

FREE ZONES GOVERNING REGULATION

PART ONE GENERAL PROVISIONS

SECTION ONE Objectives, Scope, Legal Basis, Abbreviations and Definitions

Objective

Article 1 - (Amended, Official Gazette Nr. 24849 and dated 17.08.2002) The objective of the present Regulation is to set out principles pertaining to the establishment, administration and management of free zones and to the collection of revenues and making of expenditures for and from the Special Account formed in accordance with the Article 7 of the Law Nr.3218, together with other matters related to the said Special Account.

Scope

Article 2 - (Amended, Official Gazette Nr. 27560 and dated 22.04.2010) The present Regulation covers:

- a) Matters related to the governing and management of free zones,
- b) Principles which will govern free zones activities,
- c) Matters concerning the granting or cancellation of Operating Licenses and the keeping of industrial and commercial registers of Users,
- d) Questions concerning the entry into and exit from free zones and residence in the zone,
- e) Working principles in free zones,
- f) Principles which will govern the payments to be made to the Special Account and the collection of revenues,
- g) Principles which govern the construction of buildings and facilities in free zones,
- h) The working principles and procedures of Free Zone Directorates,
- i) Other matters that the Law Nr. 3218 on Free Zones stipulates to establish by Regulation.

The Undersecretariat for Foreign Trade is authorized to issue communiqués/circulars concerning the provisions taking place in the present Regulation, to grant the permits and give the instructions mentioned in this Regulation, to examine and conclude the special and imperative situations, to take the measures deemed as necessary and to solve the technical problems which may arise in operations carried out electronically through computerized data processing techniques.

Legal Basis

Article 3- (Amended, Official Gazette Nr. 24849 and dated 17.08.2002) The present Regulation is prepared in accordance with the Law Nr. 4059 on the Organization and Functions of the Undersecretariat for Treasury and the Undersecretariat for Foreign Trade, and with Articles 7 and 13 of the Law Nr. 3218 on Free Zones.

Abbreviations and Definitions

Article 4 - (Amended, Official Gazette Nr. 27560 and dated 22.04.2010) Following abbreviations and definitions have the meanings stated here when used in the present Regulation:

- a) Ministry; The Ministry to which the Undersecretariat for Foreign Trade is affiliated,
- b) Undersecretariat; The Undersecretariat for Foreign Trade,
- c) Directorate General; The Directorate General of Free Zones,
- d) Zone Directorate; The Free Zone Directorate,
- e) Zone; The Free Zone the location and boundaries of which have been determined by a Decree of the Council of Ministers,

- f) Operator; The institution which operates the zone in cases when the Free Zone is operated by a domestic or foreign private sector company or by the public sector.
- g) Z.F.O; - Zone Founder and Operator-; The institution which establishes and operates the Free Zone, in cases when the Zone is established and operated by the private sector.
- h) User; a real or legal person in possession of an Operating License and having a definite work place in the Free Zone,
- i) Operating License; The License permitting one to engage in activities in a Free Zone.
- j) Special Account; The special account opened at the Central Bank of the Republic of Turkey where revenues of Free Zones are collected,
- k) Foreign Currency; All kinds of accounts, documents and instruments securing payment in foreign currencies including cash dealt in by the Central Bank of the Republic of Turkey,
- l) Law; The Law Nr. 3218 on Free Zones,
- m) Regulation; The Free Zones Governing Regulation,
- n) Entry Permit; The document issued for real or legal persons who have been granted an Operating License or a Warehouse Use Permit and their representatives, employees and other persons carrying out their duties and operations in the zone,
- o) Special Entry Permit; The document given for short and nonpermanent entries to the Zone for the purposes of meetings, visits and the like,
- p) Service Card; The document issued for government officials working in the Zone Directorate and other public institutions and the personal of the Operator or the Z.F.O.,
- r) Vehicle Entry Card; The card issued by the Operator or the Z.F.O. further to the authorization of the Zone Directorate for Users displaying activity in the zone and persons holding an Entry Permit or a Service Card,
- s) Visitors Vehicle Entry Card; The card issued by the Zone Directorate for nonpermanent daily vehicle entries and exits,
- t) Tariff; The tariff showing the fees to be paid by real persons or legal entities operating in the Free Zone for the areas and services provided,
- u) Open Area Use Permit: A document allowing the use of open areain the Free Zone for a restricted period.

PART TWO
FREE ZONES COORDINATION BOARD, ZONE DIRECTORATES AND THE ESTABLISHMENT OF ZONES

SECTION ONE
Free Zones Coordination Board, Zone Directorates, Zone Frontiers, Understructure and Superstructure Facilities and Their Protection

Free Zones Coordination Board

Article 4/A- (Official Gazette Nr. 27560 and dated 22.04.2010) Headed by the Assistant Undersecretary responsible from the Undersecretariat for Foreign Trade, Directorate General of Free Zones, the Free Zones Coordination Board consists of the Director General of Free Zones; the Assistant President of the Revenue Administration Department representing the Ministry of Finance; the Director General of Customs, the Director General of Customs Control and the Director General of Liquidation and Revolving Funds representing the Undersecretariat for Customs; the Director General of Maritime Transportation, the Director General of Shipbuilding and Shipyards and the Director General of Maritime Trade representing the Undersecretariat for Maritime Affairs; the representative of the Police Department from the Ministry of Internal Affairs, the Assistant President of the Turkish Investment Support and

Promotion Agency, the Vice President of the Turkish Exporters Assembly and the President of the Turkish Free Zones Assembly representing the Turkish Union of Chambers and Commodity Exchanges.

The Board holds a meeting at least once a year upon the call of the President. The secretariat of the Board is executed by the Directorate General.

The Board evaluates in general the activities carried out in zones, develops strategies and suggestions in order to improve the zones and solve their problems. The decisions taken are reported in the board minutes and opened to the signature of the members and subsequently transmitted to the Directorate General.

The Duties and Powers of Zone Directorates

Article 5 – (Amended, Official Gazette Nr. 25804 and dated 03.05.2005) Free Zone Directorates are directly subordinated to the Undersecretariat for Foreign Trade according to Article 6 of the Law No:4059 dated 9/12/1994 on the Organizational Structure and Duties of the Undersecretariat for Treasury and the Undersecretariat for Foreign Trade.

The duties and powers of Free Zone Directorates are as follows:

- a) Granting all licenses regarding the use of the zone area, the planning, constructing and utilization of buildings and establishments,
- b) Providing the free zone revenues to be deposited at the Special Account, to this end opening accounts with the banks and performing the related procedures,
- c) Assuring the coordination to fulfill the duties for public interest such as customs, security, labor, social security, port operation, communication and health services to be done properly,
- d) Supervising and controlling the procedures pursued according to the terms of "operation contracts" and "establishment and operation contracts" enacted between the Undersecretariat for Foreign Trade and Operator or Founder-Operator companies as well as those enacted between Operator or Founder-Operator companies and Users and those enacted between public and private enterprises,
- e) Providing the arrangement of service fees, rental and/or sale prices prepared by Operator or Founder-Operator companies,
- f) Granting entry and special entry permits,
- g) Approving the rental or sale contracts of legal or real persons that are found appropriate to obtain an Operating License,
- h) Assessing the zone activities and submitting the results of the activities conducted within the year in interim reports, presenting annual activity and account reports together with the tables, necessary attachments and explanations demonstrating Special Account revenues to the Directorate General,
- i) Providing the deportation of tradable goods and fixed assets within the time limits specified by the Regulation of firms the Operating License of which is annulled or has expired.
- j) Carrying out other tasks determined by the Regulation.

The Zone Director takes all the necessary measures to ensure the fulfillment of the duties stated in the Regulation and the execution of the procedures to be carried out in compliance with the legislation. The Zone Director is responsible for all the necessary supervision, inspection and implementation of these tasks.

Boundaries of the Zone

Article 6 – The boundaries of a zone are those specified in the relevant Decree of the Council of Ministers issued for the establishment of that zone.

Maritime areas in wharves and other places allocated by the Port Authority and/or Port Management Directorate for ships and other marine vessels carrying goods into and out of a zone by docking or by making lash and limbo by the sea, as well as the route used for the transport of goods between such places and the zone in either direction, are regarded as part of the free zone in terms of customs procedures, provided that these areas are under the supervision of the Customs Authority.

Infrastructure Facilities

Article 7 – (Amended, Official Gazette Nr. 24849 and dated 17.08.2002) The construction of infrastructure such as drainage, sewage and treatment systems, roads and water, power and communication facilities and the construction of zone boundaries, steel-yards, depots for smuggled goods, entrance and exit gates and other buildings and installations may be undertaken by the relevant Ministries or be contracted to the Operator or Z.F.O.

If a free zone is established within the boundaries of a public port, airport or other facility, processes and procedures related to the provision of infrastructures must be performed by the Directorate General and all the necessary structures and facilities made available with due regard for any necessary coordination with and for the consent of all concerned organizations and institutions.

In case when a free zone is established and operated by a Z.F.O., starting from the granting of its Operating License, the Z.F.O. is obliged to complete all the construction work of functional units and other covered areas necessary for the conduct of activities in the area allocated to the zone, and to complete the constructions necessary to make the integration between in-zone and off-zone infrastructures under the provisions and within the period specified in the "Establishment and Operation Contract" enacted with the U.F.T. The Z.F.O. is also responsible for the promotion of the Zone within the country and abroad, for the renting of workplaces to entrepreneurs upon their request, for the sale of land upon request in case when the zone is established on private land, for equipping open areas for sale with infrastructure until the payment for the land is collected, for supervising the construction of buildings by Users and for the carrying out of other procedures related to the establishment and operation of the zone.

