

# Producing in Turkey

A guide to Turkish film,  
television and interactive digital  
media incentive programs

# Foreword

During the unprecedented times caused by the COVID-19 pandemic, the landscape of television and film production in Turkey and the rest of the world is changing as the industry tries to adapt to the new dynamic. In this framework, both the government and private sector players in Turkey (i.e. associations, digital platforms, unions etc.) are making an effort to support the continuation of production with adequate health and safety measures.

## Production considerations in the age of COVID-19

Since the situation is changing and evolving on an almost daily basis, we recommend reviewing the rules applicable to the jurisdiction you will be producing in.

In order to assist our readers, we recommend the following websites for Turkey:

1. The **Ministry of Culture and Tourism's General Directorate of Cinema's website** is a helpful resource for following the updates on the government funds and measures,
2. Sinema Televizyon Sendikası (Turkish Cinema-TV Union) is one of the very active players in the sector in terms of COVID-19 measures. Information in relation to private sector funds and guidelines may be accessed from the union's **website**,
3. **Istanbul Foundation for Culture and Arts** is another useful resource for important COVID-19 updates,
4. Also, please visit **Dentons' COVID-19 (Coronavirus) hub** for more information and legal resources relating to COVID-19.

This publication has been prepared to provide a general overview of some of the incentives available for, and other considerations related to, audio-visual production in Turkey. The material is not meant to be an exhaustive analysis of the law and should not be relied on with respect to any particular transaction or other proceeding. We highly recommend that all persons seek professional legal advice before undertaking a transaction.

# Contents

- 4 ... **Why produce in Turkey?**
- 9 ... **Government incentive and support programs**
- 16 ... **Key tax benefits**
- 18 ... **Contacts**
- 19 ... **About us**
- 20 ... **Our media and film industry experience**

# Why produce in Turkey?

Turkey stands out as a country that is increasingly recognized in the global film, television and interactive digital media market. Turkey is not only a huge film market – with more than 2,800 cinema screens across 82 cities, and with locally-made films making up more than half of the market – but also recognition of Turkish movies in international film festivals has increased greatly over the past years. Turkey has also become one of the world’s biggest exporters of TV series, exporting to more than 140 countries across several continents. Indeed, Turkey is considered one of the main players for over-the-top platform productions (with new series and films produced for leading new generation platforms such as Netflix).

The increasing growth in audio-visual production is attributable to the country’s diverse landscapes and climates, its authentic culture, favorable economic factors, including low real estate rental costs and production costs, the advantageous exchange rate, as well as government tax incentives and funding offered mainly by the Ministry of Culture and Tourism and the Ministry of Industry and Technology.

We know the advantages of audio-visual production in Turkey, including the various tax incentives and funding policies attached to producing in Turkey. Our guide to incentive and support schemes for Turkish film, television and interactive digital media services provides an overview of some of the available incentives and funding policies.

This guide aims to provide a general framework to possible stakeholders in relation to the Turkish film, television and interactive digital media production industry. In this regard, the guide seeks to explain the current situation through key statistics and prominent Turkish film productions as well as provides detailed information in relation to government incentive schemes and supports applicable for various projects in the industry. The information provided in this edition is current as of June 2020.

To find out more about Turkish film, television and interactive digital media incentive programs or structuring productions, please contact one of the lawyers listed at the end of this document.

## Dynamics of the film industry

The film industry differentiates itself from the classic goods and services industries since the film content, in other words the product, does not originate from a direct need of the consumers, there is no direct relation between the final price of the product and the demand, and cost is not a determining factor in the pricing<sup>1</sup>.

The operating chain of the industry consists of film production, distribution and theater operation businesses.

The Turkish production landscape is traditionally made up of a large number of small production companies and it is considered to be rather fragmented. The production companies often produce only one movie every couple of years<sup>2</sup>. Due to the large number of producers in the industry, many professional associations were established in order to protect the common interests of Turkish film producers<sup>3</sup>. Beşiktaş Culture Center (BKM), a Turkish entertainment conglomerate, is considered one of the leading producers in the market. BKM produced three of the top 10 grossing movies at the Turkish box office in 2018; it is followed by Dijital Sanatlar, the producer of 2018’s top-ranking movie, Müslüm, and TAFF Pictures<sup>4</sup>.

