and personnel requirements for R&D or design centers, f) R&D or design centers being organized as a separate unit within the entity and being located in a single campus or physical space, g) In the event that R&D or design centers are established in Technology Development Zones, only the support and incentive provisions set forth in the Law shall apply to the activities carried out in such centers. (2) In the event that enterprises have more than one R&D or design center organized as separate units within their organizational structure, a separate application shall be made for each R&D or design center. (3) For enterprises that will establish an R&D center or design center exclusively for the purpose of engaging in R&D or design activities, the condition of having a workplace in Türkiye engaged in production or trade shall not be sought. (4) (Amended: OG-25/8/2022-31934) (3)

In R&D centers or design centers, foreign nationals may be employed as R&D or design personnel within the framework of the International Labour Law No. 6735 dated 28/7/2016 and the relevant legislative provisions. Work permit applications of foreigners to be employed under this paragraph shall be submitted to the Ministry of Labour and Social Security by the enterprises

that will employ such persons and shall be concluded in accordance with the favorable opinion of the Ministry.

Application, monitoring, and audit of R&D centers and design centers

ARTICLE 21 – (1) Enterprises wishing to benefit from supports and incentives shall submit their applications to the Ministry in writing or electronically. (2) The Ministry is authorised to make arrangements regarding the application form and the documents to be annexed thereto, their form and content, the procedures to be followed in the application, and other matters. (3) The Ministry examines the application file within five business days as to whether there is any deficiency. If a deficiency is identified in the application file, these deficiencies shall be notified to the enterprise, and the enterprise shall be requested to remedy these deficiencies within at most fifteen business days from the date of notification. An R&D or design centre application whose deficiency is not remedied within this period shall be rejected by the Ministry. (4) The application file in which no deficiency is identified as a result of the Ministry's examination, or the deficiencies of which have been remedied by the enterprise upon notification, shall be submitted to the Evaluation and Audit Commission. (5) The application shall be evaluated and decided upon by the Evaluation and Audit Commission within at most thirty business days. In case of a positive decision, the decision minutes prepared shall be notified by the Ministry to the Presidency of Revenue Administration, the Presidency of the Social Security Institution, and the applicant enterprise within five business days. In case of a negative decision, the result shall be notified to the enterprise in writing. (6) The R&D Centre Certificate or Design Centre Certificate of the enterprise whose R&D or design centre application is evaluated positively by the Evaluation and Audit Commission shall be issued by the Ministry. (7) The enterprise entitled to obtain the R&D Centre Certificate or Design Centre Certificate shall benefit from the supports and incentives provided within the scope of the Law as of the date on which the decision minutes of the Evaluation and Audit Commission are prepared. (8) In R&D centres or design centres, the activity report concerning the activities carried out shall be submitted to the Ministry in writing or electronically, covering the calendar year and within at most May of the following year. (9) The Ministry conducts a preliminary examination of the activity report in terms of its form and content; in case of missing information and documents, the identified deficiencies shall be remedied by the enterprise and submitted to the Ministry in writing or electronically within at most ten business days. (10) The procedures relating to the monitoring activity of R&D centres or design centres shall be completed each year within the period from June of the following year to the end of the calendar year. (11) R&D centres and design centres shall be audited by the Evaluation and Audit Commission at least once every three years. (Replaced phrase: OG-25/8/2022-31934) (3) (12) As a result of the evaluation of the Evaluation and Audit Commission in R&D centres or design centres, the R&D Centre Certificate or design centre certificate shall be revoked by the Ministry, or a period not exceeding three months shall be granted to the relevant enterprise to remedy the deficiencies, depending on the extent of the deficiencies and breaches identified in the audit. During this period, the enterprise may not benefit from the supports and incentives provided. (13) If the deficiencies identified in R&D centres or design centres are not remedied within the granted period, the R&D Centre Certificate or Design Centre Certificate issued to the enterprise shall be revoked by the Ministry. The enterprise may not benefit from the supports and incentives stipulated in the Law as of the date on which the conditions were breached. However, if the deficiencies are remedied within the granted period; in case the Evaluation and Audit Commission convenes within the granted period and takes a positive decision, as of the date on which the decision is taken; and in case the Commission fails to convene within the granted period and convenes at a later time and takes a positive decision, as of the date on which the period granted for remedying the deficiencies expires, the enterprises shall continue to benefit from the supports and incentives provided by the Law. (14) In case it is determined that the R&D or design centre has lost the basic conditions specified in the first paragraph of Article 20, the R&D Centre Certificate or Design Centre Certificate shall be revoked by the Ministry. (15) Enterprises whose R&D Centre Certificate or Design Centre Certificate has been revoked may apply for an R&D Centre Certificate or Design Centre Certificate at the earliest one year after the revocation of the certificate. (16)