Superstructure Facilities

Article 8- (Amended, Official Gazette Nr. 24355 and dated 27.03.2001) The land owned by the Treasury or a public institution allocated to a zone may be rented by means of a contract, in part or in whole by the Directorate General either to the Operator or to the Z.F.O. for the construction of superstructures, or to real or legal entities that have obtained an Operating License.

Buildings and other facilities in the zone can either be constructed by the Operator or the Z.F.O. or by the Users. These buildings and facilities can be rented or transferred to other Users, or can be sold if the property is owned by the Z.F.O. or the Users.

(Amended, Official Gazette Nr. 27560 and dated 22.04.2010) All approvals and supervisory work during the construction period are performed by the Zone Directorate. The Zone Directorate may also delegate its responsibilities concerning approval and supervisory work to the Operator or the Z.F.O. However, construction projects with a particular characteristic are approved by the Zone Directorate upon the approval of the Directorate General.

Users who are found eligible to receive an Operating License conclude a sales or rental contract with the Operator or the Z.F.O. After the approval of the contract by the Zone Directorate, the Directorate General issues an Operating License. Thereafter the Users can start their investment activities in the Zone. After preparing their projects and fulfilling their superstructure commitments, Users who plan to construct a building or facility apply to the Zone Directorate for an Occupation Permit. Granting of an Occupation Permit marks the end of the investment phase and the beginning of the operational phase.

The project preparation and construction work should be accomplished within the period specified in the Operating License Application Form. This period is added to the operational phase specified in the Operating License. However, in case where the project and the construction work cannot be completed due to acceptable compulsory conditions within the stated period, an additional period of time can be granted according to the provision of Article 54. Additional time periods can not be added to the duration of the Operating License.

Users can start their activities (without receiving an occupation permit) in their buildings or in another rented working place by receiving a "Temporary Occupation Permit" from the Zone Directorate before completing the construction of the building or facility on the rented or purchased land. In this case, the operational period is deemed to have started on the date they receive the Temporary Occupation Permit or rented a covered area.

Superstructure that was built upon rental of an open area can be transferred to another User by the approval of the General Directorate with the condition of not exceeding the time limit of the operating license that was granted to the first User.

In free zones where the land is owned by the Treasury, the buildings and facilities that were constructed by the Operator, Z.F.O. and Users are transferred to the Treasury after the cancellation of the Operating License or by its expiration. In principle these buildings and facilities should be transferred

in serviceable condition. In this respect, the Operator/Z.F.O. takes the necessary precautions together with the Zone Directorate.

(Added sub-paragraph, Official Gazette Nr. 27560 and dated 22.04.2010) According to the provisions of the Law, in free zones where the land is owned by the Treasury, investor Users may be granted a right of easement up to 49 years on lands, building plots and buildings exclusively owned by the Treasury. In what concerns places under the State dictum and disposition, a right of usage may be granted for the same period. Principles for the manner and procedures for these operations are determined by the communiqué prepared jointly by the Ministry of Finance and the Undersecretariat for Foreign Trade and issued by the Undersecretariat for Foreign Trade.

(Added sub-paragraph, Official Gazette Nr. 26415 and dated 26.01.2007) According to the Law Nr. 4706 on "The Valuation of State-Owned Real Estates and the Amendment of the Value Added Tax Law", in free zones where the land is owned by the Treasury, lands and facilities might be sold to Users who constructed their facilities by renting the land owned by the Treasury.

(Added sub-paragraph, Official Gazette Nr. 26415 and dated 26.01.2007) In free zones where the land is owned by the Treasury, Users who operate in the facilities they have constructed on the land they purchased, may obtain a new Operating License upon its expiry. In case of the termination of their activities or the cancellation of their Operating License by the Undersecretariat, these Users may sell their lands, buildings and facilities to other real or legal persons upon the approval of the Directorate General.

In free zones where the land is privately owned, by the expiration of the Operating License of Users who have constructed buildings and facilities on the rented land, a new license can be issued to the name of that User, with condition of not exceeding the time limit mentioned in the rental contract for the transfer of the superstructure. In case of the expiration of the time limit mentioned in the rental contract, the constructed buildings and facilities are transferred to the Z.F.O. In case when these users ask for the cancellation of their Operating Licenses or when their Operating License is cancelled, these Users can, within the time limits of their Operating License, transfer their right to use the buildings and facilities to real or legal persons that will be approved by the Directorate General till the end of the expiration date of their Operating Licenses. Otherwise, buildings and facilities are transferred to the Z.F.O.

In free zones where the land is privately owned, Users that are operating in the working place they have constructed on the land they purchased can receive a new Operating License upon its expiry. In case of termination of their activities or cancellation of their Operating Licenses, these Users may sell their land and the buildings and facilities on the land to other real or legal persons with the approval of the Directorate General.

The building and construction principles regarding superstructures to be built in each Zone are determined by the General Directorate. The projects of the superstructure that are to be built are approved by the General Directorate before the Zone commences its operation.

Protection of Buildings and Facilities

Article 9 - The Zone Directors are responsible for the protection of infrastructure and superstructure facilities as well as the zone boundaries and for ensuring the continuous observation and supervision of any changes that may take place. The Operator or the Z.F.O. and the Zone Directorate jointly take all the necessary measures to ensure that the rented premises and facilities are handed back by the Users in a usable condition, and if necessary, to secure the payment of compensation in an amount specified by the Zone Directorate in order to cover the restoration of such buildings and facilities to their former condition.

SECTION TWO

Fields of Activity, Operating Licenses, Industrial and Commercial Registers, Entries in and Exits from the Zone

Fields of Activity in Zones

Article 10 - All industrial, commercial and service operations deemed appropriate by the Supreme Planning Board (S.P.B.) may be conducted in free zones.

Granting of Operating Licenses

Article 11- (Amended, Official Gazette Nr. 27560 and dated 22.04.2010) Real persons or legal entities who intend to engage in operations in the Free Zone may submit their "Operating License Application Form" either directly to the Zone Directorate or may send it by registered mail. After that the Operating License Application Form is filled in and submitted by one of the above means and the Operating License Application Fee is deposited to the Special Account at the Central Bank of the Republic of Turkey, the application is considered as filed.

After taking the opinion of the Operator or the Z.F.O., the Zone Directorate delivers the "Operating License Application Form" to the Directorate General together with its own opinion.

After the evaluation of the application by the Directorate General, those who are found eligible to be granted an "Operating License" are notified in written and the applicant is granted 30 days in order to send to the Directorate General a copy of the contract he would sign to procure the working place where he would carry out his activities as well as the other required documents. After the delivery of the said documents the "Operating License" is issued by the Directorate General. In case of failure to send the documents within this period, the applicant loses his right to get an Operating License, the application file is abolished and the application fee is recorded as revenue to the Special Account.

After the evaluation of the application by the Directorate General, applicants who are not found eligible to be granted an "Operating License" are informed in written and their application fee is reimbursed.

Principles for the manner and procedures of "Operating Licenses" and other permit documents including the evaluation criteria of applications, the terms and fees are determined in communiques/circulars issued by the Directorate General.

Industrial and Commercial Registers of Users

Article 12- (Amended with its title, Official Gazette Nr. 27560 and dated 22.04.2010)

Real persons or legal entities who have been granted an "Operating License" are being registered in the "Registry Book of Firms Information" by the Zone Directorate prior to the start of their operation. In the registry, the information on the license and the professional and commercial field of activity of the related real person or legal entity are exactly written and a firm registry number is given. The User is obliged to inform the Zone Directorate on any changes concerning his professional or commercial activity and have it registered in the "Registry Book of Firms Information".

The registration operations mentioned in the first paragraph may also be carried out through computerized data processing techniques.

The Necessary Documents to Enter into and Exit from the Zone

Article 13 - (Amended with its title, Official Gazette Nr. 27560 and dated 22.04.2010)

Entries into and exits from the Zone are carried out via "Entry Permits" and "Service Cards" issued by the Zone Directorate and "Vehicle Entry Card" issued by the Operator or the Z.F.O. further to the authorization of the Zone Directorate.

The list of persons who have been given an "Entry Permit", a "Service Card" or a "Vehicle Entry Permit" would be subsequently declared in written to the relevant free zone security and customs administrations.

In nonpermanent daily entries and exits, the "Special Entry Permit" and "Visitors Vehicle Entry Card" issued by the Zone Directorate would be used. These short-term entry documents are delivered at the entrance and exit gates of the zone by the officers of the Operator or the Z.F.O.

Principles for the manner and procedures concerning these documents are given in directives/circulars issued by the Directorate General.

Temporary Suspension of Activities and Cancellation of Operating Licenses

Article 14 - (Amended, Official Gazette Nr. 27560 and dated 22.04.2010) The principles regarding the temporary suspension of the activities of Users and the cancellation of Operating Licenses are as follows:

a) In case of below stated situations, the Zone Directorate shall not put in process the Free Zone Procedure Forms of the User in relation with the exit of goods from the Zone and the sale of goods within the Zone for a period of one month. However, in case the User corrects the issues of concern before the end of this period, the Zone Directorate shall resume the processing of the Free Zone Procedures Form.

