

TOURISM ENCOURAGEMENT LAW

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Purpose

ARTICLE 1 - The purpose of this Law is to ensure that necessary arrangements are made and necessary measures are taken for the regulation and development of the tourism sector and for giving this sector a dynamic structure and mode of operation.

Scope

ARTICLE 2 - This Law comprises provisions governing the tourism sector, including definitions of cultural and tourism preservation and development regions, and tourism centers and means of establishment and development of such regions and centers and of encouragement, regulation and inspection of tourism investments and facilities.

Definitions

ARTICLE 3 - The following terms shall have the meanings given here when used in this Law:

a) "Ministry": The Ministry of Culture and Tourism.

b) "Cultural and Tourism Preservation and Development Regions": The regions having a high potential for tourism development, and intensive historical and cultural importance, that are to be evaluated for the purpose of preservation, utilisation, sectoral development and planned improvement and the boundaries of which are determined and declared by the President.

c) "Tourism Centers" : The parts or places specified to be developed on a priority basis within or outside the cultural and tourism preservation and development regions, and are of importance for tourism movements and activities, locations, sites and the boundaries of which are determined and announced by the President.

d) "Tourism Establishments": Commercial ventures operating in the tourism sector jointly or individually established by real or legal persons of Turkish or foreign nationality.

e) "Tourism Investment Certificate": Certificate issued by the Ministry to investors in the tourism sector for a specific investment period.

f) "Tourism Establishment Certificate": Certificate issued by the Ministry to establishments operating in the tourism sector.

g) "Certified Tourism Investments and Establishments" : Investments or establishments for which certificates have been issued by the Ministry.

h) Sea Tourism Transportation Vessels: Yachts, cruisers or submersible vessels belonging to real persons or legal entities withholding certificate of seaworthiness and operating for the purpose of excursion, sports, leisure and tourism.

1) Yacht: Vessels registered as yachts in tonnage certificate; fitted with a cabin, WC, kitchen; used for sports and excursions either in commercial or non-commercial fashion, but not qualified for passenger and cargo transportation or fishing; carrying a maximum of 12 passengers or 36 passengers with limitation of 100 miles voyage in internal waters, navigating not farther than 20 miles from coastal baseline.

2) Cruiser: Vessels with high passenger capacity, capable of international navigation, navigating on a predefined itinerary and route for the purpose of excursion, leisure or sports, qualified for sea tourism, comprising luxury cabins and swimming pools.

3) Submersible vessel: Vessels carrying passengers, navigating on the surface and underwater with or without surface support.

4) Excursion boat: Boats with seaworthiness certificate, carrying passengers for the purpose of excursion, sports, leisure and tourism on a daily basis, using the same harbor for berthing.

i) "Cultural and Tourism Preservation and Development Sub-Region": Lands which contain various tourism types with at least one or more of the following technical and social infrastructures such as culture, education and training, entertainment, trade, housing, determined by a scale of 1/25 000 or less and those can be divided into sub-lands.

k) Sea tourism facilities: Tourism facilities providing some or all of the services among berthing, towing, maintenance, repair, social services solely for sea tourism transportation,

l) Classification: Examination of minimum standards, capacity, physical properties, material quality, management and service quality, staff qualifications and education for facilities holding tourism establishment certificate, by Classification Commission consisting of two Ministry inspectors and a sector representative or by two Ministry inspectors where sector representative is not present,

m) Staff Lodging Area: Tourism facility service area, allocated for that purpose on zoning plans, established outside tourism facility in tourism zones allocated on treasury land, providing accommodation needs of tourism facility staff.

SECTION TWO

General Provisions

Determination of Cultural and Tourism Preservation and Development Regions and Tourism Centers

ARTICLE 4 - In the determination of cultural and tourism preservation and development regions, and tourism centers, natural, historical, archaeological and socio-cultural tourism assets of the country and potential for winter, hunting and water sports, for health tourism and for other types of tourism shall be taken into account.