During these audits, the status of the centres found not to fulfil the required conditions shall be notified by the Ministry to the Presidency of Revenue Administration and the Presidency of the Social Security Institution within ten business days. (17) In case the established units lose the condition of being an R&D or design centre, breach the conditions specified in this Regulation, or the supports and incentives are used for purposes other than their intended purpose, the enterprises may not benefit from the supports and incentives provided for R&D or design centres by the Law as of the date on which the conditions were lost, the breach occurred, or the supports and incentives were used for purposes other than their intended purpose. (18) Applications, monitoring, and audits relating to R&D centres and design centres shall be carried out using the forms determined by the Ministry and on the basis of examination criteria. (19) Where deemed necessary by the Ministry, the members assigned to the Evaluation and Audit Commission may be assigned to evaluate on site the applications or activities of R&D centres, design centres, or pre-competition cooperation projects. Auditing of R&D and design projects by the managing company

ARTICLE 21/A- (Added: OG-25/8/2022-31934) (3)

(1) Where the Ministry deems it necessary, it may assign the managing companies of technology development zones that have been operating for at least one year to conduct audits of the R&D, innovation, and design projects carried out within the scope of this Regulation. (2) The application auditing processes of R&D or design projects relating to R&D or design centres during the activity period to be carried out by the managing company shall be conducted using the format determined by the Ministry, within the scope of Law No. 5746 and the relevant legislation. (3) The managing company examines the project application file within ten business days as to whether there is any deficiency. If a deficiency is identified in the application file, these deficiencies shall be notified to the enterprise, and the enterprise shall be requested to remedy these deficiencies within at most twenty business days from the date of notification. A project application of an R&D or design centre whose deficiency is not remedied within this period shall be notified to the Ministry together with the preliminary examination opinion of the managing company. (4) The application file of R&D or design projects in which no deficiency is identified as a result of the managing company's examination, or the deficiencies of which have been remedied by the enterprise upon notification made by the managing company, shall be examined by the Project Evaluation Commission, to be determined by the managing company, within at most twenty business days, and a decision shall be taken to serve as the basis for the final decision to be given by the Ministry. (5) The R&D or design centre shall upload to the relevant portal of the Ministry, in a complete manner, the information and documents relating to the application auditing activities of R&D or design projects that result positively or negatively, within at most ten business days. (6) An R&D or design centre may not submit more than one managing company application for the same project. (7) The Ministry has the authority to determine a ceiling price for the remuneration to be applied in the transactions to be carried out by the managing company within the scope of this Regulation. (8) Where the Ministry deems it necessary, it is authorised to make arrangements regarding the project audits of R&D, innovation, and design activities to be carried out by the managing companies of technology development zones within the scope of this Regulation. Amendments in R&D centres and design centres and force majeure

ARTICLE 22 – (1) Information regarding the type or title change, transfer, merger, full division, partial division transactions, as well as address changes and requests for additional physical space of enterprises holding an R&D Center Certificate or Design Center Certificate shall be notified to the Ministry by the enterprise.