- 1) In case when the User fails to submit the information and documents required by the Directorate General and the Zone Directorate in time or submits misleading information,
- 2) In case when it is determined that the User, his authorized representative or employers have damaged zone facilities, devices or equipments or have harmed the environment and that this act continued despite the notification of the Zone Directorate and/or that the damage did not get compensated,

- 3) In case when it is determined that the User fails to act in compliance with the terms of the rental and/or sales contract enacted with the Operator or the Z.F.O. within the context of their Zone Operating License,
 - 4) In case when it is detected that the User fails to comply with the written instructions or acts in a way that detracts the order in the Zone,
 - 5) In case when the User fails to inform the changes occurred related to the issues that have been declared and committed in the Operating License Application Form.
- b) In case when it is detected that goods are brought into the zone or removed from the zone in contradiction with the legislation or that at the stock count carried out ex officio, it is detected that an inexplicable deficiency or excess up to 5% at each item basis exists between the inventories of the Zone Directorate and the current stocks of the User, the Zone Directorate shall not put in process the Free Zone Procedure Forms in relation with the exit of goods from the Zone and the sales of goods within the Zone for a period of three months. The Customs Administration shall be informed about the issue.
- c) In the following situations, as a result of the examination carried out by the Directorate General, the Operating License is cancelled if deemed necessary and the Free Zone Customs Administration is informed about the issue.
- 1) If it is determined by a written report to be issued by the Zone Directorate that at the end of the period specified in subparagraph (a) the actions leading to the suspension of the Operating License continue or that the same subparagraph has been violated more than once,
 - 2) If it is detected by a written report to be issued by the Zone Directorate that except the case of a compulsory situation, no commercial activity was performed for 3 years,
 - 3) In case when it is confirmed through subsequent examinations and inspections that commitments and declarations stated in the Operating License Application Form are not fulfilled or have proven false,
 - 4) In case when some information and findings displaying that the activities of the User are not in conformity with public interest, public order and/or public security are reached,
 - 5) In case when it is established that there has been a failure to comply with the provisions of laws, regulations, communiqués and circulars,
- d) In the following situations, the Operating License is cancelled without any prior warning by the Directorate General and the Customs Administration is informed about the issue.
- 1) Further the detection that goods are brought into the zone or removed from the zone in contradiction with the legislation or that at the stock count carried out ex officio, it is detected that an inexplicable deficiency or excess exceeding 5% at each item basis exists between the inventories of the Zone Directorate and the current stocks of the User,
 - 2) In case when it is detected that tax evasion has taken place by the declaration of revenues and earnings accrued from activities outside the Zone as income earned in the Zone by uniting the accounting records and/or by presenting false or misleading documents for this purpose,
 - 3) In case when the act mentioned in subparagraph (b) is repeated.

The administrative sanctions referred to in this Article are applied regardless of the procedures mentioned in other legislations and their consequences.

The goods of Users who attempt to operate despite the expiration of their Operating License or its cancellation due to one of the reasons mentioned above are not admitted in the zone. The goods in the zone that belong to them are liquidated according to the provisions set forth in the Article 52 of this Regulation.

Cancellation of Entry Permits, Special Entry Permits and Vehicle Entry Cards

Article 15 - (Amended with its title, Official Gazette Nr. 27560 and dated 22.04.2010) The "Entry Permit" and the "Vehicle Entry Card" of persons stated below would be cancelled by the Zone Directorate, the concerned persons would be notified and the related security and customs administrations would be informed in written until the end of the working hour of the consequent day.

- a) Persons whose Operating License expired and persons whose Operating License has been cancelled together with their employees,
- b) Persons in possession of an "Entry Permit" or a "Vehicle Entry Card" who engage in any of the actions specified in Article 14, as confirmed by a written report of the Zone Directorate,
- c) Employees dismissed by Users.

In case when these cancellation situations cited in the paragraph above would be determined in persons possessing a "Special Entry Permit" or a "Visitors Vehicle Entry Card", the permit and the card would be recovered by officers.

Users are obliged to inform the Zone Directorate on the same day when they dismiss an employee. Without prejudice to the provision of subparagraph (b) of the first paragraph, in case when a dismissed worker finds a new job in the Zone, his/her documents would be returned after the changes have been recorded, provided that they have not expired.

Any person whose "Entry Permit" or "Special Entry Permit" has been cancelled or those whose "Visitors Vehicle Entry Card" has been recovered would be expelled from the Zone by the police and customs control officers and customs legislation would apply to any goods subject to customs duty found on this person, while his possessions in the Zone would be subject to the provisions of Article 52 of this Regulation.

SECTION THREE

Maintaining Order and Security in the Zone and Working Conditions

Security

Article 16 - Zone Directors must communicate their requests concerning the security of the Zone to the Governorship. Governors are responsible for taking special measures for the fulfillment of security services in the zones by the police and for safeguarding the security of the zones by commissioning an adequate number of police and customs control officers at the entrance and exit gates and frontiers of the zone.

(Added sub-paragraph, Official Gazette Nr. 27560 and dated 22.04.2010) For the start of activities in the Zone, it has to be established by the Customs Control Administration that the Operator and the Z.F.O. have taken the necessary measures at the frontiers of the Zone so as to prevent the illegal movement of commodities. The Customs Control Administration may claim that the Free Zone Directorate takes the necessary physical measures for the protection of the frontiers.

(Amended, Official Gazette Nr. 27560 and dated 22.04.2010) Users are obliged to take the necessary security measures to protect the buildings and facilities where they conduct their activities.

Working Conditions

Article 17 - Users and their company premises in the zone and employees in these workplaces are subject to the Labor Legislation of the Republic of Turkey under the supervision and control of the Zone Directorate.

Principles governing minimum wage and payment of overtime in workplaces within the territory of Turkey also apply to the workplaces of the Z.F.O., the Operator and the Users.

Labor Contracts concluded between employers and employees in the Zone are to be made in three copies, one of which is submitted to the Zone Directorate.

(Added sub-paragraph, Official Gazette Nr. 27560 and dated 22.04.2010) Users may conduct their zone activities by establishing a relation of main employer-sub employer according to the provisions of the Labor Legislation. The sub-employer may not be a User. The sub-employer who is not a User and his employees also have to confirm to the working and security principles of the Zone.

(Added sub-paragraph, Official Gazette Nr. 27560 and dated 22.04.2010) Users are jointly responsible from the acts of their employees including the employees of the sub employer inconsistent with the Regulation and the harm they may inflict on third parties or to the Zone during the course of their work. In case when the sub-employer is also a User, the provisions of this paragraph apply in terms of the main employer.

Principles for the manner and procedures by which this Article is enforced are determined in communiques/circulars to be issued by the Directorate General.

The Working of Foreigners in the Zone

Article 18-(Amended with its title, Official Gazette Nr. 27560 and dated 22.04.2010) In order to hire the foreign managers and qualified personnel they need, Users must obtain a Foreign Personnel Working Permit. The application for the Foreign Personnel Working Permit is made to the Zone Directorate by completing and signing the printed forms and their attachments.

In case when the application transmitted by the Zone Directorate to the Directorate General is found appropriate, the Foreign Personnel Working Permit is issued.

The Directorate General would give the necessary information to the relevant authorities about the person for whom a Foreign Personnel Working Permit has been issued. The document involved is valid together with the residence permit.

Other principles for the manner and procedures concerning Foreign Personnel Working Permits are determined in communiqués/circulars to be issued by the Directorate General.

Residence Permit/Night Work Permit

Article 19 - Residence in the zone is prohibited. However, for security considerations, residence/night work permits may be issued by the Zone Directorate to security and customs officers and security guards who are charged with the control and security of the zone, to those who have to reside in the zone due to the specific nature of their jobs and to those who have to work overnight following the workday in the zone provided that the Security and Customs Administration are informed of this in written. The residence/night work permit granted for the zone is restricted and is valid only for individuals mentioned above. In no way or manner does this permit cover the relatives or families of the said officials.

Residence/night work permits granted to Users are cancelled by the relevant Zone Directorate with immediate effect in the event of the cancellation of the corresponding Operating License, Entry Permit or Service Card.

The Ministry to which the U.F.T. is subordinated is authorized to make the arrangements concerning the issue of residence permits for reasons other than those mentioned above.

Working Hours and Control of Entries and Exits

Article 20 - (Amended, Official Gazette Nr. 27560 and dated 22.04.2010) Business may be conducted in the Zone twenty four hours a day and seven days a week. In principle, the work carried out in the Zone, as well as loading, unloading and all kinds of customs procedures are to be performed during official working hours. Outside the official working hours or during holidays, Users may demand in written from the customs administration to carry out work related to customs.

The Z.F.O. or the Operator is therefore obliged to have the necessary personnel on duty outside the official working hours upon the request of the Zone Directorate. The Zone Directorate takes all the necessary measures in connection with the determination of the official working hours and announces them.

Persons seeking entry at the gates of a zone must be able to present an "Entry Permit", a "Service Card", a "Vehicle Entry Card", or a "Special Entry Permit" and a "Visitors Vehicle Entry Card" upon the request of Customs Control or public security officers. Anyone unable to present one of the said documents is denied entry to the Zone.

In order to prevent goods from entering or leaving the zone without customs formalities and to ensure the security of the zone, vehicles and persons may be searched at the entry and exit gates of the Zone by the Customs Control or public security officers if necessary. Workplaces, warehouses and vehicles of the Users may also be searched upon request by the Zone Directorate. In case when deemed necessary by the Free Zone Customs Directorate, the workplaces and warehouses of Users may always be searched by a commission which will be constituted by the Zone Directorate.

Social Security and Social Welfare Principles

Article 21 - The Social Security Legislation of the Republic of Turkey applies both to Users operating in the zone and to employees -including foreign nationals- who are in their service under a labor contract. However, in cases when there is an agreement between Turkey and any other country regarding social security, provisions of such an agreement also apply. Social insurance payments are payable to the Social Security Organizations in either foreign currency or in Turkish Liras. Social security payments are made to beneficiaries by these organizations in Turkish Liras.

Competent Authority for Communal Services

Article 22 - Users operating in a Zone and those supplying them with auxiliary services apply to the competent officers of the Operator or Z.F.O. for the provision upon payment of the services they need such as electricity, gas and fuel supplies, communication services, transportation and public transport, the cleaning of workplaces or their surroundings and the overcoming of cleaning difficulties, the solution of health problems, the supply of services such as first aid and ambulances in the event of industrial accidents and illness.

The Zone Directorate keeps a watch on these services to ensure that they are provided in a proper and satisfactory manner and issues written cautionary instructions.

