

LAW ON TECHNOLOGY DEVELOPMENT ZONES *

Law No. 4691

Date of Adoption: 26.6.2001

Purpose

ARTICLE 1 – The purpose of this Law hereby shall be, through ensuring cooperation among universities, research institutions and agencies and the production sector, to generate technological information in order to provide the national industry with an internationally competitive and export-oriented structure, to introduce innovations in products and production methods, to raise the quality or standard of products, to increase productivity, to decrease the costs of production, to commercialise technological knowledge, to support technologyintensive production and entrepreneurship, to enable small and medium-sized enterprises to adapt to new and advanced technologies, to create investment opportunities in technology intensive areas by taking into account the decisions of Supreme Council of Science and Technology, to create job opportunities for researchers and qualified persons, to assist technology transfer and to provide the technological infrastructure which will accelerate the entry of the foreign capital which, in turn, will provide high/advanced technology.

Scope

ARTICLE 2 – This Law hereby shall cover the establishment, operations, management and supervision of Technology Development Zones as well as the duties, authorities and responsibilities of relevant persons and institutions.

Definitions

ARTICLE 3 – In the enforcement of this Law:

- a) Ministry: shall refer to the Ministry of Industry and Trade,
- b) Technology Development Zone (the Zone): shall refer to a site where academic, economic and social structures become integrated or a technopark which has these characteristics, where, by benefiting from the opportunities of a particular university or higher technology institute or R&D centre or institute, companies using high/advanced technology or companies that aim at new technologies produce/develop technology or software, where the companies work to transform a technological invention into a commercial product, method or service, thus contributing to the development of the zone, which is in the premises or close to the same university, higher technological institute or the R&D centre or institute,
- c) Research and Development (R&D): shall refer to the regular activities carried out with the purpose of obtaining new knowledge that will enable the development of science and technology or creating new equipment, products and tools using the available information, creating new systems, processes and services including software production or improving those that are available,

- d) R&D Centre or Institutes: shall refer to the publicly owned sites which contain qualified human workforce and machinery, equipment and software based on current modern technologies, where R&D activities that aim at the development of technology and products are carried out,
- e) Production Units: shall refer to the production units based on new and high technologies and that do not harm the environment which are established or used by the real persons or legal entities that operate within the Zone in accordance with the purpose of this Law,
- f) Entrepreneur: shall refer to the real persons or legal entities that would like to benefit or are benefiting from the services and opportunities in the Zone,
- g) Innovation: shall refer to transforming an idea into a new or developed method that is used in the production of a new or improved product or production of goods and services,
- h) Product Innovation: shall refer to a product, which, when compared with the earlier range of products, shows substantial technological differences in material, parts and function,
- i) Innovation in Production Methods: shall refer to the method which is used in the production of new or improved products that cannot be produced traditional facilities or in the production of products that are currently being produced using new techniques,
- j) University: shall refer to the universities which have been approved by the Council of Higher Education as having completed their structure in the branches of engineering and basic sciences in terms of both the human force and technical equipment, and as having a sufficient number of research staff at the level of doctorate students,
- k) Founding Committee: shall refer to the Committee which is formed of the representatives of at least one university or higher technological institute or public R & D centre or institute and the representatives of other institutions that are in the Zone or in the province where the Zone is situated,
- l) Managing Company: shall refer to the company which is founded in accordance with this Law and as a joint stock company and which is responsible for managing and operating the Zone,
- m) Software: shall refer to all documents and services which contain the series of commands or the programmes and their code lists, operating manual and instructions for use that enable a computer, communication device or any other device that is based on information technologies to operate and to perform required operations according to the given data.

Establishment

ARTICLE 4 – Applications related to the Zone shall be carried out by the Founding

Committee. For the purpose of assessing the applications pertaining to the Zone, an Assessment Board chaired by the Research and Development Director-General of the Ministry has been established with the participation of one representative each from the Ministry of Public Works and Resettlement, the State Planning Organization, the Council of Higher Education, the Presidency of Scientific and Technical Research Council of Turkey, the Union of Chambers and Commodity Exchanges of Turkey and a private institution that operates in the field of technology and that will be selected by the Ministry. The Zones shall be identified by the decree of the Council of Ministers upon the proposal of the Ministry and the approval of the Assessment Board and shall be published in the Official Gazette.

During the planning process in the Zones, the construction plans and their modifications, and the plans of land apportionment and their modifications shall be prepared by the managing company of each Zone in accordance with the regulation to be issued and shall become effective upon the approval of the Ministry. The final construction plans shall be submitted for information to the institutions concerned. The use of land, the designs of buildings and facilities, and the licenses and authorizations related with the construction and use of buildings and facilities shall be issued and supervised by the managing company.

Expenditures related to the acquisition of land, planning and design, and the construction of infrastructure and superstructure shall be borne by the managing company.

The lands needed in the Zones may be provided in accordance with the provisions of the Expropriation Law No. 2942.

The university lands located in the territories of the Zone, upon the approval and permission of these universities, may be given to the managing company that will establish the Zone on condition that its ownership remains with the university concerned. This shall also be valid for the lands that belong to public institutions.

For the establishment of the Zone, the condition that is sought for is the presence, in the identified area or within the boundaries of the province where the Zone is situated, of a university or a higher technological institute or R&D centre or institute and a sufficient R&D and technological potential in the area. The criteria about the sufficiency of R&D and its technological potential shall be determined by a regulation.

The lands identified as Zones shall on no account be used for other purposes.

Managing company

ARTICLE 5 – The founders of the managing company responsible for the management and operations of the zone shall include at least a University or a Higher Technology Institution or a public R&D center or institution that are located within the zone or the province where the zone is located. These institutions and entities may also join the managing company with their companies and/or foundations.