While such leading production firms can fund their projects without public funding and produce big-budget blockbuster or genre/mid-range films, most of the local producers may have limited resources in terms of expected audience or capital. In order to support these smaller-scale local producers, public funds and several international funds are utilized as sources<sup>5</sup>.

Turkish film distribution practice differs from the general practice in Europe as the screen printing and advertisement costs of the films are borne by the producers, not the distributors. This model is often referred to as the “rent-a-distributor model” and in this model, the distributors carry a rather small portion of the financial risk, serving mainly as an intermediary, playing a booking and collection role in the supply chain. Distributors either pay minimum guarantees or enter into pre-sale agreements<sup>6</sup>.

Accordingly, at the distribution level, the market is very dynamic. Indeed, there are numerous players that have entered and also left the market in the last decade. Having said that, the industry is still concentrated in terms of shares of total revenue and audience. In fact, the shares won by the top three distributors between 2016 – 2018 (namely MARS, UIP and Warner Bros) were reported as 76%, 79% and 74% respectively<sup>7</sup>.

At the screening level, the film industry started in theaters set up in public spaces and individual buildings. With time, consumers’ tastes changed and the viewing spaces moved to malls from individual buildings.

While the portion of movie theaters in malls were reported to be 71.4% of all the theaters in 2014, this number reached 80% by 2018<sup>8</sup>. Currently, the movie theaters in malls are mostly operated by large-scale companies, whereas small-scale theater operators are located in individual buildings. In this regard, MARS which operates in 53 cities, 189 locations and has 1,413 screens – is the sector leader in terms of screens. Upon acquiring AFM in 2011, MARS became a very significant player in the sector and later it was acquired by

1 Turkish Competition Authority Sector Inquiry Report on Cinema Services Industry (2014)

2 Kanzler, M. The Turkish Film Industry 2004–2013 (October 2014), accessible at: <https://rm.coe.int/168078354f>

3 Examples of professional associations in the film production industry are BSB, SESAM, SETEM, SİNEBİR, FİYAB, SEYAP and TESİYAP, the contact details of film producers’ associations are accessible at: <http://www.telifhaklari.gov.tr/Sinema>

4 Turkey, Movies & Entertainment Report, (October 2019), MarketLine.

5 Turkish Competition Authority Sector Inquiry Report on Cinema Services Industry (2014), p.8

6 Turkish Competition Authority decision dated 07.02.2019 and numbered 19-06/63-26; Kanzler, M. The Turkish Film Industry 2004–2013 (October 2014), accessible at: <https://rm.coe.int/168078354f>

7 Turkish Competition Authority decision dated 07.02.2019 and numbered 19-06/63-26

8 ibid.

CJ CGV in 2016. Upon the establishment of its distribution department, MARS became an important player also at the distribution level of the industry.

As of 2019, there are 447 movie theatres in Turkey where 2,778 cinema screens hold a capacity of 323,379 seats. Most of these theaters are in the Marmara region (168 movie theaters), which is followed by the Aegean region (63 movie theaters). When the analysis is made on a city basis, Istanbul is the leading city with 106 movie theaters and 814 screens, whereas the capital Ankara comes second with 27 movie theaters and 232 screens<sup>1</sup>.

On the other hand, even before the COVID-19 pandemic, research revealed that the Turkish audience prefers watching movies at home rather than going to the movie theaters. Although, when compared to Europe, the penetration of digital screens in Turkey progressed relatively slow at the beginning of the 2000s<sup>2</sup>, with the introduction of over-the-top streaming media there was a fast adoption of digital screens. In fact, in 2019 Turkey registered a decrease in cinema attendance, while EU cinema attendance increased by 5.5%<sup>3</sup>. While the audience adopted to the change in the industry rather quickly, the perks of digitalization is highly debated at the supply side of the industry. Acting as a pioneer, BKM released its film *Organize İşler 2: Sazan Sarmalı* on Netflix two weeks after its appearance in the theatres. This was harshly criticized by the producers' associations as an act that will severely damage the development of the entire sector<sup>4</sup>.

Although there may be traditional resistance to the changes in the industry, it becomes clearer each day that the old-fashioned ways are not sufficient for the current needs of the industry. Therefore, the

industry started to push for legal changes to meet its new demands. In the past, producers' revenue was determined by a revenue share model, where half of the revenue was shared with the movie theaters. Intermediary distributors collected the producers' share of the revenue and paid the producers after deducting their commissions, which could vary between 2% to 10% of the revenue generated. Due to this revenue-sharing model, the producers were highly influenced by the pricing models adopted by the movie theaters, since they were not able to track the total revenue or the number of viewers.