Keeping Books and Records and Carrying Out Zone Operations Through Computerized Data Processing Techniques

Article 23 – (Amended with its title, Official Gazette Nr. 27560 and dated 22.04.2010)

Users which carry out activities in the Free Zone are obliged to establish income and corporate tax liability according to the general rules and to abide by the provisions of the Tax Procedures Law on the book keeping and recording system.

Within the context of the provisions of this Regulation, the Users carry out all transactions that are done upon the Free Zone Transaction Form through computerized data processing technique. The matters regarding the timing and the context of this application are determined in communiques/circulars to be issued by the Directorate General.

SECTION FOUR

The Operator or the Zone Founder and Operator

Operation or Establishment and Operation Contracts Enacted with the Operator or the Z.F.O.

Article 24 - A zone may either be operated within the framework of an "Operation Contract" by a company established on the basis of a Decree of the Council of Ministers or established and operated under an "Establishment and Operation Contract", again by a company established on the basis of a Decree of the Council of Ministers.

In the first case described above, the contract is labeled the "Operation Contract" and the authorized company the "Zone Operator", whereas in the second case the contract is labeled the "Establishment and Operation Contract" and the company is the "Zone Founder and Operator- Z.F.O."

In the contracts determining the operation principles of the Operator or the Z.F.O., the financial and administrative obligations of these companies as well as the principles governing their management and supervision specified in the Regulation also take place.

Financial, Administrative and Service Obligations of the Operator or the Z.F.O.

Article 25 - (Amended, Official Gazette Nr. 27560 and dated 22.04.2010) Financial, administrative and service obligations of the Operator or the Z.F.O. are stated below:

a) In case when the land delineated as a Free Zone is in the ownership of the Treasury or a public institution and is allocated to the Operator or the Z.F.O. by the Undersecretariat by means of an Operation Contract or an Establishment and Operation Contract, obligations of the Operator or the Z.F.O. are specified in the contract.

If the Operator or the Z.F.O. of the Zone is entrusted with the management of the buildings belonging to the Treasury and the management of the buildings and facilities built by Users but transferred to the Treasury upon the expiry of their Operating Licenses, the content of the general and special conditions for rentals are specified in detail in the Operation Contract signed between the Directorate General and the Operator or the Z.F.O. Where Users have built buildings and facilities in the Zone but have their Operating Licenses expired and thus ask to rent the same buildings and facilities, the Operator or the Z.F.O. accords preferential treatment to these Users, provided that they renew their Operating Licenses.

b) The Z.F.O. may not seek any payment of construction costs or any rent for buildings that it builds for the use of the Zone Directorate, the Security and Customs Administrations and other institutions that need buildings. However where the Zone is established on land owned by the Treasury or by a public institution, the Z.F.O. is not obliged to pay rent for the land required for infrastructure, entry-exit gates and roads, internal roads, green areas, areas occupied by the buildings and facilities used by the Zone Directorate, Security and Customs units and other administrative bodies or for the land required for the distribution of infrastructure services such as electricity, water and natural gas.

c) The Operator or the Z.F.O. is responsible for the maintenance and repair work arising from the destruction or deterioration of the infrastructure facilities in the Zone, the management of which is entrusted to it through an Operation or Establishment and Operation Contract.

d) The Operator or the Z.F.O. is obliged to fulfill the functions specified in the present Regulation as well as to carry out other works and services envisaged by the Operation or Establishment and Operation Contract that it has signed with the Undersecretariat.

Powers and Functions of the Operator or the Z.F.O.

Article 26 - The powers and functions of the Operator or the Z.F.O. are stated below:

- a) To operate the zone in accordance with the provisions of the Operation or Establishment and Operation Contract signed with the Undersecretariat. Where it is specified in the Contract that the public sector does not provide the infrastructure, to construct infrastructure facilities in the zone and to rent and/or sell construction areas in conformity with the parceling plan to a sufficient number of Users,
- b) Within the framework of the principles stated in the Operation or Establishment and Operation Contract, to receive the applications of Users concerning their activities, to draw up with the Users "Rental Contracts" for the operation of wharfs, lands, warehouses, depots, sheds, and bonded warehouses; to draw up "Service Contracts" in order to provide or arrange the provisions of shipping, port and other services under its responsibility, to finalize rental contracts that have not been rejected by the Zone Directorate within three working days, to inform applicants in case when the contract is rejected and to collect in advance fees, rents and deposits in accordance with the contracts signed.
- c) To include in the contracts drawn up with the Users provisions seeking to ensure that Users take safety and hygienic precautions in the plots they have rented and elsewhere, to prevent any changes being made without taking permission, to prevent any contravention of the working practices and conditions stipulated by the relevant legislation and by communiques or circulars in warehouses, depots, sheds and bonded warehouses and elsewhere and hence to safeguard carefully the order of the Zone.
- d) **(Amended, Official Gazette Nr. 27560 and dated 22.04.2010)** In case when the Zone Directorate, the port, airport, customs and customs control authorities and other public institutions can not procure in time the information and documents that Users have to give, making the necessary coordination and therefore helping the procurement of the said information and documents upon the demand of the relevant units.
- e) To take the necessary measures for the uninterrupted supply of electricity, water, gas, fuel and communication services and to assure the coordination with the relevant public and private organizations for the collection of charges and their payment to the appropriate bodies.
- f) To make the necessary coordination with local public institutions in order to assure that all buildings and facilities rented in the zone are insured against fire; to ensure the availability of fire prevention and water pumping equipment and an adequate number of fire fighting vehicles and tools; to enforce general safety measures and to establish the first aid and life-saving services required in cases of injury in industrial and other accidents or of sudden illness.
- g) To identify any person responsible for damages given to the infrastructure or superstructure in the zone and to ensure that such damage is fully compensated for.
- h) To meet the demand of transportation and carriage in the zone, to construct the planned parks and green areas and ensure their maintenance and preservation, to organize places for public use such as restaurants, cafeterias, kiosks etc. and to operate them or arrange for their operation by third parties and to solve all cleaning and general hygiene problems of the area.

Relations with Users

Article 27- (Amended, Official Gazette Nr. 24849 and dated 17.08.2002) Users that want to receive a service in connection with their activities in the zone fill in the "Free Zone Procedure Form" and submit it to the Zone Directorate. They deposit the related fee to the Special Account opened with the banks for the collection of zone revenues, attach one of the two copies of the receipt to the copy of the "Free Zone Procedure Form" delivered to the Zone Directorate and submit them to the officials of the Operator or the Z.F.O. Where no fee needs to be paid to the Special Account, the application procedure is completed when the remaining copies of the "Free Zone Procedure Form" are obtained back from the Zone Directorate and delivered to the officials of the Operator or the Z.F.O.

The "Free Zone Procedure Form" is in the force of a service contract specifying the business connection between the User and the Operator or the Z.F.O. This contract comes into effect when the form is signed by the officials of the Operator or the Z.F.O. and a copy is returned to the User.

Subject to a charge, Users may request that the Operator or the Z.F.O. provides services such as loading, unloading, transport and storage of goods which are in the zone or which enter or leave the zone. Where the Operator or the Z.F.O. is unable to supply the machinery and equipment that Users require for their activities, the latter may also acquire them from other Users operating in the zone subject to the permission of the Zone Directorate and under the coordination of the Operator or the

Z.F.O. The Operator or the Z.F.O. may not seek any charge for such services other than the fee for the coordination service provided.

Where the "Free Zone Procedure Form" of a User involves a request of a service which must be performed by a public or private sector agency, after acquiring the preliminary permission from the Zone Directorate, the User pays the service charge to the Operator or the Z.F.O. Then the User submits one of the two copies of the receipt to the officials of the Operator or the Z.F.O. which will be later attached to the copy of the "Free Zone Procedure Form" brought from the Zone Directorate.

Tariffs and principles concerning services performed by the Operator or the Z.F.O. are determined by the Directorate General.

SECTION FIVE Customs Duty and Tax Exemptions and Incentives

Customs Duty Exemptions

Article 28- (Abolished, Official Gazette Nr. 25804 and dated 03.05.2005)

Tax Exemptions and Other Incentives

Article 29- (Abolished, Official Gazette Nr. 25804 and dated 03.05.2005)

PART THREE GOODS IN THE ZONE, RENTAL AND SERVICE CONTRACTS AND TARIFFS

SECTION ONE Exported and Imported Goods and Transit Goods Haulage

Exported Goods

Article 30 - (Amended, Official Gazette Nr. 27560 and dated 22.04.2010) Goods that are sent to the Zone from Turkey are treated according to the Foreign Trade Regime and are considered exported. The Foreign Trade Regime does not apply to transactions between Free Zones and other countries or transactions among Free Zones. Goods and services may freely be sent from a zone to any destination outside Turkey.

Goods may be sent abroad or to Turkey for further processing.

Goods departing from Turkey and costing under \$5.000 or its equivalent in Turkish Liras per shipment brought into the zone by the Zone Directorate, or by the Operator/Z.F.O. or a User with the permission of the Zone Directorate, may be exempted from export procedures upon request.

Until the date when Turkey becomes a full member of the European Union, Free Zones are deemed to be outside of the Turkish Customs Territory, and are deemed to be parts of the Turkish Customs Territory for the purposes of rules of origin.

For goods exported from the Zone, origin and status documents are issued and approved by the foreseen legal authorities according to the Customs Legislation and the provisions of international agreements, without any condition as regards membership. These documents are granted visas by the Free Zone Customs Directorate.

Imported Goods and Transit/Trans-shipped Goods Haulage

Article 31- Goods forwarded to Turkey from a zone are subject to the Foreign Trade Regime and are considered imported under this regime. The Foreign Trade Regime is not applicable to transactions between a zone and other countries or to transactions among zones.