a) (Amended: OG-25/8/2022-31934) (3) Where the Ministry deems it necessary, an on-site inspection may be carried out by the Ministry regarding the changes specified above, or at least one observer may be appointed for this purpose. b) The enterprise that submits a notification regarding the changes specified above shall continue to benefit from the supports and incentives provided under the Law, based on the approval of the Evaluation and Audit Commission, without

reapplying for the R&D Center Certificate or Design Center Certificate, provided that it fulfills and maintains the conditions specified in the first paragraph of Article 20 within its organizational structure. In cases of type or title changes, the decision shall be given by the Ministry. (2) In the event that circumstances that may be accepted as force majeure arise, the enterprise holding an R&D Center Certificate or Design Center Certificate shall not be able to benefit from the supports and incentives provided by the Law until such circumstances cease to exist. Following the notification by the enterprise that such circumstances have ended, as a result of the inspection to be conducted on site by the Ministry, the enterprise shall continue to benefit from the supports and incentives provided by the Law, based on the approval of the Evaluation and Audit Commission, without reapplying for the R&D or design center, as of the date on which the decision of the Evaluation and Audit Commission is taken.

Provisions regarding the calculation of the full-time equivalent R&D or design personnel number

ARTICLE 23 – (1) The number of full-time equivalent R&D or design personnel working in the R&D or design center shall be calculated by dividing the total working time of the personnel, according to their working hours, on a quarterly basis, by the full-time quarterly working time of one person. Working hours exceeding forty-five hours per week and overtime working hours shall not be taken into account in this calculation. Quarterly periods shall be the provisional tax periods of the enterprise that houses the R&D or design center. (2) Periods spent outside the R&D or design centers that are subject to income tax withholding incentives, as well as periods spent by faculty members who are assigned full-time to R&D or design centers, shall be taken into account in the calculation of the number of full-time equivalent R&D or design personnel. (3) Enterprises with R&D centers shall submit the list of personnel working in these centers, separately for each month, to the tax office to which they are affiliated and to the relevant Provincial Directorate of Social Security or Social Security Center, by the end of the month following the provisional tax periods. (4) Enterprises that violate the condition of employing the minimum number of R&D or design personnel in any quarter shall not be able to benefit from the supports and incentives provided under the Law from the date on which the conditions are violated until the date on which they are fulfilled again.

SECTION SIX

Provisions Regarding Pre-competition Cooperation Projects

Scope of pre-competition cooperation projects

ARTICLE 24 – (1) Pre-competition cooperation projects in the technology areas announced by the Ministry shall be evaluated within the scope of support. (2) The participation of more than one organization in pre-competition cooperation projects is mandatory. One of the project partners included in the cooperation agreement (Amended phrase: OG-25/8/2022-31934) (3) shall be designated as the project coordinator. (3) Up to a maximum of fifty percent of each pre-competition cooperation project budget may be supported as non-repayable, limited to the appropriation allocated in the Ministry's budget.

Application procedure and support period of pre-competition cooperation projects

ARTICLE 25 – (1) Applications for pre-competition cooperation projects shall be made during the call periods announced by the Ministry. (2) Matters such as the technology areas, budgets, and support rates of the projects whose applications will be evaluated shall be announced by the Ministry for each call period. (3) Applications shall be submitted to the Ministry in writing or electronically by the project coordinator. (4) The Ministry shall conduct the preliminary examination of the application file in terms of form and content within five business days. If any deficiencies are identified in the application file, these deficiencies shall be notified to the project coordinator, and the project coordinator shall be requested to remedy the deficiencies within fifteen business days from the date of notification. A pre-competition cooperation project

application whose deficiencies are not remedied within the specified period shall be rejected by the Ministry. (5) The application file in which no deficiency is identified as a result of the Ministry's examination or whose deficiencies have been remedied by the project coordinator following the notification shall be submitted to the Evaluation and Audit Commission. (6) Applications whose deficiencies have been remedied or that contain no deficiencies shall be evaluated and decided upon by the Evaluation and Audit Commission, and the decision shall be notified in writing to the project coordinator within five business days. If the decision is positive, a contract shall be signed between the Ministry and the project partners included in the cooperation agreement within thirty business days from the date of notification. As of the contract date, the enterprises shall benefit from the support and incentive elements provided under the Law. (7) Projects for which no contract is concluded within thirty business days from the date of notification of the decision shall be deemed cancelled. (8) For projects deemed appropriate to be supported and for which contracts have been concluded, the situation shall be notified by the Ministry to the Revenue Administration and the Social Security Institution within five business days from the date of signing of the contract. (9) The support period of pre-competition cooperation projects shall be at most (Amended phrase: OG-25/8/2022-31934) (3) forty-eight months. However, if an additional period is requested by the project coordinator and deemed appropriate by the Ministry, an additional period of at most six months may be granted. (10) (Added: OG-25/8/2022-31934) (3) Where needed in terms of project duration or technological gain, projects may be supported in phases or as related sub-projects. In this case, a project roadmap in which the project phases and sub-projects are planned, together with a detailed project plan for at least one phase or sub-project, shall be submitted to the Ministry at the application stage. Detailed project plans for the other project phases or sub-projects within the scope of the project roadmap shall be submitted to the Ministry according to the schedule foreseen in the project roadmap. For the project phases or sub-projects submitted, the application examination and evaluation process under this Article shall be applied.

