

COVID-19 RELATED SUPPORT MECHANISM

7 April 2020

1- CENTRAL BANK OF TURKEY

To facilitate goods and services exporting firms' access to finance and support sustainability of employment, Central Bank of Turkey extended Turkish lira-denominated rediscount credits for export and foreign exchange earning services. Turkish lira-denominated rediscount credits will be extended based on the following principles:

- a. A total limit of TRY 60 billion has been defined for the credits.
- b. Of this limit, TRY 20 billion has been allocated for credit utilization via Türk Eximbank, TRY 30 billion for credit utilization via public banks, and TRY 10 billion for credit utilization via other banks.
- c. Minimum 70% of the credits to be extended via banks other than Eximbank will be allocated to SMEs.
- d. On a firm basis, the maximum amounts of credits have been set at TRY 25 million for SMEs and TRY 50 million for other firms.
- e. Firms that can obtain FX rediscount credits, overseas contracting companies, and firms participating in international fairs will be able to benefit from this credit facility.
- f. The interest rate for these credits will be 150 basis points lower than the one week repo rate, i.e. the CBRT's policy rate.
- g. The maximum commission rate of intermediary banks will be 150 basis points.
- h. The credits will have a maximum maturity of 360 days, and will be extended on condition that the export or foreign exchange earning services commitment as well as the employment level as of 1 March 2020 are maintained throughout the credit period.

2 - TURKISH EXIMBANK

1. Eximbank extended credit repayment terms by 3-6 months depending on exporter demand.
2. Extended commitment closure term by a year.
3. Prolonged rediscount credit terms from one year to two years.

3 – TAXES

Ministry of Finance of Turkey announced following measures:

1. Payments in April, May and June related to withholding tax returns, VAT returns will be postponed for six months for companies operating in certain industries. The sectors covered by this measure include retail, shopping malls, accommodation, logistics-transportation, food-beverage, textile-garment, iron-steel and automotive.
2. Employers in certain sectors can postpone payment of their social security contributions related to the months of April, May and June by 6 months. No penalty will be applied. (e.g. retail, iron steel, automotive, logistics and transportation, cinema and theatre, accommodation, food and beverages, textile and garment and event organization).
3. VAT rate for domestic airline transport will be decreased to 1% from 18% for three months.
4. Implementation of accommodation tax will be postponed to November 2020 from April 2020.

4- ECONOMIC SUPPORT MEASURES PRESENTED BY PRESIDENT ERDOĞAN ON 6 APRIL 2020:

1. 2/3 of salaries of the employment in the enterprises which reduced or paused the production are paid by government in the amount not exceeding the minimum wage. This payment scheme is called short term employment allowance. .
2. Government provides financial support to companies and real persons so that they can delay their credit payments for a minimum of 3 months. Public banks provide many convenience and support to their customers. Follow-up periods are extended increasing the loan repayment period from 90 days to 180 days. Exporters are encouraged by stock financing support in order to continue the production.
3. Government increased the support figure and capacity of the loan guarantee fund. In order to support the municipalities' fight against the epidemic, government removed the deductions from tax share payments for 3 months and provided 3 billion lira for these institutions.
4. Government provides the opportunity to postpone the bank loan payments to 136 thousand businesses that benefit from KOSGEB reimbursement as of April, May and June. KOSGEB will bear the cost of these delays. With Article 6 of the President's Decision No. 2350 published in the Official Gazette dated 03.04.2020, the loan amount given through KOSGEB to increase production quality and exports for SMEs has been increased from 300.000 TL to 3 million TL.