Obtaining Certificates

ARTICLE 5 - a) It shall be compulsory to obtain either a tourism investment certificate or a tourism establishment certificate in order to benefit from the incentives, exceptions, exemptions and rights prescribed in this law and other enactments.

b) Investments with certificates shall commence, be completed and be put into operation within the periods of time specified by the Ministry. However, such periods may be extended in cases of circumstances of force majeure acknowledged by the Ministry.

Preservation and Utilisation of Natural Tourism Resources

ARTICLE 6 - Such structures and facilities as may contribute to the preservation and utilisation, in the interests of the public, of state-owned and controlled sites may be constructed and operated in cultural and tourism preservation and development regions and tourism centers in accordance with the land use plans, subject to the conditions outlined in article 8 below and without the need to have a title deed, provided, however, that the certificates referred to in article 3 hereof have already been obtained.

Other structures, buildings and facilities may also be constructed and operated, in the interests of the general public subject to the prior permission of the Ministry, in state-owned and controlled sites in cultural and tourism preservation and development regions and tourism centers, provided that such structures, buildings and facilities shall not disrupt the natural and cultural features of the region or harm tourist enterprises, and that they conform to the land use plan.

Seas, lakes and streams and their shores and banks may not be exploited in such a way as may spoil or destroy their characteristics. The exploitation of such resources, for example through

extraction of sand, gravel and rocks, shall be conditional upon obtaining the permission from the Ministry, subject to prior approval of the Turkish Naval Forces Command pursuant to Law no 1738 concerning Navigation and Hydrographical Services.

Plans

ARTICLE 7 - Within the cultural and tourism preservation and development regions and tourism centers, The Ministry is authorised to make or to have it made, to modify and to approve sua sponte, the plans of all scales.

To provide the base for infrastructure and planning process conducted by the Minister for cultural and tourism preservation and development regions and tourism centers, the information, documents and comments requested from the other public institutions and organisations shall be presented within a period of 3 months. The related works and transactions shall be realised sua sponte by the Ministry if the requested information, documents and comments are not submitted within deadline.

In cultural and tourism preservation and development regions and in tourism centers; the sales, allocations, leases, operations related to border announcements and their modification which will be carried out by other public institutions and organisations and the structural projects which create environmental effects, are subject to the approval of the Ministry in advance.

The related principles and procedures regarding the implementation of this Article is regulated by the implementing regulation which will be issued by the Ministry.

Use of Immovable for Tourism Purposes

ARTICLE 8 - A) Of the immovable in such places falling within cultural and tourism protection and development regions and tourism centers, deemed suitable by the Ministry for tourism investments, notifying relevant ministeries:

(1) With the exception of publicly used spaces and areas with servitude rights, Treasury lands are allocated within two months upon the approval of the Ministry of Environment and Urbanisation. Allocation is deemed to be complete if there is no objection or allocation formalities are not complete within that period. Non-cadastral areas are recorded into land registration where possible and registered in the name of Treasury within one month. Following the registration, allocation of land to the Ministry is completed in a similar process. In absence of available Treasury land, of forest areas falling within the scope of the Forestry Law numbered 6831:

- a) Areas for physical rehabilitation within the scope of health tourism, requiring special climate or environmental conditions to that effect,
- b) Areas with geothermal sources suitable for thermal tourism,
- c) Areas with sufficient altitude and track for winter tourism,
- d) Areas with rural tourism opportunities,
- e) Areas with suitable topographical features in line with international standards for golf tourism,
- f) Areas of geographical or physical advantage to provide facilities with shores, natural environment, biological diversity,
- g) Areas adjacent to shores suitable for cruiser or yacht tourism,
- h) Areas suitable for international sports competitions,

are allocated to the Ministry by the Ministry of Agriculture and Forestry in line with the procedures described hereby.