Monitoring of pre-competition cooperation projects and support payments

ARTICLE 26 – (1) The monitoring process of the project commences as of the date of the agreement. For projects whose monitoring process has commenced, progress reports prepared by the project coordinator (Amended phrase: OG-25/8/2022-31934) (3) in six-month periods as of the date of execution of the project support agreement shall be submitted to the Ministry within the month following the end of the relevant period. (2) The monitoring report regarding the periodic monitoring of the project, prepared on the basis of the progress report, shall be prepared by at least two monitors possessing expertise in the subject matter and assigned by the Ministry, and shall be submitted to the Evaluation and Audit Commission. (3) The decision on modification requests concerning projects deemed appropriate for support (Added phrase: OG-25/8/2022-31934) (3) , as well as the completion, suspension or cancellation of projects, shall be given by the Evaluation and Audit Commission. The Evaluation and Audit Commission shall review the monitoring reports within at most twenty working days and decide on the continuation or cancellation of the project. (4) Where, as a result of the assessment by the Evaluation and Audit Commission, it is determined that the project has lost its nature as pre-competition cooperation, the project agreement shall be cancelled by the Ministry. (5) (Amended: OG-14/2/2017-29979) (1) As a rule, payments to be made by the Ministry for expenditures incurred within the scope of the project shall be made in the periods following periodic monitoring. However, if requested by the project partners, payments to be made by the Ministry for expenditures within the scope of the project may be made, prior to the periodic payments and against a security, in the form of an advance payment not exceeding 20% of the support amount stipulated for the relevant period in the project support agreement.

Implementation process of pre-competition cooperation projects

ARTICLE 27 – (1) On-site audits and compliance audits concerning the activities of pre-competition cooperation projects shall be carried out by the Evaluation and Audit Commission. (2) The application, evaluation, monitoring and audit, payment, (Amended phrase: OG-25/8/2022-31934) (3) completion, suspension, cancellation of pre-competition cooperation projects, the processes related thereto, as well as support items, matters to be included in the agreement, and the procedures and operations related to implementation shall be specified in the Principles of Implementation of Pre-Competition Cooperation Projects prepared by the Ministry.

(3) In pre-competition cooperation projects, the contributions made to the cooperation by the project partners constituting the cooperation (Amended phrase: OG-25/8/2022-31934) (3) shall be tracked in a special partnership account specified in the cooperation agreement. (4) The amounts transferred to the special partnership account shall not be used for any other purpose. The amounts collected in the project account shall not be taken into account as income in the determination of the earnings of the enterprise that opened the special account. (5) The support amount to be paid by the Ministry shall, for the enterprises constituting the cooperation, in proportion to their contributions to the project, be subject to the special fund practice specified in Article 33.

SECTION SEVEN Technology Startup Capital Support, Technology Centers, and Matters Concerning R&D, Innovation and Design Projects

Technology startup capital support

ARTICLE 28 – (1) Students who are in a position to graduate within one year from any undergraduate program of universities providing formal education, graduate or doctoral students, or persons who obtained one of the undergraduate, graduate or doctoral degrees at most ten years prior to the pre-application date may apply for the technoinitiative capital support.

(2) The condition of "being able to graduate within one year" specified in the first paragraph must be documented by a letter issued in the name of the public administration within the scope of the central government, for which the request for technoinitiative capital support is made, by the authorized units of the relevant university, and the condition of "obtaining at most ten years prior to the pre-application date" must be documented by the exit certificate or diploma issued by the relevant university.