In order to meet the demands of the producers, rooting from the problems of the above-mentioned revenue-sharing model, an amendment was introduced in January 2019 to the Act No. 5224 on Evaluation, Classification and Support of Cinema Films (Turkish Cinema Act). Under this amendment, the movie theaters were restricted to the extent that they could apply promotions to ticket prices, unless such promotions are subject to agreements between the producers and distributors of such films.

Additionally, the movie theaters became obliged to operate a specific hardware and software determined by the Ministry of Culture and Tourism which will allow the ministry to track the number of film screenings accurately.

Moreover, the legislative system is currently adapting to the evolution of the Internet and changes in the viewer information and entertainment landscapes. With the expansion of the broadcasters to online streaming and the entry of new players (i.e. online content providers, streaming platforms) into the broadcasting market, the Radio and Television Supreme Council ("RTSC") regulator recently amended its regulation on broadcast services. Accordingly, the platform operators and media service providers, which broadcast radio, television and on-demand contents over the Internet, are also patrolled by the RTSC and must obtain specific authorization/licenses. These amendments may serve as a stepping stone for more changes on the digital front.

## Demand trends

In 2019, Turkish cinema experienced a downfall in the number of viewers by 15.4%. As opposed to the 70.4 million tickets sold in 2018, in 2019 only 59.4 million tickets were sold. This fall in demand was also associated with the amendment to the Turkish Cinema Act, since many producers delayed the release of their films until the enactment of the amendment. This close link between supply and demand is also evident from the fact that 24.1 million of the total 59.4 million tickets were sold only in the last quarter of 2019, following the amendment to the Turkish Cinema Act.



**Local films held a 56.7% market share in Turkey in 2019 as compared to the UK and France average of 40-45% in recent years.**

It is reported that Turkish films were watched by 33.8 million viewers, which corresponds to a 56.7% market share. As for foreign films, this number was reported as 25.7 million viewers. While the market share of local films are in the 40-45% band in the UK and in France, Turkish films have held a market share above 53% for the last seven years.

Films classified for young viewers led the market in 2019 with 13+ films holding 24% in the market and 7+ films holding 20%. The third group reported was the general viewer films, which held a 15% share.

- 1 Akinci, T. Box Office Turkey 2019 Report.
- 2 Digital screen penetration was first recorded as 1% in 2006 and in six years the penetration rate could reach 11% in 2012; Kanzler, M. The Turkish Film Industry 2004-2013 (October 2014), accessible at: <https://rm.coe.int/168078354f>
- 3 The relevant European Audiovisual Observatory news is accessible at: <https://www.obs.coe.int>
- 4 More information on the industry reactions are accessible at: <https://www.hurriyetdailynews.com/netflix-release-of-turkish-film-in-cinemas-stirs-reactions-141320>

# Government incentive and support programs

As for the digital platforms, the number of users is reported as 9.74 million and this is expected to show an increasing trend. The number of users in the over-the-top streaming segment is expected to amount to 13.4 million by 2024. BluTV comes first in the market with a 55% user share, followed by Netflix (20%) and Youtube (10%). Demographics of the 2019 users show a dynamic and young audience for the over-the-top streaming segment, with 38.5% of the audience being between 25-34 years old and 19.3% of the audience between 18-14 years old<sup>1</sup>.

## Recent productions

Turkish film, television and interactive digital media market has shown a rapid evolution especially in terms of digitalization in the last couple of years. As a result of the increasing global demand in the digital platforms, Turkish producers started to create contents for these new media (such as Netflix, puhutv, BluTV) while also contributing to the traditional channels.

Several examples of recent productions include:

- **Ayla – 2017:** *Ayla*, a film based on a true story, was released in 2017 and was presented the Best Director of Editing Award in Cape Town International Film Festival and the Best Picture Award at the Asia International Film Festival. *Ayla* was also a candidate for nomination for the Oscars.
- **Fi (Phi) – 2017:** *Fi* was the first online series broadcast in Turkey. The show aired for 22 episodes on puhutv between March 2017 and March 2018.

- **Müslüm – 2018:** *Müslüm* was released on October 2018 and made the highest revenue (approx. US\$12.115 million<sup>2</sup> in 2018 with 6.312 million<sup>3</sup> viewers.