Below rules and restrictions apply to the forests to be allocated in accordance with this Law:

- a) Areas to be allocated for tourism shall not exceed 0,5% of total forest areas in the province.
- b) Floor area ratio shall not exceed 0.30.
- c) Afforestation fee calculated based on the 3-folds of allocated forest area and a 3-year maintenance fee is remitted to the account of Department General of Forestry. Government appropriation in equal amount of remittance is transferred to the account of Department General of Forestry, only to be used for afforestation and maintenance. Tourism investment certificate or tourism establishment certificate is not granted unless the fee is paid by the investor.

2) Those owned by public organisations shall be registered with the Land Registry in the name of the Treasury and allocated to the Ministry within not more than two months of the date of demand. Conditions and terms of payment relating to such assignments shall be agreed upon by and between the Ministry and institutions concerned in accordance with article 30 of Expropriation Law no. 6830.

3) Those owned by other real or legal persons and by foundations but which do not have a tourism establishment certificate shall be expropriated and registered with the Land Registry in the name of the Treasury by the Ministry and shall be transferred, within one month of such registration, to the Ministry. The fact that a dispute may not have been settled shall not prevent the land in question from being allocated for use for tourism purposes.

(B) The Treasury shall not demand any payment from the Ministry until such time as immovable allocated in accordance with paragraph (A) above are transferred to the investors.

C) Terms and prices to apply to the allocation and lease of such immovable to investors, the establishment of easement and termination of rights thereon and other conditions relating thereto shall be laid down jointly by the Ministry, the Ministry of Finance and the Ministry of Agriculture and Forestry, in line with the principles of transparency, equal treatment, efficient use of sources, which shall be under no obligation to comply with the provisions of Tendering and Bidding Law no. 2490 and Forestry Law no. 6831,

D) In accordance with the provisions of the paragraph C above, the Ministry is authorized to allocate the immovable properties to real and legal entities of Turkish and foreign nationality. To institute the rights of easement, including autonomous and permanent right of construction on these immovable properties, and among those rights required for infrastructure, establishing the unpaid easement in favour of the public institution which will realise the infrastructure, will be established upon the approval of the Ministry, by the Ministry of Finance on the conditions determined by this Ministry.

E) The acquisition of immovable in cultural and tourism preservation and development regions and tourism centers may be exempted, by decision of the President, from the restrictions on foreign nationals imposed by Villages Law no 442 and Real Estate Law no. 2644.

F) The provisions of this article shall also apply upon the Ministry's request to immovable at such places within the cultural and tourism preservation and development regions but outside the tourism centers as are allocated to tourism by the land use plans of the locality if and when an application is filed with the Ministry for an investment in such places.

G) Tourism, training and recreation enterprises and allocations on the lands which belong to the public institutions within the cultural and tourism preservation and development regions and tourism centers are abolished by the administration that has assigned the allocation, upon the proposal of the Ministry, with the approval of the Ministry of Finance and its disposal rights are granted to the Ministry.

H) The whole of the cultural and tourism protection and development region, or sub-region defined by plans or one or more of their plots can be allocated by the Ministry in accordance with the purpose of the plan. The allocation of the whole region or the sub-region to a main investor is put in force by the decision of the President and pre-permission is given to this investor by the Ministry. In case of approval of the project of the investor by the Ministry, following the arrangement of the investment license, the pre-permission is turned into the final permission by the Ministry.

In favour of the main investor, the rights of easement including the autonomous and permanent right of construction for the immovable properties, is established by the approval of the Ministry under the conditions determined by the Ministry of Finance and realised by this Ministry.

The land use plans for the whole region or the sub-regions, are made/get made and approved by the Ministry. The plots formed by these plans, provided that it is foreseen in the allocation agreement and do not exceed the allocation period; can be leased, can get managed or the right of construction established in the Land Registry can be transferred to the third bodies by the investor to whom the right of the autonomous and permanent right of construction have been established. Every kind of building, establishment and also their independent parts constructed in the areas, allocation of which is established in the mentioned way are subject to the same procedure.

Obtaining investment and establishment licences for the types and establishments, which can be licensed by the Ministry in these areas are compulsory.