The entry into and exit from a zone of transit/trans-shipped goods are subject to the permission of the Zone Directorate.

An article is regarded as being in transit in the zone when it passes/is conveyed through the zone from a foreign country to another one or to Turkey or from Turkey to a foreign country. The article which passes/is conveyed through the zone does not cease to be considered to be in transit if it is trans-shipped, unloaded or kept in the zone for any certain length of time.

The conveyance by sea of an article which has been brought from a foreign country to the port of the free zone via sea, airway, railway or road, to a port outside the country or to another free zone is considered to constitute "trans-shipment".

SECTION TWO

Movement of Goods into and out of the Zone

Goods Prohibited in the Zone or Goods Requiring Special Arrangement/Construction

Article 32 - (Amended, Official Gazette Nr. 24355 and dated 27.03.2001) (Amended, Official Gazette Nr. 27560 and dated 22.04.2010) The entry of fire arms and their ammunition, radioactive substances, dangerous and toxic wastes and other goods specified by the Undersecretariat to the zones is prohibited.

Inflammables, explosives, combustibles, fire-inducing substances or materials which are dangerous to other substances when put all together, can only be brought into the Zones on the condition that there is a special arrangement or construction serving for that purpose in that Zone.

The movement into and out of the Zone of narcotic substances, psychotrope substances and related chemical substances as well as their preparations is subject to the provisions of national and international laws carried out by the Ministry of Health.

The Movement of Goods into and out of the Zone

Article 33 - Methods and principles concerning the movement of goods into and out of the zone are governed by circulars/directives issued by the Directorate General.

Flow of Goods Between the Zone and Other Destinations

Article 34 - Goods that are addressed to a zone but have for one reason or another been unloaded at a place outside the zone or goods not addressed to the zone but unloaded within the boundaries of the zone are sent to their destinations in the fastest way under the supervision and control of the Customs Administration. However, goods addressed to the free zone are conveyed to the zone within the shortest time possible. In case when the goods addressed to a zone arrive at the zone but are then stored at the customs warehouse or at any other place due to the lack of space, provisions related to free zones apply to such goods given that they are sold in Turkey under provisional acceptance or enter Turkey through any other means or are sent abroad. This practice is halted as soon as the zone depots prove to be sufficient.

The Customs Administration may grant the permission for the temporary entry into a zone of equipment and machinery necessary for loading, unloading, transport etc. of goods in the zone upon a written request of the Zone Directorate, provided that this operation is recorded in the "Entry-Exit Register" maintained by the Customs Directorate.

Where a zone does not have access to a quay or where despite the existence of a port in the zone, goods addressed to the zone or those coming from there are transported by sea from or to another port in the vicinity of the free zone; the conveyance of the goods is made by direct delivery from the ship to the zone or from the zone to the ship in the presence of an official commissioned by the Customs Administration on the basis of a "Free Zone Procedure Form" drawn up and registered by the Zone Directorate and also registered by the Free Zone Customs Directorate, without any need for a Transit Declaration Form. The corridor between the zone and the place where the ship is located is considered to fall within the Free Zone. The movement of goods between sections of the zone which are physically separated from one another is to take place under the supervision of the Customs Administration.

Where dangerous substances are moved into and out of zones located within or in the vicinity of an airport, the Z.F.O. or the Operator must ensure that these are taken to the airport in special containers and must coordinate with the Airport and Customs Authorities to ensure that they are safely transported to the zone aircraft by vehicles that are made available at the airport, without being kept waiting on the apron.

Sale or Transfer of Goods

Article 35 - Users may sell their goods to Turkey or abroad on a wholesale basis. Users and companies which have rented depots in the zone may sell or transfer their goods on a wholesale basis to other Users in the same zone on the condition that they notify the Zone Directorate in written.

Subparagraph 2 (**Annulled, Official Gazette Nr. 22349 and dated 20.07.1995**)

Responsibility for Goods in the Zone

Article 36 - Users engaged in operations in a zone are responsible to the Zone Directorate for losses and shortages in quantity, kind and weight and for changes in the quality of their goods. They may only be relieved of this responsibility if they prove that the loss or shortage is inherent to the nature of goods or due to force majeure circumstances.

If a shortage arises beyond that which is attributable to wastage, to normal procedures or natural wear and tear, or if there is an inexplicable excess of any concerning goods in the zone, the relevant User, the Operator or the Z.F.O. must inform the Zone Directorate about the situation in written and fulfill all the necessary obligations.

The Goods and Wastes that Must be Destroyed

Article 37- (Amended, Official Gazette Nr. 25153 and dated 29.06.2003) In cases when the Zone Directorate determines that the goods must be removed from the Zone for being expired, obsolete, spoiled, decayed etc. or harmful to the goods of other Users or detrimental to general health and hygiene rules, the Committee headed by the Zone Director, composed of officials from the Directorates of Customs and Customs Control, the Ministry of Environment, the Operator or the Z.F.O. and when required one expert on the goods concerned appointed by the Zone Directorate shall decide to the destruction of the above mentioned goods, in or out of the Zone.

The Zone Directorate shall call on the User by a written notification to destroy the concerned goods. The destruction should start to be executed within 24 hours of the notification essentially. Should the User fail to begin work to this end, the Operator or Z.F.O. shall execute the destruction. All costs shall be borne by the User. If the User does not pay these costs, the commercial transactions of the User shall not be put into operation in conformity with Article 14/a.

In case of lacking a suitable place for destruction, after being checked by the Customs Administration officials, the concerned goods shall be handed over to public or private officials responsible for cleaning services by the Operator or Z.F.O., under the supervision of the Customs Administration. The goods that are destroyed shall be erased from the registers of the User.

The Committee headed by the Zone Director, composed of representatives from the Administrations of Customs and Customs Control, the Ministry of Environment and the Operator or the Z.F.O. shall decide to remove out of the zone the wastes arising from zone activities. The containers, packing materials, scraps, household waste residuals and wastes that are found appropriate to be removed out of the zone shall be handed over by the Operator or Z.F.O. to public or private officials responsible for cleaning services under the inspection of the Customs Administration. If these officials demand any fees, the costs shall be borne by the concerned Users. If it is found necessary to destroy these materials, the destruction shall be executed within the framework of the principles and procedures specified above.

(Added sub-paragraph, Official Gazette Nr. 27560 and dated 22.04.2010) In zones which have a harbor and/or where there are shipbuilding yards, the collection of wastes from ships and their destruction shall be executed according to the provisions of the Regulation on the Collection of Ship Wastes and Waste Control.

(Added sub-paragraph, Official Gazette Nr. 27560 and dated 22.04.2010) The hazardous wastes shall be subject to the disposal procedures in compliance with the provisions of the legislation concerning the control of hazardous wastes.

Abandoned and Scattered Goods

Article 38 - Goods that are left behind or abandoned on parcels of land that do not belong to any User are cleared by the Operator or the Z.F.O. acting under the supervision and control of the Zone Directorate, entered in the register to be kept for this purpose and liquidated in accordance with Article 52 of the Regulation.

Goods divided, scattered during loading, unloading, haulage or other operations or goods left over after re-packing are handed over to their owners by the Operator or the Z.F.O. only if the costs of their collection, sweeping up and re-packing are covered by the User. Otherwise, they are treated as abandoned goods.

Damaged Goods

Article 39 - Goods on their way into or out of the zone or being processed within the zone that are discovered to be in a damaged package or are suspected of having been tampered with are classified, counted or weighed and re-packed by a commission established by the Zone Directorate. The commission consists of three persons: The representatives of the person or agency providing loading and unloading services to the Operator or the Z.F.O.; the captain of the vessel and officials of the transportation agency or their representatives. The insurer or a representative of the insurer of the goods may also participate in the commission. The commission prepares a report on the situation and

communicates its findings to the Zone Directorate. The report states whether there exists any surplus or shortage of the goods. Depending on the kind of discrepancy, the captain of the vessel, the shipping agency, the transportation agency or the User are held responsible according to Article 36 of the Regulation. Goods the owners of which cannot be identified are treated as abandoned goods and become subject to the provisions of Article 38.

PART FOUR SPECIAL ACCOUNT, FREE ZONE REVENUES, RENTAL CONTRACTS

SECTION ONE Special Account and Free Zone Revenues

Special Account

Article 40-(Amended, Official Gazette Nr. 24849 and dated 17.08.2002) Summary accounts are opened in Turkish Liras and US Dollars or in other convertible foreign currencies by the U.F.T. at the Central Bank of the Republic of Turkey in the names of the Directorate General and each Zone Directorate for the revenues of the Special Account. In addition, the Directorate General and Zone Directorates must open sub-accounts or temporary accounts if necessary, for each revenue item related to the Special Account, in Turkish Liras and in US Dollars or other convertible foreign currencies at any bank in the Zone with the priority given to public banks, or at the closest banks to the Zone, in case when there is no bank in the Zone.

(Amended, Official Gazette Nr. 27560 and dated 22.04.2010) According to Article 7 of the Law, daily income share transfers are made from revenues collected by the relevant banks in free zones to Operators or Z.F.O.s in accordance with the contracts signed with them. Also, according to Interim Article 4 of the Law, in order to compensate the revenue allocation loss of Z.F.O.'s in free zones where they receive revenue allocation payments according to their contract, the amounts calculated monthly by Zone Directorates over the transactions that correspond to 0,9% of the FOB value of goods sold from free zones to Turkey and 0,1% of the CIF value of goods brought to free zones from abroad are transferred from the relevant account till the end of the following month. After the realization of these transfers, the amount remaining from the collection made by the relevant banks is transferred to the accounts opened at the Central Bank of the Republic of Turkey within five working days. Upon the instruction of the Directorate General, the transfers to the relevant Z.F.O.s whose income share transfers could not be met through the related Zone Directorates' accounts and the other reimbursements will be deducted from the revenues accumulated at the Central Bank of the Republic of Turkey. After being converted into Turkish Liras, the remaining amount will be directly transferred by the Central Bank of the Republic of Turkey to the account of the Main Treasurer's Office, which is in charge of the central payments of the U.F.T., by the end of every week. The Central Bank of the Republic of Turkey transmits financial tables regarding the Special Account to the U.F.T. on a monthly basis.