- **Muhafız (the Protector) – 2018:** *Muhafız* is noted as the first Turkish Netflix production. The show currently has three seasons and is still ongoing.
- **Kelebekler – 2018:** The film *Kelebekler* was released in 2018 and was presented with the Best Picture Award in the Sundance Film Festival as well as in the Bucharest International Film Festival.
- **7. Koğuştaki Mucize – 2019:** *7. Koğuştaki Mucize* was released on October 2019 and made the highest revenue (US\$13.081 million<sup>4</sup>) in 2019 with 5.310 million<sup>5</sup> viewers.
- **Atiye (the Gift) – 2019:** *Atiye* is the second Turkish production made for Netflix. Although it was released on December 2019, the show was reported as number one in the list of most watched Netflix shows in Turkey in 2019. The show is still ongoing.
- **Rise of Empires: Ottoman – 2020:** *Rise of Empires Ottoman* is the first Turkish historical docu-drama aired on Netflix.

## Key production and post-production incentives

The enactment of the Turkish Cinema Act in 2004 marked the beginning of a significant era for Turkish cinema. With this Act, the international evaluation and classification system was adopted in the audio-visual production sector and, starting with the enactment of the Act, support provided to feature films increased considerably. This increased the diversity of nationally produced films, which was reflected positively in box office revenues and the increased market share of national films.

Within the scope of the Turkish Cinema Act, the Ministry of Culture and Tourism's [General Directorate of Cinema](#) runs certain incentives and funding programs for the film sector. The Incentive Commission, which is made up of representatives from the Ministry of Culture and Tourism, the Ministry of Foreign Affairs, and the Turkish authors', performers', and producers' associations, decides on the incentives and support. They meet at least once every three months to decide on the specific requirements of an incentive scheme.

The types of projects that may benefit from the said incentives and funding programs are listed below:

- Project development
- Animation movie production
- Short film production
- Scenario and dialogue writing
- Local film screening
- First feature-length film production
- Feature-length film production
- Distribution and marketing
- Joint production
- Post-shooting
- Documentary production

Relevant stakeholders may apply to the incentive schemes issued by the Incentive Commission via the e-government website (*e-devlet*). Once an application is made, the Incentive Commission evaluates each application. Subsequent to evaluation of the applications, the Incentive Commission makes a decision, which is published on its website. The decision includes the list of audio-visual productions that benefit from the support, alongside applicable incentive amounts. The Commission also publishes the list of audio-visual products that fail to benefit from the incentive schemes.

Overall, **the production support of the Commission may not exceed 50% of the total costs**; whereas **post-production support of the Commission may not exceed 30% of the total costs**.

Detailed information in relation to eligibility requirements and application process for the relevant incentive/funding programs are listed in the subsequent sections.

2 As of July 1, 2020 1 US\$ = 6.85 TRY  
3 The data is obtained from BoxOffice Turkey and can be accessed here: <https://www.boxofficeturkiye.com/yillik/?yil=2018&yilop=tum>  
4 As of July 1, 2020 1 US\$ = 6.85 TRY  
5 Akıncı, T. Box Office Turkey 2019 Report

1 Digital Market Outlook, Video Streaming (SVoD) Turkey, Statista (2019), statistics are accessible at: <https://statista.com/outlook/206/113/video-streaming--svod-turkey>

## General eligibility requirements

Applicants must fulfil several requirements irrespective of which funding they wish to apply for. Please see below for the general eligibility requirements for all funding types:

- Projects which have failed to benefit from a relevant incentive/funding opportunity twice will not be considered eligible for another application.
- Applicants who have previously benefited from a particular incentive will only be eligible for another application if they have fulfilled all obligations arising from the previous one.
- Applicants who face legal proceedings in relation to the funding they received under the Turkish Cinema Act will not be considered eligible.
- Only one application per incentive/funding period may be made.

The Ministry of Culture and Tourism's [General Directorate of Cinema](#) also introduces specific additional requirements for each incentive/funding program. Requirements specific to each program are presented below.

## Project development incentive/funding program

### Who can make the application?

The production firm is responsible for making the application.

### Eligibility requirements

Those who received project development funding twice may only apply for this funding if at least one of the previously funded projects has been filmed.

## Animation movie production incentive/funding program

### Who can make the application?

This scheme is applicable for animation movies that last less than 30 minutes. Directors and production firms of such movies may apply for funding. Natural persons owning a sole proprietorship firm must file an application through their firms.