(3) The support may be utilized by an enterprise established after the support application, in accordance with the business plan accepted by the public administration within the scope of the central government, and in which the entrepreneur has the authority to represent and bind individually or jointly.

(4) Public administrations within the scope of the central government may grant technoinitiative capital support, on a one-time basis, without requiring collateral and in the form of a grant, up to the amount specified in the fifth paragraph of Article 3 of the Law, to enterprises meeting the conditions specified in the third paragraph.

(5) In cases where the R&D and innovation projects of enterprises benefiting from the technoinitiative capital support are supported by public institutions and organizations, or by foundations established by law or utilizing funds or credits for the purpose of supporting R&D, innovation or design projects from international institutions or public institutions and organizations within the scope of technology development project agreements, the amount of support granted as technoinitiative capital shall not be deducted from the R&D and innovation project expenditures or support.

(6) The public administration within the scope of the central government that grants the support decision may divide the capital support to be provided to an enterprise in the form of a grant into installments, may require the fulfillment of various performance criteria for the payment of the support, and may determine the technological areas to be supported on a priority basis.

(7) Within the scope of the Law, the total of the payments made by all public administrations within the scope of the central government that have grant appropriations in their annual budgets for the purpose of supporting R&D and innovation expenditures shall not exceed the amount specified in the fifth paragraph of Article 3 of the Law for each calendar year. This matter shall be taken into consideration and monitored during the preparation and implementation of the central government budget.

(8) The fixed amounts specified in the fourth and seventh paragraphs shall be taken into account in the following years by being increased at the revaluation rate determined annually in accordance with the Tax Procedure Law.

(9) For those benefiting from the technoinitiative capital support, the portion of the capital supports provided by income and corporate taxpayers for use in the financing of the projects subject to this support, not exceeding ten percent of the declared income or corporate earnings and twenty percent of the equity capital, shall be deducted in the determination of the declared income pursuant to Article 89 of the Income Tax Law and the corporate earnings pursuant to Article 10 of the Corporate Tax Law. The amount to be deducted shall not exceed 500,000 Turkish Liras annually. The deduction may also be utilized as of the provisional tax periods.

(10) The capital support provided by income or corporate taxpayers must be provided by the taxpayers providing the capital support, in the form of becoming a partner at the establishment of, or subsequent to the establishment of, an enterprise established after the support application, in accordance with the business plan accepted by the public administration within the scope of the central government, and in which the entrepreneur has the authority to represent and bind individually or jointly, and by contributing capital.

(11) The amount that may be taken into account as a deduction is, for real persons, limited to ten percent of the amount remaining after deducting prior year losses and all deductions and exemptions from the total amount of taxable earnings and revenues obtained in the calendar year in which the capital support is provided. For corporate taxpayers, it is limited to a maximum of ten percent of the corporate earnings, provided that it does not exceed twenty percent of the equity capital at the beginning of the accounting period in which the capital support is provided, and in determining the deduction amount, the amount obtained by adding expenses not legally deductible to the commercial balance sheet profit or loss as corporate earnings and deducting prior year losses and, if any, all deductions and exemptions [Commercial balance sheet profit (loss) + legally non-deductible expenses – prior year losses – all deductions and exemptions] shall be taken into account.

(12) For the portion of the capital supports provided by income and corporate taxpayers for use in the financing of the projects subject to the technoinitiative capital support, which is not used in the financing of the relevant project within two years, the taxes that have not been duly assessed in the name of the said taxpayers on account of the deduction shall be collected together with the delay interest.

Technoinitiative capital support implementation

ARTICLE 29 – (1) The technoinitiative capital support is granted by public administrations within the scope of the central government.

(2) Public administrations within the scope of the central government granting technoinitiative capital support shall notify the Ministry of the list containing the projects determined to be supported, the applicants and their budgets. This information shall be maintained in the technoinitiative capital support database to be created by the Ministry.

(3) Public administrations within the scope of the central government granting technoinitiative capital support shall notify the Presidency of Revenue Administration, (Amended phrase: OG-25/8/2022-31934) (3) the Ministry of Treasury and Finance and the Presidency of the Social Security Institution of the contract signed with the enterprise and the decision letter indicating the budget found suitable for support, within at most fifteen business days from the

date on which the appropriation is allocated.