The amount deposited at the Main Treasurer's Office is totally registered as revenue to the budget.

Free Zone Revenues and Conditions Free of Collection

Article 41- (Amended, Official Gazette Nr. 27560 and dated 22.04.2010) The revenues of the Special Account and the conditions free of collection are as follows:

a) Fees collected for licenses and permits specified in the paragraph (1/a) of Article 7 of the Law:

- 1) Operating License application fees to be collected in Operating License applications submitted to the Directorate General,
- 2) Fees to be collected for the renewal of Operating License in case of loss, worn-out or other reasons,
- 3) Fees to be collected in applications submitted to the Zone Directorates in order to obtain an Open Area Use Permit,
- 4) Fees to be collected in applications submitted to the Zone Directorates in order to obtain a Warehouse Use Permit,
- 5) Fees to be collected for the granting of annual Entry Permits and for the renewal of annual and Special Entry Permits in case of their loss,

are deposited to the Special Account in advance.

b) Provisions concerning Special Account fees to be collected in good transactions and outsourced material processing, maintenance repair and further processing activities:

1) The following principles will be applied in good transactions realized by Users holding an Operating License on production and Users holding an Operating License before the 6th of February, 2004:

a) A Special Account fee is collected in the amount of 0,1% of the CIF value of goods brought into the Zone from abroad and 0,9% of the FOB value of goods sent to Turkey.

b) No Special Account fee is collected from sales within the Zone, goods sent from the Zone for destruction/ liquidation or goods sent from the Zone to licensed removal facilities and goods sent from / brought into the Zone with no cost for analyzing and sampling.

c) The completion of the construction of the closed area, making additional investment, the entry of investment goods which will be used in production by Users holding an Operating License on production, the entry of goods for the renewal of machinery and equipment, or the entry of new machinery, equipment and office machinery for capacity raising are considered as the entry of goods during the investment period. No Special Account fee is collected for these goods bought during the investment period from abroad or from within the Zone for expansion or capacity raising purposes. The necessary control on the entry of goods during the investment period in terms of the Special Account is carried out by the Zone Directorate.

d) In case when the goods brought from abroad for expansion or capacity raising purposes are sold as a commercial good abroad or to another User within the Zone or to another Free Zone, a fee amounting to 0,1% of the sale price will be collected. If these goods are sold to Turkey, after the collection of a fee amounting to 0,1% of the FOB value of the sale price specified in the bill, another fee amounting to 0,9% of the same value will be collected.

e) A fee amounting to 0,1% of the CIF value of tools, materials, and equipments which are not owned by the User and are brought into the Zone temporarily from abroad for the purposes of maintenance or repair of buildings, establishments and inventories is collected, in case when they are not taken out of the Zone at the end of the period of 12 months specified in Article 58.

f) No Special Account fee is collected from goods which are temporarily sent to Turkey to be exhibited or displayed in fairs or goods that are bought from Turkey but sent back to the origin country to be changed or to be repaired because of not being in conformity with the specifications or being defective. But a guarantee in the amount of 0,9% is collected on goods sent to Turkey according to Article 58. In case when these goods are not returned to the Zone within 12 months, these guarantees will be liquidated and recorded as revenue to the Special Account.

g) In case when a good bought from abroad by paying a Special Account fee is returned to the origin country because of not being in conformity with the specifications or being defective, the collected fee of Special Account will be deducted to the next operation of the User. If the fee could not be deducted, it would be reimbursed in the legal term. No Special Account fee is collected when the good in question is not returned to the origin country but is taken back to the Zone after being changed or repaired.

h) No Special Account fee is collected when the goods sent temporarily abroad from the Zone to be exhibited or displayed in fairs are brought back to the Zone.

i) No Special Account fee is collected in case when the goods sold abroad or to Turkey are returned. If a Special Account fee had been collected, it would be deducted to the next operation of the User. If the fee could not be deducted, it would be reimbursed in the legal term.

2) The following principles will be applied in good transactions performed by Users which obtained an Operating License other than production after the 6th of February, 2004 and Users which held a license other than production before this date but prolonged the duration of their Operating License after the 6th of February, 2004:

a) No Special Account fee is collected on goods brought to the Zone from abroad and/or sold to Turkey by these Users.

b) A Special Account fee amounting to 0,1% of the CIF value of goods brought from abroad and sold within the Zone by these Users is collected, including goods brought in the investment period or those brought for expansion and capacity raising purposes.

3) The following principles are applied in good transactions performed by Users which held an Operating License on production and obtained an Operating License on purchasing-selling after the 6th of February, 2004:

a) In case when the User transfers the goods bought from Turkey or from abroad in the context of the production license to its purchasing-selling license and then sells them to the domestic market, a Special Account fee amounting to 0,9% of the FOB value of the goods sold is collected.

b) In case when the User transfers the goods bought from abroad without paying 0,1% fee in the context of the purchasing-selling license to its production license, a Special Account fee amounting to 0,1% of the CIF value of goods sold will be collected.

4) The following principles are applied in the activities of outsourced material processing, maintenance- repair and further processing:

a) In case when the goods not owned by the User are sent outside the Zone for outsourced material processing or further processing, a Special Account fee amounting to 0,1 % of the value added created in the Zone is collected. But, according to Article 58, a guarantee in the amount of 0,9% is collected on goods sent to Turkey. In case when these goods are not returned to the Zone within 12 months, these guarantees are liquidated and recorded as revenue to the Special Account.

b) No Special Account fee is collected at the entry and exit of goods which are not owned by the User and are brought temporarily to the Zone for outsourced material processing, maintenance-repair and further processing purposes. After that the said goods are processed in the Zone, a Special Account fee amounting to 0,1% of the value added created in the Zone is collected at the final exit of these goods. But, according to Article 58, a guarantee in the amount of 0,9% is collected on goods sent by Users to Turkey for outsourced material processing, maintenance-repair or further processing purposes. In case when these goods are not returned to the Zone within 12 months, these guarantees are liquidated and recorded as revenue to the Special Account.

c) In the context of outsourced material processing, maintenance-repair and further processing activities performed between User firms, a Special Account fee amounting to 0,1% of the value added created in the Zone is collected.

c) The provisions concerning the collection of Special Account Fees in accordance with the contracts signed with real persons or legal entities operating the free zone:

- 1) Profit shares, as specified in the contracts, levied on the annual net profits of Operators, by calculating the amount in foreign exchange buying rate at the end of the year in terms of US Dollars; until the end of the office hours of the last working day of the fifth month of the following year,
- 2) Contributions levied on Operators or Z.F.O.s in the amount of 4% of their net monthly revenue arising from their operation, or establishment and operation activities, by periods of three months; until the end of the office hours of the 20th of January, April, July and October,
- 3) In free zones established on land owned by the Treasury, in case when real estates belonging to the Treasury, except buildings and facilities, are rented to real or legal entities that are approved to be granted an Operating License, rental revenues are collected by Operators or Z.F.O.s in the prescribed periods of the rental contracts enacted according to Article 8. In this case, 90% of rental revenues collected by Operators, 63% of rental revenues collected by Z.F.O.s, within the periods specified in the operation, or establishment and operation contracts,
- 4) In case when the buildings and facilities owned by the Treasury or the buildings and facilities transferred to the Treasury as a result of the expiration or cancellation of the Operating License are rented by the Operator or Z.F.O., 90% of the collected rental within the time limits specified by the Regulation revenues within the specified periods in the operation or establishment and operation contracts,
- 5) In free zones established on private property, 4% of the monthly income collected through the revenues of land and office rentals by Z.F.O.s and 4% of the net monthly income accrued through the sales of lands and offices by Z.F.O.s; by periods of three months until the end of the office hours of the 20th of January, April, July and October,
- 6) Following their collection, penalties, costs and interests to be collected in case when Operators, Z.F.O.s or Users do not fulfill their obligations in due time specified in the contracts or do not fulfill them at all in violation of the contracts and provisions of the Regulation,

are transferred to the Special Account.

- 7) With the condition of obtaining another Operating License and keeping separate accounting books, the Operator or Z.F.O. do not make any payments to the Special Account from their revenues arising from the rental of the buildings and facilities constructed by them or on behalf of them on the land owned by the Treasury, and from their revenues arising from being a partner of an enterprise engaged in activities that are deemed to be performed in the Zone.
- d) Other revenues specified in the sub-paragraph (d) of the first paragraph of Article 7 of the Law:
- 1) Penalties, costs and interests specified in contracts signed for buying and selling,
 - 2) Revenues arising from every type of publications or papers which are published by the Directorate General or Zone Directorates and are decided to be distributed by being sold,
 - 3) The entire amount of the rent revenue of buildings and lands rented by Zone Directorates to Users,
 - 4) Revenues arising from the sale of movable estates that are transferred to the Treasury by any reason and from the temporary transfer of the usage rights of real estates,
 - 5) Fees that are paid, if the Operating License application made to the Directorate General is withdrawn within 30 days after the approval letter of the Directorate General,
 - 6) In free zones established on private property, fees to be collected in the sale of buildings and the transfer of their usage rights,
are transferred to the Special Account.
 - 7) Provisions Concerning Special Account Fees in Service, Banking and Insurance Activities:

a) Service Activities:

Apart from maintenance-repair, outsourced material processing and further processing operations, a Special Account fee amounting to 0,1% is collected on services provided within the Zone or outside the Zone by Users which obtained an Operating License other than production before the 6th of February, 2004. No Special Account fee is collected from other Users which were granted an Operating License other than production after the 6th of February, 2004 and those which held a license other than production before this date but prolonged the duration of their Operating License after the 6th of February, 2004, in what concerns the services they provide within the Zone and outside the Zone.

b) Banking and Insurance Activities:

A Special Account fee amounting to 0,1% is collected on the revenues arising from the activities of banks and insurance companies which obtained an Operating License before the 6th of February, 2004, on the amount accrued on their behalf in cash or on account as a result of their transactions, till the end of the office hours of the 20th of January, April, July and October. No Special Account fee will be collected from banks and insurance companies which obtained an Operating License after the 6th of February, 2004, and those which held a license other than production before this date but prolonged the duration of their Operating License after the 6th of February, 2004.