### Eligibility requirements

Only the general requirements listed above are applicable.

## Short film production incentive/funding program

### Who can make the application?

Directors and production firms may apply for funding for films that last less than 30 minutes. Natural persons owning a sole proprietorship firm must file an application through their firms.

### Eligibility requirements

Only the general requirements listed above are applicable.

## Scenario and dialogue writing incentive/funding program

### Who can make the application?

The scenario and dialogue writer is responsible for making the application.

### Eligibility requirements

Those who received scenario and dialogue writing funding twice may only apply for this funding if at least one of the previously funded projects has been filmed.

## Local film screening incentive/funding program

### Who can make the application?

The movie theater operator is responsible for making the application. Only one application can be made for movie theaters in the same location.

### Eligibility requirements

- The movie theater operator must screen at least 12 ministry-funded films in a year, provided that the screenings last for at least a week and three sessions are held daily.
- At least two of the screenings must be run after 4pm.
- Films screenings must be held regularly and with a commercial purpose for a year in saloons with at least a 60-seat capacity.

## First feature-length film production incentive/funding program

### Who can make the application?

The director is responsible for making the application.

### Eligibility requirements

- Applicant must previously have directed at least two short films or a documentary film to be considered eligible.
- Applicants who received funding for other projects in the relevant period will not be considered eligible.

## Feature-length film production incentive/funding program

### Who can make the application?

The production firm is responsible for making the application. The applicant is responsible for the organization of the screening of the film.

### Eligibility requirements

- Applicants who received funding for other projects in the relevant period will not be considered eligible.
- The director and the producer of the films must have at least one feature length film in their portfolio.
- In order for joint production films to qualify for funding, the local producer must be the principal shareholder.
- Production firms who have previously benefited from this incentive will only be eligible for another application if:
  - the project is finalized,
  - a copy of the project is approved by the Examination and Approval Commission, and
  - the certified public accountant report is deemed appropriate by the General Directorate.

## Distribution and marketing incentive/funding program

### Who can make the application?

The production firm is responsible for making the application. The applicant is responsible for the organization of the national or international screening of the film.

### Eligibility requirements

- This incentive/funding is provided for:
  - marketing, distribution and screening of films previously funded by the ministry, and
  - national and international marketing, distribution and screening of films that have not received funding from the ministry.
- Applicants who received funding for other projects in the relevant period will not be considered eligible.
- In order for joint production films to qualify for funding, the local producer must be the principal shareholder.

## Joint production incentive/funding program

### Who can make the application?

The local producing firm is responsible for making the application. The applicant is responsible for the organization of the national or international screening of the film.

### Eligibility requirements

- The local producing firm must be the minority shareholder to be considered eligible. Financial contribution of the local producer must be at least:
  - 10% for bilateral joint productions, and
  - 5% for multi-party joint productions.
- At least half of the funding must be spent in Turkey.
- Applicants who received funding for other projects in the relevant period will not be considered eligible.
- Production firms who have previously benefited from this incentive will only be eligible for another application if:
  - the project is finalized,
  - a copy of the project is approved by the Examination and Approval Commission, and
  - the certified public accountant report is deemed appropriate by the General Directorate.

## Post-shooting incentive/funding program

### Who can make the application?

The production firm is responsible for making the application.

The applicant is responsible for the organization of the screening of the film.

### Eligibility requirements

- Applicants who received funding for other projects in the relevant period will not be considered eligible.
- In order for joint production films to qualify for funding, the local producer must be the principal shareholder.

## Filming in Turkey Project

Filming in Turkey<sup>1</sup> is a project that has been established in order to develop Turkish film and productions and to promote Turkish productions to foreign production companies. The project provides cash rebates of up to 30% on all eligible expenses incurred in Turkey and seeks to bring together Turkish co-producer or production-service providers with foreign production companies. It assesses cultural content, the involvement of Turkish citizens, and the use of Turkish film infrastructure in the following productions:

- feature films with a minimum expenditure of approximately US\$875,358<sup>2</sup> (TRY 6 million),
- documentaries with minimum expenditure of approximately US\$145,893<sup>3</sup> (TRY 1 million),
- TV series with minimum expenditure of approximately US\$145,893<sup>4</sup> (TRY 1 million)



## Filming in Turkey:

- Cash rebates of up to 30% on eligible expenses incurred in Turkey
- Bringing together Turkish and foreign stakeholders
- Featuring films, documentaries or TV series

