

PRESIDENT ERDOĞAN UNVEILS ECONOMIC STABILITY SHIELD PROGRAM

Amid the global COVID-19 pandemic, Turkey increased all its efforts to combat the economic effects of the virus by unveiling further stimulus packages.

President Recep Tayyip Erdoğan unveiled a TRY 100 billion Economic Stability Shield Program that includes incentives mainly on tax, credits, and labor related topics.

TAX INCENTIVES

- Tax declaration, VAT discount, and social security payments for April, May, and June have been postponed for a period of 6 months in the following sectors: retail, iron & steel, automotive, logistics, transportation, cinema & theater, accommodation, food & beverage, textile, and event organization.
- Accommodation tax will be delayed until November.
- The easement rights and revenue share payments related to hotel rentals for April, May, and June were postponed for a period of 6 months.
- VAT has been lowered to 1% from 18% for a period of 3 months on domestic flights.
- Tax declarations containing payments stemming from deductions such as withholding will be postponed for a period of 3 months.

CREDIT SUPPORTS

- Principal and interest rate payments of companies having cash flow problems due to COVID-19 outbreak precautions will be postponed for a minimum of 3 months. Additional financial support will be available if required.
- Inventory financing support will be available for exporters in order to protect capacity utilization rates.
- Principal and interest rate payments of artisans and craftsmen to Halkbank for April, May, and June will be postponed for a period of 3 months free of interest.
- The Credit Guarantee Fund limit will be increased from TRY 25 billion to TRY 50 billion. Loan priority will be channeled to companies and SMEs that need liquidity and that are showing a collateral deficit due to the negative effects of recent developments.
- Social credit packages will be incentivized under the most favorable and advantageous conditions for citizens.
- The mortgageable amount for houses under TRY 500,000 will be raised from 80% to 90%, meaning the minimum down payment has been reduced to 10%.
- Companies that default in April, May, or June due to the measures taken against the spread of the virus will have a “force majeure” note on their credit record.

LABOR INCENTIVES

- Minimum wage support will continue.
- Flexible and remote working models will be utilized to allow for operations to continue efficiently.
- The lowest pension wage will be increased to TRY 1,500.

- The Eid payment for the retired will be paid at the beginning of April.
- The Ministry of Family, Labor, and Social Services will provide financial support of TRY 2 billion for needy families.
- The 2-month compensation working period will be increased to 4 months to provide sustainability in employment.
- Follow-up programs including social services and periodical homecare visits will be initiated for the elderly who are above 80 years old and live alone.