(4) Entrepreneurs shall benefit from the technoinitiative capital support on a one-time basis. This matter shall be investigated by the relevant administrations from the technoinitiative capital support database and shall be taken into consideration during the evaluation.

(5) The Principles and Procedures regarding the technoinitiative capital support shall be prepared by the public administration within the scope of the central government granting the support. The Principles and Procedures shall include, at a minimum, the following:

- a) The duration of the support,
- b) The deduction of other non-repayable supports received from the public from the technoinitiative capital support,
- c) The content and format of the business plan document,
- ç) The application, evaluation principles and procedures for the business plan,
- d) The principles and procedures regarding the operation of the Evaluation Commission,
- e) Matters regarding the contract,
- f) The principles and procedures regarding the monitoring of the supported enterprise,
- g) The principles and procedures regarding financial documentation, audit and payment transactions,
- ğ) The principles and procedures regarding the collection of unjustified and excessive payments,
- h) The responsibilities of the parties,
- ı) Ethical conditions,
- i) Confidentiality and matters regarding intellectual and industrial property rights,
- j) The retention of documents related to the support and the principles and procedures regarding post-support audit.

(6) Enterprises benefiting from the technoinitiative capital support shall benefit from the support and incentive elements within the scope of the Law as of the date on which the project contract enters into force and for the duration during which the business plan is supported by the relevant public administration within the scope of the central government.

(7) The Principles and Procedures regarding the implementation of the technoinitiative capital support shall be regulated by the Ministry, or by its affiliated or related institutions that the Ministry deems appropriate to grant the support within the scope of a protocol, by obtaining the opinion of the Ministry.

Technology centers (technology center enterprises)

ARTICLE 30 – (1) Enterprises apply to technology centers with R&D and innovation projects or design projects in order to benefit from the supports provided within the scope of the KOSGEB support legislation. (2) Enterprise applications shall be subject to review and evaluation within the framework of the provisions of the Regulation on the Supports of the Small and Medium Enterprises Development Organization (KOSGEB), published in the Official Gazette No. 25795 dated 24/4/2005, and a decision shall be made as to whether they will be supported. (3) Enterprises deemed appropriate to be supported in accordance with the relevant legislation shall benefit from the supports and incentives provided by the Law, starting from the date on which the R&D and innovation or design project is approved and for the duration of the project. (4) In cases where the projects carried out in KOSGEB technology center enterprises terminate for any reason or the support provided for the project ends, the R&D and innovation or design activity shall be deemed to have ended, and the supports and incentives provided by the Law may not be benefited from as of this date. This situation shall be notified by the technology center boards to the tax office to which the enterprise is affiliated and to the Provincial Directorate of Social Security within ten working days. R&D, innovation and design projects

ARTICLE 31 – (1) R&D and innovation or design projects shall be evaluated by the public institution or organization to which the application is made, as well as by foundations established

by law or using funds or credits from international organizations or public institutions and organizations within the scope of technology development project agreements for the purpose of supporting R&D projects, in accordance with their own legislation. R&D and innovation or design projects carried out in technology center enterprises, R&D centers and design centers, supported by public institutions and organizations, by foundations established by law or using funds or credits from international organizations or public institutions and organizations within the scope of technology development project agreements for the purpose of supporting R&D projects, or conducted by TÜBİTAK, may benefit from the supports and incentives provided by the Law as of the date on which the support decision letter for the R&D and innovation or design projects is issued or the project contract enters into force, without being subjected to re-examination. (2) Enterprises carrying out R&D and innovation or design projects that are financially supported by funds of bilateral or multilateral international R&D cooperation programs to which Türkiye is a party by treaty, which are not covered by the first paragraph, shall also benefit from the supports and incentives within the scope of the Law for the relevant project and for the duration of the project support. In order for R&D and innovation or design projects supported by international R&D cooperation programs to benefit from the supports and incentives provided by the Law, the project application made to the international program, the information pertaining to the program applied to, the support letter or contract, and the information containing the contribution of the enterprise that will benefit from the incentive to the project shall be submitted to TÜBİTAK for review. (3) Enterprises that will benefit from the supports and incentives within the scope of the second paragraph shall benefit from the supports and incentives provided by the Law as of the date on which TÜBİTAK's letter of approval is issued. (4) For R&D and innovation or design projects carried out within the Technology Development Zones in accordance with the Technology Development Zones Law, supported by public institutions and organizations, by foundations established by law or using funds or credits from international organizations or public institutions and organizations within the scope of technology development project agreements for the purpose of supporting R&D projects, or supported by international funds, the supports and incentives provided by the Law may be benefited from in their entirety. In this case, the supports and incentives provided in accordance with the Technology Development Zones Law may not be additionally benefited from. (5) In R&D and innovation or design projects, in cases where the project terminates for any reason or the support provided for the project ends, the R&D and innovation or design activity shall be deemed to have ended, and the supports and incentives provided by the Law may not be benefited from as of this date. Inspection