<sup>1</sup> Details of the funding scheme are available here: <https://basin.ktb.gov.tr/EN-249173/filming-in-turkey-project-started.html>

<sup>2</sup> As of July 1, 2020 1 US\$ = 6.85 TRY

<sup>3</sup> As of July 1, 2020 1 US\$ = 6.85 TRY

<sup>4</sup> As of July 1, 2020 1 US\$ = 6.85 TRY

Overall, the eligibility requirements for Filming in Turkey may be listed as follows:

- The applicant must be a Turkish co-producer or production-service provider.
- Applicants who are producers/co-producers must have produced at least two feature films or one TV series of at least one season screened in theaters or broadcast on cable, satellite, terrestrial, or internet channels within the last five years.
- Applicants who are production-service providers must have provided services for at least two feature films or one TV series of at least one season screened in theaters or broadcast on cable, satellite, terrestrial, or internet channels within the last five years.
- The applicant must have signed a co-production agreement or a production-service agreement with a foreign production company.
- The project needs to achieve at least 50 points (out of a possible total of 100) from the qualification test, which has cultural and production criteria focused on work done in Turkey or through Turkish citizens, speakers etc., to be considered eligible for a rebate.
- The applicant must submit the application form and supporting documents along with the qualification test to the Ministry of Culture and Tourism after partnering up with a foreign producer.

## Incentives for currency-generating services

Moreover, the products and services planned to be exported listed below are considered as services that lead to currency generation and in this sense may benefit from special government incentives:

- audio-visual productions such as film, documentary, TV series, animation, programs which are filmed/produced wholly or partially in Turkey,
- products of film suppliers and/or production firms, which reside in Turkey,
- products of film set/studio managing firms, which reside in Turkey.

In this regard, some incentives include the following<sup>1</sup>:

- 60% of costs up to a maximum of US\$120,000 (annually) attached to commissions paid within the scope of sales and distribution of film productions to agencies
- 50% of costs up to max. US\$100,000 (annually) attached to market entry activities (applicable per country/group of countries to a maximum of five countries/group of countries)

<sup>1</sup> Decision No. 2015-8 of the Money-Credit and Coordination Committee.

- 70% support to documentaries which socially, historically, culturally and commercially market Turkey
- If applicable, certain types of consultancy costs concerning research, evaluation, certification (partially and with an annual cap to a maximum amount)
- If applicable, rental costs (partially and with an annual cap to a maximum amount). Such costs include studio rentals for foreign movies filmed in Turkey.
- If applicable, marketing costs (partially and with an annual cap to a maximum amount) including advertisement of national films screened abroad.
- If applicable, costs associated with international registration of products and services

## Other Incentive Schemes

Incentives are not only provided by the government but also the private sector takes responsibility when it comes to funding projects.

### Yeni Film Fonu (New Film Fund)

Founded by a non-profit cultural institution Anadolu Kültür and the If Istanbul Independent Film Festival in 2015, the project Yeni Film Fonu (New Film Fund) aims to support documentary films that encourage diversity, equality and freedom in their broadest expression

### Köprüde Buluşmalar (Meetings on the Bridge)

Istanbul Foundation for Culture and Arts (İKSÜ) holds an annual international co-production, training and networking program called the Meetings on the Bridge, where filmmakers from Turkey and the neighboring countries have the chance to get together and initiate the first steps for future artistic and financial co-productions in various workshops. Selected projects have the chance to receive various monetary supports at the end of the workshops<sup>1</sup>.

<sup>1</sup> More information on Meetings on the Bridge is accessible at: <https://film.iksv.org/en/2018-meetings-on-the-bridge/about>

# Key tax benefits

As per Article 18 of the Act No. 193 on Income Taxation (Income Tax Act), directors, scenario writers, dialogue writers, and animators may benefit from income tax exemption. Moreover, as per Article 20 of the Income Tax Act, young entrepreneurs that engage in audio-visual production activities may benefit from income tax exemption.

A tax benefit enabling companies based abroad (i.e. foreign film producers) to rebate the value added tax (VAT) of their costs incurred in Turkey is also listed under Article 11 of the Act No.3065 on VAT ("VAT Act"). Accordingly, foreign film producers may receive a VAT refund (up to 18%) for all expenses relating to the procurement and importation of goods/ services for shooting of a movie. Having said that, tax residents (i.e., those who pay Turkish income tax, corporate tax, and VAT in Turkey) may not benefit from such an exemption.