The main investor is responsible for fulfilment of the obligations of the third bodies rising from the allocation agreement and its conditions. In case of the fact that the actions and operations of the main investor and third bodies contradict with the provisions related to the cancellation of the allocation mentioned in the agreement which will be signed between the Ministry and the related public institutions/organisations, the allocation established to the main investor and /or third bodies is abolished by the way it is allocated. In case of the cancellation of the allocation assigned to the main investor, the rights of the third bodies who fulfilled the liabilities according to the allocation agreement are protected. The guarantee which is the proportion of the project price defined in the allocation agreement will be given by the main investor to the Ministry before the final allocation. In case of impairment of the social and technical infrastructural obligations mentioned in the allocation agreement by the main investor, these obligations will be implemented by the Ministry through procedures determined by the Ministry by turning this guarantee into cash money. The responsibility of the Ministry towards the third bodies is limited with this guarantee.

Investors in cultural and tourism protection and development regions bear the responsibilities set forth in the 10th article of the Environment Law numbered 2872. Upon delivery of environmental impact assessment report, An inspection and evaluation committee consisting of the representatives stated in EIA legislation, is set up by the Ministry of Environment and Urbanisation. Evaluation and decision deadline on the report starts with the delivery to the Ministry of Environment and Urbanisation and finalized within two months; deadline for correction thereto is not included in the evaluation time limit. Investors shall make necessary corrections in the report within 15 days upon delivery.

In cultural and tourism protection and development regions, upon approval of EIA report or in case of irrelevance thereof, required permits and licenses are issued by relevant institutions within 15 days. Other procedures including easement rights are completed within 3 months. Following the completion of investment, other complementary permits to start business are issued within 15 days.

I) The construction, establishment and auxiliary buildings situated on the land allocation of which is cancelled or overdue are passed to the Treasury without consideration. The investor may not claim any right or payment for these.

The Ministry can demand the construction of the social and technical infrastructure services that will be realised on the allocated areas, as a whole or in part, or request the investor to cover the cost, as the allocation condition.

J) The urgent expropriation may be realised in accordance with Article 27 of Expropriation Law No. 2942, for the purpose of allocating the lands and plots, qualified as private properties within the Cultural and Tourism Protection and Development Regions, for tourism investments. The immovable properties which are expropriated in this way are registered in the name of Treasury in the Land Registry. The right of easement on these expropriated immovable properties including autonomous and permanent right of construction will be established for the sake of the investors for the period defined in the agreement and in return of its value if the expropriated costs are covered by the budget of the Ministry or with the costs which will be determined in accordance with the principles set forth in the agreement if it is covered by the investors, upon the approval of the Ministry, by the Ministry of Finance and in accordance with the principles determined by this Ministry.

K) The areas belonging to the same investor or enterprise or using the brand name of the same enterprise can be rented, can get managed, or the right of construction established in the Land Registry can be transferred to the third bodies by the investor, in the name of whom more than one allocation has been made and in favour of whom autonomous and permanent right of construction has been established in order to realise tourism types which shall be licensed by Ministry, provided that each of these allocations remain in the same enterprise chain.

L) The principles and the procedures concerning the implementation of this article are governed by the regulation issued by the Ministry, within the framework of the paragraph (C), encouraging the direct foreign capital investment, bringing in the international brands, chains, technology and the standards to the country, effective area management, quality control and taking into consideration the sustainable tourism principles in compliance with social, cultural and physical environment.

M) When a public property is allocated to an investor, staff lodging area in the same region shall also be simultaneously allocated to the same investor on condition that allocation requirements are met and contribution fee is paid for social and technical infrastructure services. Staff lodging areas can not be utilized for other purposes and can not be leased or transferred to a third party. Allocations for investors failing to comply with the provisions hereof are cancelled. Autonomous and temporary easement rights are granted on staff lodging areas. Staff lodging area shall be allocated only one time for the main facility.