The Zone Directorates shall never collect these revenues in cash register. All the revenue collections will be made through the accounts opened at the banks.

Reimbursement of Special Account Revenues

Article 42- (Amended, Official Gazette Nr. 24849 and dated 17.08.2002) The Special Account revenues that are collected are reimbursed under the conditions specified below:

a) The entire fee that is paid, in case when the Operating License application is not approved by the Directorate General after the evaluation or if the application is withdrawn by the firm before the approval letter of the Directorate General,

b)(Amended, Official Gazette Nr. 27560 and dated 22.04.2010) The entire fee that is paid, in case of withdrawal of the application for the Operating License within 30 days after the approval letter of the Directorate General, following the payment of the fee specified in Article 41/d-5 to the Special Account,

c) (Amended, Official Gazette Nr. 27560 and dated 22.04.2010) In case when the rental contract is abolished due to the cancellation of the Operating License, the rental fee which must

be reimbursed from the amount that was paid in advance by free zone Users according to their contract, if it is not deducted to their next parallel operation,

d) **(Amended, Official Gazette Nr. 27560 and dated 22.04.2010)** Revenues that are found to be overpaid or paid by mistake and revenues arising from unrealized operations, if they are not deducted to the next parallel operation of the User, within the legal term,

are reimbursed.

Pursuit and Collection of the Special Account Revenues

Article 43-(Amended, Official Gazette Nr. 25804 and dated 03.05.2005) If it is detected that the Special Account revenues are not paid or not fully paid by the User, the Zone Operator or the Zone Founder and Operator within the period specified in the Article 41, the procedure of the pursuit and collection of the Revenue is carried out according to the following principles:

a) Default fine is applied to the unpaid revenue amounts in foreign currency that are specified in subparagraph (c) of the first paragraph of Article 41 and third and fourth indents of subparagraph (d) of Article 41 of this Regulation, according to the terms of contracts enacted between the Undersecretariat and the Zone Operator or Founder-Operator and contracts and protocols enacted with Users. The legal or real persons concerned shall pay the sum of the default fine and the principal capital in foreign currency within 30 days from the written notification.

b) If the revenue amounts in foreign currencies-excluding the revenues that are specified in subparagraph (c) of the first paragraph of Article 41 and third and fourth indents of subparagraph (d) of Article 41 of this Regulation- are unpaid or not fully paid, the legal or real persons concerned are notified and asked to pay the amount that is converted into Turkish Liras at the due date on the buying rate of the Central Bank of Turkey and including the sum of the default fine determined in the Law regarding the Procedure of Collection of Public Receivables Nr. 6183 and the principal capital in Turkish Liras within 30 days from the written notification.

c) The persons concerned may object to the notification within the determined period. However, the opposition does not cease the proceedings.

d) The objections that have been made within thirty days from the written notification are evaluated and settled by the Zone Directorate or the Directorate General in thirty days following the date of the objection.

e) For the pursuit and collection of the amounts that are not paid or not fully paid to the Special Account within the thirty days from the written notification, the Zone Directorate notifies the relevant Tax Administration at the region where the zone is established.

f) The notification to the Tax Administration involves the following information:

- 1) If the receivable that is required to be paid is in Turkish Liras, the interest and the principle capital of the receivable are shown separately.
- 2) On the other hand if the amount that is required to be paid is in foreign currency, it is converted into Turkish Liras on the buying rate of the Central Bank of Turkey at the end of the thirty days period and the principal capital and interest are shown separately. It is notified that, from the amounts that necessitate pursuit and collection, default fine shall only be applied to the principal receivables.
- 3) The Zone Directorate sends the ratified photocopy of the identification card for the real person, the ratified photocopy of the Turkish Trade Registration Gazette for legal persons and the ratified photocopy of the passport for foreign real persons that failed to pay the Special Account revenues.
- 4) **(Amended, Official Gazette Nr. 26584 and dated 16.07.2007)** The related account number opened at the banks that collect the Special Account revenues in zones is shown to provide the transfer of the total amount including the principal amount and interests that are collected by the tax administration.

g) **(Amended, Official Gazette Nr. 26584 and dated 16.07.2007)** The total of the amount collected by the Tax Administration is deposited to the Special Account of the related Zone Directorate at the zones within the week following the collection."

Revenue Program

Article 44-(Amended, Official Gazette Nr. 25804 and dated 03.05.2005) The zone directorates send the information that is prepared on the projected Special Account revenues for the following year until the end of June at the latest to the Directorate General. The revenue projections that

consist of the revenue estimation of the Directorate General and revised offers of zone directorates are presented for approval to the Minister to whom the Undersecretariat is affiliated. A copy of the revenue program is sent to the Ministry of Finance.

Principles of Expenditure from the Special Allowance

Article 45-(Abolished, Official Gazette Nr. 25804 and dated 03.05.2005)

SECTION TWO Rental Tariffs and Rental Contracts

Rental Tariffs and Special Conditions That Should Be Specified in Rental Contracts

Article 46 - (Amended, Official Gazette Nr. 24849 and dated 17.08.2002) The Directorate General is authorized to approve, increase, decrease, or to make installments on the rental tariffs proposed by the Operator or Z.F.O. in Free Zones or to make alterations on the existing tariffs.

- a) Rental contracts may not be conducted for periods longer than that indicated in the Operating License given to the User beforehand. Rental contracts are abolished when the parties send notices of cancellation to each other upon the expiry or cancellation of the Operation License. In such event, rent for the operational period, cost of necessary repairs and other costs are deducted from the amount of security specified in the rental contract and the rest is paid back to the User. If the User turns out to be indebted, necessary legal measures are taken against him for the compensation of repairs or other costs. If the User does not take his goods and belongings away with him within one month following the abolishment, these goods and belongings are liquidated.
- b) Any real estate such as buildings, hangers, warehouses, depots, and facilities constructed on the rented plot by the User, excluding the movables, become the property of the Treasury upon the expiry of the term of the Operating License.
- c) At the expiry of the Operating License and the contract, if the Z.F.O. which is deemed to operate the plot and facilities wishes to re-rent them to the same User pursuant to the provision of Article 25, the total rent is calculated considering the plot and building unit rental fees separately, and they are rented to the said User with preference.
- d) The User must take the necessary precautions against fire and other hazards in the plot that he rents and must insure the buildings and facilities therein against fire.
- e) The User is responsible for all goods that enter or leave the place he rents and must conform to the provisions hereof.

PART FIVE FOREIGN EXCHANGE, BANKING, INSURANCE AND OTHER SERVICES

SECTION ONE Foreign Exchange, Banking and Insurance Services

Foreign Exchange

Article 47 - (Amended, Official Gazette Nr. 27560 and dated 22.04.2010) Costs of goods, payments to the Special Account, service fees, wages and premiums of workers and rents related to activities in the zone are paid in foreign currency. Payments made in Turkish Liras in the zone are governed by the provisions of the Decision of the Council of Ministers Nr. 85/9801 dated 16 August 1985.

Real persons and legal entities residing abroad and investing in a zone must bring the cash portion of their capitals in the form of foreign currency.

Foreign capital institutions or real persons and legal entities domiciled abroad that operate in Turkey are free to transfer the capital they bring to the zone in the form of cash in foreign currency, assets in kind or real rights, and any profits and revenues arising there from, as well as sale and/or liquidation proceeds, to other parts of Turkey or abroad. However, such persons must inform the Zone Directorate of the assets to be transferred, and certify that such assets belong to them.

Persons domiciled in Turkey are free to transfer to other parts of Turkey the cash capital they exported to the zone together with any profits and revenues obtained from investments, as well as sale and/or liquidation proceeds. However the export of capital in kind is subject to the permission of the

U.F.T. The transfer abroad of such capital in cash and/or in kind and of any profits and/or revenues obtained from investments, as well as sale and/or liquidation proceeds are also permitted.

Banking and Insurance Services

Article 48 - Banks -excluding off-shore banks- and insurance companies located in a zone must operate in accordance with the general provisions.

Banks in a zone give priority to extend loans to Users in relation with their activities performed in the zone.

SECTION TWO Loading, Unloading and Other Services

Loading and Unloading Services

Article 49 - Loading, unloading and transport services for goods entering a zone are performed by the Z.F.O. or the Operator. In zones where is no Operator or Z.F.O. exists, these services may be performed by private persons or establishments, within the knowledge of the Zone Directorate.

When the mentioned services are performed by private persons or establishments, a contract is signed between the Zone Directorate, the Operator or the Z.F.O. and the said person or establishment. The Free Zone Service Tariff, prepared by the Operator or the Z.F.O. is approved by the Directorate General taking the opinion of the Zone Directorate, and procedures and principles concerning the collection of service fees are set out in this tariff.

Other Services

Article 50- (Amended, Official Gazette Nr. 27560 and dated 22.04.2010) Various service activities, such as insurance agents, forwarding agents, customs brokers, sworn-in financial consultants, certified public accountants, self-employed accountants and experts and other service activities that will be approved by the Directorate General may be performed in the Zone by obtaining an "Operating License" as well as by procuring an "Entry Permit" from the Zone Directorate.