Foreign film producers who wish to benefit from the VAT refund/tax exemption must do the following:

- obtain a filming permit from the Ministry of Culture and Tourism's General Directorate of Cinema, as laid out in the Turkish Cinema Act.
- submit a petition and audited statement for the VAT refund to an authorized tax office (i.e. Department of Taxation in the Ankara-Başkent Tax Office, İstanbul-Beyoğlu Tax Office or İzmir-Konak Tax Office) following the completion of shooting in Turkey.

## Other benefits

Animation studios and film projects may also benefit from additional support provided by the Ministry of Industry and Technology. This includes certain taxation benefits, as well as employment benefits, among other benefits, which are declared by the Ministry of Industry and Technology and its affiliates from time to time.

Within this scope, for example, the Small and Medium Enterprises Development Organization of Turkey (KOSGEB), which is affiliated with the Ministry of Industry and Technology, provides a monetary support up to US\$250,000 to animation studios that carry out innovative and R&D-based projects<sup>1</sup>. Moreover, KOSGEB's supports also cover post-production of cinema movies, video and TV programs (including, audio-visual redaction, copy share, color adjustment, visual effects, animation, subtitles, titling, graphics etc.). Within this scope under KOSGEB, certain trainings are provided to SMEs who engage in such audio-visual production activities<sup>2</sup>.

Additionally, the Scientific and Technological Research Council of Turkey ("TUBITAK"), which is also affiliated with the Ministry of Industry and Technology, provides monetary support<sup>3</sup> up to US\$40,000 to newly graduated entrepreneurs that seek to establish animation studios<sup>4</sup>.



### Key benefits:

- Income tax benefits
- VAT refund
- TUBITAK monetary support
- KOSGEB monetary support

<sup>1</sup> R&D and Innovation Support Program is prepared upon the Regulation on KOSGEB Support Programs, details of the program may be accessed [here](#).

<sup>2</sup> BEBKA, Animation Sector Report 2018, p. 27.

<sup>3</sup> This funding is provided as per the Regulation on Principles of TUBITAK Technoenterprise Monetary Support.

<sup>4</sup> BEBKA, Animation Sector Report 2018, p. 27.

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# About us

We understand the dynamics of the ever-changing media industry and closely monitor developments in the media industry.

In Turkey, our team, made up of members of different practice groups (including the Corporate, Regulation and Public Policy & Competition and Litigation) engages in a wide range of diverse services, including but not limited to the following:

