

Technology Development Zones (TDZ)

The objective in passing Technology Development Zones Law No. 4691 was the development of special investment areas for investments involving high technology. This law came into force on July 6, 2001 to regulate the support of Research and Development activities as sources of innovations in production. Eight of the 18 Technology Development Zones established in Turkey are currently operational.

Definition of a Technology Development Zone

The objective in passing Technology Development Zones Law No. 4691 was the development of special investment areas for investments involving high technology. This law came into force on July 6, 2001 to regulate the support of Research and Development activities as sources of innovations in production. Under the regulations of January 2, 2004, major tax advantages were provided to companies operating in TDZs.

Technology Development Zones Law No.4691 defines TDZs as: 'Sites integrating academic, economic, and social structures at or near the campus of certain universities; advanced technology institutes; an R&D centers or institutes; or a Technopark involved in these same areas of work. They are sites where companies using advanced technology or companies with a new technological orientation, produce and develop technology or software by through the facilities provided by the organizations mentioned above. They are involved in activities which transform a technological innovation into a commercial product, method or service and by this means contribute to the development of the region.'

Objectives of Technology Development Zones

The objectives of Technology Development Zones are to:

- Produce technological know-how,
- Develop innovations in products and production methods,
- Enhance product quality or standards,
- Increase efficiency,
- Decrease production costs,
- Commercialize technological know-how,
- Support technology-intensive production and entrepreneurship,
- Ensure the adaptation of small and medium scale enterprises to new and advanced technologies,
- Create investment opportunities in technology intensive areas by taking on board the ideas of the Science and Technology Supreme Board,
- Create employment for people with research qualifications,
- Assist in technology transfer,
- Provide the technological infrastructure for the acceleration of the inflow of foreign capital which will bring advanced technology into Turkey. This will enhance the competitive position of Turkey's industry in international markets, and ensure an export-oriented industrial structure.

Technology Development Zones operational in Turkey

There are 18 established Technology Development Zones as of 2008, under Technology Development Zones Law No. 4691. These zones are listed according to the provinces below:

Province	Number	Province	Number
Ankara	6	Erzurum	1
İstanbul	3	Bursa	1
Trabzon	1	Elazığ	1
Kocaeli	3	Denizli	1
Konya	1	İzmir	1
Tokat	1	Edirne	1
Eskişehir	1	Isparta	1
Antalya	1	Mersin	1
Kayseri	1	Diyarbakır	1
Gaziantep	1	Adana	1

Incentives for Investment in Technology Development Zones

Incentives and exemptions under Technology Development Zones Law No.4691 are listed below:

- According to Article 39 of the Higher Education Board (HEB) Law No. 2547, instructors can carry out their studies on the basis of temporary appointments in Turkey and abroad, at organizations in the zone, with the permission of the University Administrative Board. Remunerations earned by the instructors appointed in the zone on the basis of paid leave, will be outside the scope of the university's revolving funds.
- Furthermore, instructors may establish companies, participate in an established company, or may accept duties on the executive boards of such companies with the permission of the University Administrative Board, in order to create a business from the results of their research work.
- Profits of income taxpayers and corporation taxpayers in the zone, resulting from software and R&D-based production activities and which are carried out exclusively in the zone will be exempt from income and corporation tax until December 31, 2013.
- Deliveries of application software for system management, for data management, for business applications, for different business sectors, for the internet, mobile phones and military command control produced exclusively in this zone will be exempt from Value Added Tax until December 31, 2013. Services for the areas mentioned above will also be exempt from Value Added Tax until the same date.
- Salaries paid to researchers, software, and R&D personnel employed in the zone for their research, software, and R&D work will be exempt from all taxes **until December 31, 2013**.
- Entrepreneurs supported by KOSGEB at the Technology Development Centers in the zone will further benefit from the exemptions provided for by the Law.
- A company incorporated as a joint stock company under Law No. 4691, and responsible for the management and operation of the zone, will be exempt from all taxes, duties and charges in the transactions concerning the implementation of the Law. Profits from the implementation of the Law will be exempt from income and corporation tax until December 31, 2013.
- No wastewater costs will be charged to zones operating a wastewater purification facility.
- According to Article 8 of Technology Development Zones Law No. 4691, a contribution to the expense of procuring the land for the establishment of the zone, the infrastructure expenses and the expenses to construct an administrative building 'which cannot be met by the Managing Companies' will be covered out of the Grant-in-Aid included in the Ministry's budget, and will be limited to that sum.

Making investments in Technology Development Zones

Companies intending to locate in Technology Development Zones, must contact the Managing Companies according to the sector they are working in or for which they are developing projects, and identify their zone. Companies must apply for and carry out the activities in accordance with the provisions of Zone Operation Directives drawn up by each Technology Development Zone.

Any company starting a business in the Zone, in order to benefit from exemption, must notify the Ministry of Finance of its R & D personnel, after the approval of the Managing Company.

For more detailed information you can visit the website: [Ministry of Industry](#).