ARTICLE 32 – (1) Project monitoring and inspections of enterprises benefiting from the technopreneur capital support shall be carried out by persons who are experts in their field or academics appointed by the public administration within the scope of central government that provides the support, or by the Ministry.

(2) Inspections relating to R&D and innovation or design projects supported by public institutions and organizations, or by foundations established by law or using funds or credits from international organizations or public institutions and organizations within the scope of technology development project agreements for the purpose of supporting R&D projects, shall be carried out by the institution, organization or foundation providing the support, within the framework of the legislation related to the support. (3) The inspection of technology center enterprises shall be carried out by KOSGEB at intervals of at most two years. (4) The inspection of projects conducted by TÜBİTAK or supported by international funds shall be carried out by TÜBİTAK. EIGHTH CHAPTER Miscellaneous and Final Provisions Monitoring of cash supports

ARTICLE 33 – (1) Grant supports received by those engaged in R&D and innovation or design activities from public institutions and organizations, foundations established by law or using funds or credits from international organizations or public institutions and organizations within the scope of technology development project agreements for the purpose of supporting R&D projects, and international funds shall be monitored in a special fund in accordance with the provisions of the

legislation to which the support is subject. (2) The amounts in this fund shall not be considered as income in the determination of taxable income in accordance with the Income Tax Law and the Corporate Tax Law, nor shall they be considered as R&D, innovation and design expenditure in the determination of the R&D and design deduction amount. (3) In the event that this fund is transferred to another account in any way other than as an addition to capital, or withdrawn from the enterprise within five years following the accounting period in which the fund was obtained, the taxes not assessed on time shall be collected from the enterprise together with the tax loss penalty and late payment interest. (4) Repayable supports received by those engaged in R&D and innovation or design activities from public institutions and organizations, foundations established by law or using funds or credits from international organizations or public institutions and organizations within the scope of technology development project agreements for the purpose of supporting R&D projects, and international funds shall not be evaluated within this scope. Breach of conditions and use of supports and incentives for purposes other than intended

ARTICLE 34 – (1) The enterprise accepts and undertakes that all information and documents it provides within the scope of the Law and this Regulation are accurate; failure to submit accurate information and documents in this scope, and the cancellation of projects as a result of the intent, fault or negligence of the enterprises shall be deemed a breach of the provisions of the Law. (2) In the event of a breach of the provisions of the Law or the use of supports and incentives for purposes other than intended, a tax loss shall be deemed to have occurred with respect to taxes not assessed on time, and the taxes subject to loss shall be collected together with late payment interest and the tax loss penalty. (3) Non-tax supports provided, on the other hand, shall be collected in accordance with the provisions of the Law No. 6183 dated 21/7/1953 on the Procedure for the Collection of Public Receivables, with the application of late payment surcharge. Commission members and observer payments