Public Investments

ARTICLE 9 - (a) Infrastructural requirements of cultural and tourism protection and development regions and tourism centers, such as roads, water supply, sewage, water treatment, waste disposal, electricity and telecommunication facilities, shall be completed by the public organisations concerned on a priority basis. Allowances allocated by the Ministry or organisation concerned to this end may not be utilised for other purposes without the prior consent of the Ministry.

(b) Infrastructural investments for tourism in cultural and tourism protection and development regions and tourism centers such as roads, water supply, sewage, water treatment and waste disposal shall also be carried out by the Ministry and necessary appropriations are transferred to that effect. Facilities stated in the paragraph (a) and established by public institutions can be taken over by the Ministry.

(c) Public organisations shall not programme any investments directed towards tourism operations without the prior consent of the Ministry.

Price Lists

ARTICLE 10 - General principles concerning the preparation and approval of lists of prices to be charged by certified establishments shall be set out by the Ministry.

Notification

ARTICLE 11 - Investors and operators holding tourism certificates shall obtain the prior permission of the Ministry for any transfer or leasing out, in part or in whole, of the establishment with which the certificate is concerned and for any amendment, in part or in whole, of the ownership structure and field of activity of the establishment; it shall be a condition of any such amendment that the establishment shall continue to be a tourist establishment.

Furthermore, investors holding tourism certificates shall, during the investment period, notify the Ministry twice a year of the progress of their investment, while establishments holding tourism certificates shall submit data to be used in the determination of Turkey's tourism figures to the Ministry on a quarterly basis.

Triptyques or Carnet de Passage Services:

ARTICLE 12 - (Rescinded by Law no 2817, dated 18.4.1983)

SECTION THREE

Principles and Provisions Concerning Incentives

Principles of Encouragement and Co-ordination

ARTICLE 13 - Incentives in the tourism sector, and procedures and principles concerning the ways in which tourism investments and establishments may benefit from such incentives shall be specified jointly by the ministries concerned and the Undersecretariat for the State Planning Organisation under the co-ordination of the Ministry.

Priority for investments shall be, in descending order, cultural and tourism preservation and development regions and other sites designated by the Ministry.

Of the certified tourism establishments, those earning foreign exchange in the amounts that are specified annually by the President for this purpose shall be regarded as exporters.

Tourism Loans

ARTICLE 14 - (a) Tourism loans shall be allocated, on a priority basis, to investments made in cultural and tourism protection and development regions and tourism centers.

(b) The Tourism Bank Inc. of the Republic of Turkey may obtain foreign currency loans from foreign sources for allocation to certified investments in cultural and tourism protection and development regions and tourism centers .

The terms and conditions agreed upon for the loans made available by the Treasury shall also apply to loans obtained in this way, and general principles concerning the allocation and repayment of such loans shall be established jointly by the Ministry, the Ministry of Finance and the Undersecretariat for the State Planning Organisation.

Payment of Contributions to Forestry Fund in Installments

ARTICLE 15 -The sum payable by certified tourism establishments located in forests pursuant to paragraph (c) of supplementary article 3 of Forestry Law no 6831 shall be paid, starting in the third year of allocation, in five equal installments over a period of five years.

Rates of Utilities

ARTICLE 16 - Certified tourism investments and establishments shall pay for utilities such as electricity, gas and water at the lowest of the rates that apply to the industrial facilities and

residents in the locality.

Communication Facilities

ARTICLE 17 - Any and all procedures and allocations in connection with requests of certified tourism investments and establishments for telephone and telex facilities shall be carried out on a priority basis.

Employment of Personnel

ARTICLE 18 - (a) Certified tourism establishments may employ qualified foreign personnel and experts with the approval of the Ministry and the Ministry of Interior, and provisions of Law no 2007 concerning the Trades and Services to be Performed in Turkey by Turkish Citizens shall not apply to such personnel.

However the total number of foreign personnel so employed may not be higher than 10% of the total number of employees. This ratio may be increased to up to 20% by the Ministry. The personnel in question may start working at the establishment 3 months prior to the date when it commences commercial operations.