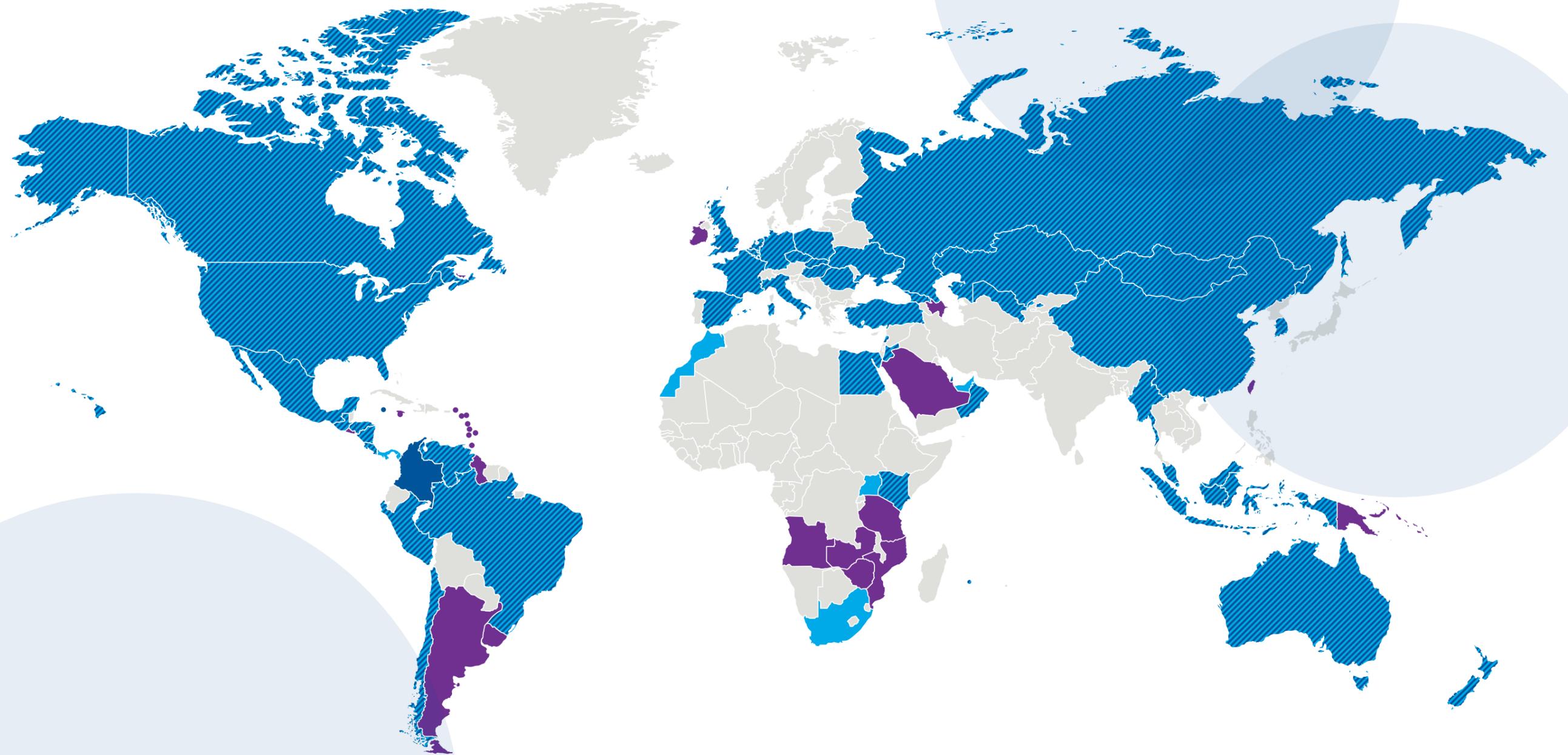
- Strategic legal advice in relation to risk mitigating and capitalization matters linked to evolving trends in the media marketplace;
- M&A, competition and regulatory advice on transactional matters, such as acquisition and sale of different media outlets/businesses (i.e. films, television, music, publishing, digital media assets or a sports team), starting from the negotiation stage until the closing of the transaction, inclusive of handling all regulatory approval processes;
- Legal assistance to advertising and media investment agencies in drafting and negotiating advertising, media buying and planning, barter, content production, inventory licensing contracts, search engine marketing and search engine optimization services, social media management, digital performance marketing, and behavioral advertising services contracts;
- Corporate and regulatory advice in relation to all matters such as launching of a television or internet channel, participating in a sports venue/real estate development,
- Regulatory and competition compliance advice on distribution and financing of different media outlets/businesses (i.e. licensing and broadcasting rights, content production etc.),
- Regulatory and competition compliance advice on all IP-related issues, as well as data protection and data privacy issues;

- Cooperation with regulatory bodies and participation in drafting/amendments to relevant media regulations, such as the Radio and Television Supreme Council's recently enacted Regulation on Internet Broadcasting; as well as proceedings before regulatory bodies;

- Litigation, arbitration or mediation advice, especially in relation to copyright, trademark or licensing disputes via examination of all the technical details of each case, familiarization with the specifics of each case and development of the strategies based on identification of ways to avoid disputes, while protecting the rights of the clients and the exhaustion of all possibilities to enforce the claims of the clients in courts or in arbitration in case a dispute is unavoidable.

The team is acclaimed for being the only one consisting of lawyers as well as regulatory experts and specialist economists. This allows us to adopt a versatile approach, determine multidisciplinary strategies with a legal/commercial perspective, whilst examining the effects of actual and potential sector-specific regulations on our clients' business, and drafting strategic action plans based on a game theory approach.

# Our media and film industry experience



- Other Dentons Offices
- Film industry experience only
- Media industry experience only
- Both Media and Film industry experience

## **ABOUT DENTONS**

Dentons is the world's largest law firm, connecting talent to the world's challenges and opportunities in more than 75 countries. Dentons' legal and business solutions benefit from deep roots in our communities and award-winning advancements in client service, including Nextlaw, Dentons' innovation and strategic advisory services. Dentons' polycentric and purpose-driven approach, commitment to inclusion and diversity, and world-class talent challenge the status quo to advance client and community interests in the New Dynamic.

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