The chambers and commodity exchanges that are connected with the Union of Chambers and Commodity Exchanges of Turkey, banks and finance institutions, local and foreign private legal entities, foundations and associations related to R&D and development of technology, relevant state institutions, export unions may join the managing company as

founders or later as shareholders.

Foreign private legal entities may join the managing company within the framework of the provisions of Foreign Capital Incentives Law No. 6224.

In the establishment stage of the zone, the managing company shall be responsible for the planning and design; for carrying out all necessary infrastructure and superstructure services and all kinds of services required for the Zone; for the management of the zone in accordance with the purpose indicated in this Law and relevant regulations, for the prevention of entrepreneurs' and third persons' derogatory acts and for taking necessary precautions.

The ministry forewarns the managing company that performs activities which are not in line with the purpose stated indicated in this Law and assigns a certain period of time requesting the performance of the activities within the Zone in accordance with the required purpose. At the end of this period, in the event that it is inferred that the managing company is not successful in the actualization of the purpose, the Ministry may apply to the competent court requesting the suspension or annulment of the operations of the managing company. In the case of annulment of managing company, on the condition that the rights and liabilities of the company and the managers are reserved, the Ministry expropriates the land under the property of managing company and as well as the immovables on the land, and may award the management of the zone to another managing company.

Audit

ARTICLE 6 - The activities and practices of the managing company and entrepreneurs within the zone shall be audited by the Ministry.

Personnel

ARTICLE 7 – Personnel shall be employed in accordance with the applicable employment and labor legislation for the operations carried out in the managing company and the Zone. In these Zones, foreign and qualified R&D personnel may be employed within the framework of the Foreign Capital Incentives Law No. 6224 and the provisions of relevant legislation.

The personnel of the public institutions and agencies and those of universities that are needed to provide services as research personnel for the activities in the Zone may be employed part-time or full-time upon the permission of their institutions. The income that the lecturers, academic staff and research assistants working as part-time personnel will receive in return for such services shall be kept outside the scope of the university's revolving fund. The personnel that will be employed on a full-time basis shall be given an un-paid leave by their institutions and their link to their position shall continue. The retirement rights of those who are subject to the Law of Turkish Republic Retirement Fund No. 5434 shall be reserved on the condition that provisions of Article 31 of Law No. 5453 are abided by. The provisions of Article 36 of the Law on Higher Education No. 2547 that are contrary to the provisions of this article shall not be applied.

The academic staff who are working on a temporary assignment basis both domestically and abroad as foreseen in Article 39 of Law No. 2547 may carry out their studies in the institutions of the Zone upon the permission of the Executive Board of the University.

The income of the lecturers who are assigned within the Zone on paid leave shall be kept outside the scope of revolving fund of the University. Furthermore, the academic staff may establish a company with the permission of the Executive Board of the University for the purpose of commercializing the outcome of their studies, may take up partnership in an established company and/or may assume positions in the management of such companies.

Supports and exemptions

ARTICLE 8 – Among the expenditures on land acquisition, construction of infrastructure and administrative building that are necessary for the establishment of the Zone, the part that cannot be covered by the managing companies may be covered by the appropriation provided in the budget of the Ministry for the purpose of allocating partial aid.

The managing company is exempt from all duties, fees and taxes on operations concerning the application of this Law. Zones that operate a Waste Water Treatment facility, shall not be charged with waste water cost by the municipalities.

Regulations

ARTICLE 9 - The activities of the Assessment Board; selection of the location for the Zones; the preparation criteria of feasibility reports, establishment, operations and land utilization of the Zones; the activities to take place in the Zone as well as the pertaining procedures and principles; the principles on the utilization of the appropriation allocated to the budget of the Ministry for the establishment of the Zones and other issues concerning the implementation of this Law shall be stipulated by the Ministry by the regulations to be prepared in six months as of the date of enforcement of this Law.

Excluded Provisions

ARTICLE 10 - In the activities to take place in Zones that are within the scope of this Law, the provisions of the General Accounting Law No.1050, the Court of Accounts Law No. 832 and the Public Procurement Law No. 2886 shall not be applied.

Provisional Articles

PROVISIONAL ARTICLE 1 - The establishment of technoparks whose establishment had been approved by the Ministry before the enforcement date of this law shall be deemed as Zones following the enforcement of this Law and shall enjoy all exemptions and supports provided by this Law.

PROVISIONAL ARTICLE 2 –The revenues gained by the managing company via the applications of this Law and the revenues gained by the taxpayers that reside in the Zone via R&D practices is exempt from Income and Corporate Tax until 31.12.2013
Delivery and Services of :System Control, Data Management, Work Applications,

Sectoral,

Internet, Mobile and Military Command Control Software Applications, that are generated exclusively in the Zone, by the entrepreneurs residing in the Zone during the time of Income and Corporate Tax exemptions are free from Value Added Tax.

Wages and Earnings of Researchers , Software Developers and R&D Personnel is exempt from all taxes until 31.12.2013. Managing company shall check whether, all personnel that benefit from the tax exemptions do physically work in the Zone or not.

In the case of detection of exemptions applied to the personnel that do not work in the zone, the managing company is also held responsible for all tax losses and penalties that apply.

This article shall also be applied by the Managing Company of TÜBİTAK-Marmara Research Center Technology Free Zone , the tax payers that operate in the Zone and on the wages and earnings of the Researchers, Software Developers and R&D personnel

Enforcement

ARTICLE 11 - This law shall enter into force upon publication.

Execution

ARTICLE 12 – The provisions of this Law shall be executed by the Council of Ministers.

* this text does not include amendments by Law No. 5035, Law No. 5281 and Law No. 6170.