(b) The employment of personnel aged under 21 at certified tourism establishments and covered by Law no 2559 concerning the Duties and Powers of the Police shall be subject to the prior permission of the highest civil authority of the locality.

Sale of Alcoholic Beverages

ARTICLE 19 – Certified tourism establishments shall be exempt, subject to the permission of the Ministry, from the provisions of article 178 of Public Health Law no 1593 and of article 61 of Elementary Training and Education Law no 222 which concern the sale of and licences for alcoholic beverages.

Minors aged under 18 may, if accompanied by their parents, be admitted into certified tourism establishments under Law no 2559 concerning the Duties and Powers of the Police.

Establishment of gambling places within or outside tourism establishments is prohibited. Contradicting provisions of other legislative acts are revoked.

Official Holidays, Weekends and Lunchtimes

ARTICLE 20 - Certified tourism establishments and sales stands exclusively for the sale of services under such certificates shall, during the working hours specified in the certificate issued

by the Ministry, maintain their operations throughout official holidays, weekends and lunch times.

Authority to contract extending to years

ARTICLE 21 - Ministry of Tourism is authorized to sign contracts extending to years for the purpose of tourism promotion works such as international advertisement or fair, with the approval of the Ministry of Finance, limited to 50% of previous year's appropriation.

The Ministry of Finance is authorized to add non-utilized appropriations to the next year's appropriation.

ARTICLE 22 - (Rescinded by Law no 4629, dated 21.02.2001)

ARTICLE 23 – (Rescinded by Law no 4629, dated 21.02.2001)

Provisions as to Incentives in the event of Transfer

ARTICLE 24 - Those taking over the certified tourism investments and establishments on the condition that the purpose and nature thereof are not affected by such transfer shall benefit, subject to the prior permission of the Ministry, from the same incentives.

Incentives in the Event of Termination of Tourism Activities

ARTICLE 25 - In cases where certified tourism investments and establishments may terminate their tourism activities and not resume such activities within a one-year period, they shall be liable, pursuant to the provisions of relevant enactments, to repay the monetary equivalent of the exemptions, exceptions and rights to which they became entitled under the incentive arrangements.

If, however, establishments terminate their activities by reason of circumstances of force majeure such as war, natural disasters and epidemics, the Ministry may waive their obligations of repayment, subject to the approval of the Ministry of Finance and the Undersecretariat for the State Planning Organisation

SECTION FOUR

Sea Tourism

Investment and Operation of Sea Tourism Facilities

ARTICLE 26 - Real or legal persons may operate or invest in sea tourism facilities on condition that necessary certificate is obtained from the Ministry and business permit is obtained from the Undersecretariat of Maritime Affairs.

Investment and Operation of Sea Tourism Vessels

ARTICLE 27 – Real or legal persons may operate or invest in sea tourism vessels on condition that necessary certificate is obtained from the Ministry.

Sea tourism vessels certified by the Ministry shall not be operated for purposes other than stated in the present Law.

Rules and procedures concerning the operation of sea tourism vessels with foreign flags within Turkish territorial waters and between Turkish ports shall be determined by a regulation.

Principles of Navigation in Turkish Territorial Waters and Ports

ARTICLE 28 – Sea tourism vessels coming in from foreign ports to Turkish ports and sea tourism vessels leaving Turkish territorial waters en route to foreign harbours shall have to make their entry and exit through designated customs entry and exit points. Statements made and procedures fulfilled by foreign-flag vessels coming in from foreign harbours or spending the winter in Turkey at the first ports they call at or the last harbours at which they lay anchor for winter shall also count as valid at any other Turkish ports they may subsequently call at.

Sanitary formalities carried out on vessels at any Turkish port shall remain valid until leaving Turkish territorial waters and visas shall not be required of such vessels unless they call at a foreign port. However the nearest port administration or civil authority shall be informed immediately in the case of any death or the outbreak of any contagious disease.