PART SIX MISCELLANEOUS PROVISIONS

Objections and Complaints

Article 51 - Objections and complaints about licenses, permissions, services and fees in conjunction with a zone are made in the following manner:

- a) Objections and Complaints about Licenses and Permissions: Objections and complaints about licenses and permissions such as Operating Licenses, Entry Permits and Construction Permits are made to the Directorate General.
- b) Objections and Complaints about Services and Fees: Objections about the Operator or the Z.F.O. are made by Users to the Zone Directorate in question within three days starting from the date on which the information about the event that forms the subject of the objection is acquired. If an objection or complaint is examined and found credible and based on justifiable grounds, the Operator or the Z.F.O. authorities are informed, and the matter investigated, by taking into consideration any defense replies given and provisions of the contract enacted between the U.F.T. and the Operator or the Z.F.O.

If the objection or complaint is found justified, the Operator or the Z.F.O. is requested in writing to correct the act in question or to perform the transaction that is omitted, as the case may be. If there is no action by the Operator or the Z.F.O. on the basis of this warning, necessary measures are taken by the Zone Directorate, and U.F.T. is informed of the matter.

Collection of Debts and Liquidation Procedures

Article 52 -(Amended, Official Gazette Nr. 27560 and dated 22.04.2010) In free zones, the collection of debts are subject to the provisions set forth by the Collection of Debts and Bankruptcy Legislation.

Within the period to be determined by the Zone Directorate- not exceeding three months starting from the date when the User will be notified in written by the Zone Directorate about the cancellation or expiration of the Operating License- goods which are not removed from the Zone and goods abandoned in the Zone are counted and identified by a written report of a committee headed by the Zone Director with the participation of an official from the Zone Directorate, the Free Zone Customs

Department, the Free Zone Customs Control Department, the Operator/Z.F.O. and when required one official from the local professional institutions. Goods specified in the report mentioned above are handed for liquidation to the Liquidation Administration related to the General Directorate of Liquidation Procedures under the Undersecretariat for Customs by using the carriage and transport facilities of the Operator / Z.F.O. when necessary.

Settlement of Disputes by Reconciliation

Article 53- Any disputes excluding disputes of interest involving Collective Labor Contracts arising from business relations between a User and the Operator or the Z.F.O. or among other persons and establishments operating in the Zone, may be settled through reconciliation by applying to the Zone Directorate. If such a dispute is settled by the Zone Directorate through reconciliation, the matter is recorded in minutes and one copy is given to each party, with another copy kept by the Zone Directorate.

Time Extension

Article 54- In the application of the provisions of this Regulation with regard to the periods of time, time extensions may be granted in line with procedures and principles determined by the Directorate General in cases of force majeure and unexpected circumstances.

Arrangement of Places Incorporated in the Zone

Article 55- Areas that are separated from airports and harbors and incorporated in a zone are governed by these provisions. Depending on special conditions of such areas, additional principles may be laid down by the U.F.T. when deemed necessary.

Information Services

Article 56- In order to help increase foreign trade, information services in subjects such as:

- Making and developing contacts with foreign entrepreneurs;
- Passing on international statistics;
- Supplying information on know-how, license and cooperation proposals, and
- Passing on information on firms and foreign trade policies in industrialized countries,

may be provided by the Directorate General by way of passing on to Users data of this kind supplied by international data banks and various other national and international bodies and institutions.

Zones Where No Operator or Z.F.O. Exists

Article 57- Where no Operator or Z.F.O. exists, duties assigned to these in this Regulation are executed by the Zone Directorate.

Waiting Periods and Guarantee

Article 58- (Amended, Official Gazette Nr. 27560 and dated 22.04.2010) Goods, tools, materials and equipments that are brought into the Zone temporarily for maintenance or repair purposes and that are not owned by the Users may not remain in the Free Zone for more than 12 months.

During any temporary exit from the zone of investment goods and permanent fixtures registered in the books and records of a User for maintenance or repair purposes, a guarantee in the amount of 0.9% of the book value is collected.

A guarantee in the amount of 0,9% is collected on the FOB value of goods sent from the zone to Turkey for the purposes of outsourced material processing, maintenance-repair and further processing.

A guarantee in the amount of 0.9% is collected on the FOB value of goods sent temporarily to Turkey from the Zone to be exhibited or to be displayed in fairs and of goods which are bought from Turkey and brought into the Zone but sent back to Turkey from the Zone to be changed or to be processed for not being in conformity with the specifications or quality.

Turkish Liras, foreign exchange currencies, bank letters of guarantee, government bonds and treasury bills are accepted as guarantee. The guarantees received in Turkish Liras and foreign exchange currencies are collected in the temporary guarantee accounts, opened at the banks where the Zone Directorate has subsidiary accounts. However, letters of guarantee, government bonds and treasury bills are preserved in the safes of the Zone Directorate. Guarantees received are given back upon the instruction of the Zone Directorate when the goods temporarily removed out of the Zone are brought in.

Guarantees are liquidated if the goods, which are bound to the guarantee, are not brought in and this amount is recorded as income to the Special Account.

Regulations Repealed

Article 59- Following Regulations issued previously are hereby repealed:

- The Mersin Free Zone Regulation and Antalya Free Zone Regulation published in the Official Gazette Nr. 18896, dated 12 October 1985;
- The Aegean Free Zone Regulation published in the Official Gazette Nr. 19974, dated 30 October 1988;
- The Istanbul Atatürk Airport Free Zone Regulation published in the Official Gazette Nr. 20517, dated 13 May 1990;
- The Adana-Yumurtalık Free Zone Regulation published in the Official Gazette Nr. 20626, dated 5 September 1990;
- The Istanbul -Trakya Free Zone Regulation published in the Official Gazette, Nr. 20784, dated 12 February 1991, and .
- The Trabzon Free Zone Regulation published in the Official Gazette Nr. 20811, dated 11 March 1991.

Entry into effect

Article 60-This regulation shall come into effect on the date of its publication in the Official Gazette.

Execution

Article 61- The provisions hereof shall be executed by the Minister to whom the Undersecretariat for Foreign Trade is subordinated.

Interim Provisions

Interim Article 1- Favorable terms contained in contracts signed with the Z.F.O.s and Operators before the present Regulation enters into effect concerning:

- The operation of the Mersin Free Zone by MESBAS-Mersin Free Zone Operator Inc., from 10.10.1986 to 10.10.2006.
- The operation of the Antalya Free Zone by ASBAS-Antalya Free Zone Operator Inc., from 10.10.1986 to 10.10.2006,
- The establishment and operation of the Aegean Free Zone by ESBAS-Aegean Free Zone Operator Inc., from 30.10.1989 to 30.10.2019,
- The establishment and operation of the Adana-Yumurtalık Free Zone by TAYSEB -Toros Adana Yumurtalık Free Zone Founder and Operator Inc., from 12.12.1990 to 12.12.2020,
- The establishment and operation of the Trabzon Free Zone by TRANSBAS-Trabzon Free Zone Founder and Operator Inc., from 10.07.1991 to 10.07.2010,

remain in full force and effect until contracts in question expire.

Interim Article 2- Provisions of Operating Licenses issued before the date upon which the present Regulation takes effect remain unaffected. Users who have received Operating Licenses by the time this Regulation comes into effect may exercise the rights laid down in paragraphs 4 and 5 of Article 11 hereof whenever they wish.

Interim Article 3- Procedures started before this Regulation takes effect continue to be handled in conformity with the Regulations of the Free Zone concerned. Favorable provisions hereof also apply to procedures already started.

Interim Article 4-(Official Gazette Nr. 27560 and dated 22.04.2010) In case of application to the Undersecretariat (Directorate General), the Operating License period and the rental period of Users that obtained a valid Operating License and rented Treasury owned lands, building plots and buildings before the 25th of November, 2008, when the interim Article added to the Law with the 8th Article of the Law dated 12/11/2008 and numbered 5810 came into effect, may be extended up to 49 years by taking into consideration the starting date of the Operating License and the rental period.

The duration of Operating License is 45 years for investor firms which carry out production activities and 30 years for those which carry out other activities. The duration of the Operating License is 20 years for tenant firms which carry out production activities and 15 years for other activities.

In free zones where the land is owned by the Treasury, in case when investor firms which do not carry out production activities wish to make production in the same building by getting a new Operating License or by changing the type of activity of their existing Operating License, the duration of the Operating License is 45 years. In this case, the starting date of the production Operating License is the starting date of the first Operating License and the building is associated with the production license.

Users whose Operating License is about to expire and who wish to continue their activities without any interruption apply according to the provisions specified in Article 11 of the Regulation before the expiry date. In case when the application is approved, a new Operating License with the same number starting from the expiry date of the existing one is given. The duration of the Operating License of these Users are calculated according to the durations mentioned above by taking into consideration the starting date of the existing Operating License.

Users who do not carry out production activities and obtained an Operating License before the 6th of February, 2004, are exempted from income and corporate taxes until the expiry date mentioned on their license by then. With the expiry of their Operating License, in what concerns the Special Account, these Users would be subject to the provisions mentioned in the sub-paragraph (b/2) and (d/7) of the Article 41 of the Regulation. In case when these Users prolong their Operating License after the 6th of February, 2004, their licenses would be subject to the same provisions as those obtained after the 6th of February, 2004, in what concerns the application of the Special Account.

The Operating License application fee, the criteria and fees to be applied in the renewal of Operating Licenses and other matters concerning the prolongation of Operating Licenses according to this Article are determined by the Directorate General.

Interim Article 5- (Official Gazette Nr. 27560 and dated 22.04.2010) The applications concerning "Vehicle Entry Permits" and " Visitors Entry Permits" mentioned in Article 13 of this Regulation start on the first of June, 2010.