ARTICLE 35 – (1) Payments shall be made, pursuant to provisional Article 1 of Law No. 3624 and within the framework of the principles specified in the relevant articles, to faculty members and other experts in their field who are not public officials serving in all processes related to research, development, design and innovation activities supported by the Small and Medium Enterprises Development Organization within the framework of the provisions of Law No. 3624. (2) (Amended: OG-25/8/2022-31934) (3) Pursuant to the first paragraph of Article 8 of Decree Law No. 635 dated 3/6/2011 on Covering the Research, Development, Innovation and Entrepreneurship Activities of the Ministry of Industry and Technology, the provisions of Article 8 of Decree Law No. 635 shall be taken as the basis for payments to be made to faculty members and other experts in their field who are not public officials and who are assigned to services related to programs, projects or committees/commissions/working groups prepared by the Ministry within the scope of this Regulation. Confidentiality

ARTICLE 36 – (1) Information and documents submitted to persons serving in the evaluation and monitoring processes and inspection activities of applications made for support and incentive practices shall be deemed "trade secrets" or "confidential information" belonging to the enterprise and shall not be transferred to third parties by any means. (2) Without prejudice to the provisions of the Law on Certified Public Accountancy and Sworn-in Certified Public Accountancy No. 3568 dated 1/6/1989, the Law on Intellectual and Artistic Works No. 5846 dated 5/12/1951 and other legislation, persons and organizations that act in breach of the confidentiality provisions may not benefit from the support and incentives introduced by the Law and may not in any way take part in projects covered by the support and incentives. Authority to regulate and inspect

ARTICLE 37 – (1) Propriety and compliance inspections regarding research and development, innovation or design activities carried out within the scope of R&D Centers, Design Centers and Pre-Competition Cooperation Projects shall be conducted by the Evaluation and Inspection Commission. (2) Regarding the implementation; the Revenue Administration is authorized to make regulations on tax matters, the Ministry on application, monitoring and inspection matters, and the Social Security Institution on matters related to social security premium support. (3) (Added:

OG-25/8/2022-31934) (3) Where deemed necessary by the Ministry, it may also be decided to assign at least one monitor or Ministry personnel for the monitoring and inspection activities of R&D and design centers, without being bound by the periods stipulated in this Regulation. Repealed regulation

ARTICLE 38 – (1) The Regulation on the Implementation and Inspection of Support for Research and Development Activities, published in the Official Gazette No. 26953 dated 31/7/2008, has been repealed. Venture capital practices PROVISIONAL ARTICLE 1- (Added: OG-25/8/2022-31934) (3)

(1) As of the annual corporate tax return to be filed from 1/1/2022 onwards, two percent of the deduction amount benefited from under Article 3 of Law No. 5746 shall be transferred to a temporary account in the liabilities side by corporate taxpayers for whom such deduction amount is 1,000,000 Turkish liras or more. The amount required to be transferred under the scope of this paragraph is limited to 20,000,000 Turkish liras on an annual basis. It is mandatory that this amount be used, by the end of the year in which the temporary account is formed, for the purchase of venture capital investment fund shares established to invest in entrepreneurs residing in Türkiye, or for the contribution of capital to entrepreneurs operating in venture capital investment partnerships or technology development zones under Law No. 4691. If the said amount is not transferred by the end of the relevant year, twenty percent of the amount deducted from the annual return under this Law may not be made subject to the R&D deduction benefited from in the relevant year. Taxes not collected in due time on account of this amount shall be assessed without imposing a tax loss penalty. The President is authorized to reduce the amounts and rates specified in this paragraph to zero or increase them up to five-fold, together or separately. Entry into force

ARTICLE 39 – (1) This Regulation shall enter into force on the date of its publication, to be effective as of 1/3/2016. Enforcement

ARTICLE 40 – (Amended: OG-25/8/2022-31934) (3)

(1) The provisions of this Regulation shall be jointly enforced by the Minister of Industry and Technology and the Minister of Treasury and Finance.

_____ (1) This amendment shall enter into force on the date of its publication, to be effective as of 1/3/2016. (2) By the amendment published in the Official Gazette No. 31934 dated 25/8/2022, the expression "Support for Basic Sciences" in the title of the fourth part of this Regulation has been changed to "Supports for Programs to Be Supported", and the expression "Design Registration Support" has been changed to "Design Support". (3) This amendment shall enter into force on the date of its publication, to be effective as of 3/2/2021.

Date No. 1. 14/2/2017 29979 2. 2/12/2020 31322 3. 25/8/2022 31934