Once the entry formalities are complete, the vessels shall have the right to freely navigate in Turkish territorial waters and between Turkish ports. Foreign-flag vessels and vessels used by foreign nationals may berth or anchor in regions determined and announced by the President outside restricted areas, merely for sight-seeing purposes.

Turkish-flag and foreign-flag sea tourism vessels conduct their entry or exit formalities, navigation between Turkish ports and wintering operations in accordance with the document obtained by the relevant administration. It's not mandatory for Turkish-flag special sea tourism vessels to hold the document for navigation between Turkish ports.

On casino operating cruiser vessels, necessary measures are to be taken by the relevant administrative authority during navigation in Turkish territorial waters

Duration of Stay in Turkey of Sea Tourism Vessels and Cabotage Rights

ARTICLE 29 - Foreign-flag sea tourism vessels may stay up to 5 years in Turkey for maintenance, repair, docking or wintering purposes. This period may be extended to an additional 5 years by the Ministry in accordance with principles set out in the regulation.

Turkish-flag yachts may be chartered to Turkish or foreign nationals for such purposes as excursion, sport or entertainment. The use of yachts so chartered for commercial purposes is forbidden.

The use of Turkish-flag sea tourism vessels for excursion, sport and entertainment purposes shall not be regarded as commercial passenger transportation.

CHAPTER FIVE

Inspection and Penalties

Authority for Inspection

ARTICLE 30 – The Ministry shall be exclusively authorised to inspect investments and establishments holding tourism certificates, to check characteristics of such investments and establishments on the basis of certificates issued and to establish whether they maintain such characteristics as well as to categorise such establishments.

If the Ministry deems it necessary, matters on the basis of which inspections and classifications are to be made may be determined by real or legal experts or NGOs designated by the Ministry. Principles concerning the conduct of such practise shall be specified in a regulation.

In cases when it so deems necessary, the Ministry shall also request accomodation facilities without tourism establishment certificate to comply with the provisions set out for tourism establishment certification in a given time, restricted to a pilot area to be declared by the Ministry. Accomodation facilities fulfilling the conditions are certified, operations of those failing to fulfil the conditions are halted.

Penalties

ARTICLE – 31 (a) Without prejudice to any penalties that may be imposed under other legislation, certified tourism investments, tourism establishments, and sea tourism vessel owners failing to comply with the provisions hereof or the conditions laid down in the regulations concerning the enforcement of this Law shall be liable to the penalties described below.

(b) The fines referred to in article 33 below shall be assessed by the inspection.

Warnings

ARTICLE 32 - Holders of tourism certificates may be warned by the Ministry on account of:

a) Faults, failures and deficiencies observed in the management and administration of the tourism investments and establishments

- b) Failure to notify the Ministry of any change in facility title
- c) Misleading promotion of the facility with regards to type and class

Warnings on account of acts described in paragraph (a) and (b) are imposed, requesting corrective action, deadline of which is to be determined with consideration to the nature of deficiency and facility location, no longer than 6 months.

Warnings imposed in accordance with this Law are irrevocable.

Fines

ARTICLE 33 – Fines shall be imposed on the certificate holders, in the cases and amounts given below :

- a) A fine of eight thousand five hundred Turkish Liras in cases when required corrective action for acts described in the paragraph (a) and (b) of the article 32(1) has not been taken despite a warning or in case of another warning within one year of penalty charge notice
- b) A fine of fourteen thousand Turkish Liras in cases when corrective action for acts described in the paragraph (c) of the article 32(1) has not been taken wthin 30 days
- c) A fine of eight thousand five hundred Turkish Liras in cases when information and documents requested by the Ministry are not delivered in time or in provision of missing or misleading information and documents
- d) A fine of eight thousand five hundred Turkish Liras in cases of failing contractual obligations towards customers or poor provision thereof
- e) A fine of eightyfive hundred Turkish Liras for each room in cases of failing to accomodate customers when the accomodation facility is bound by contractual obligation to do so or failing to transfer customers to other facilities nearby, which are of similar type, class and location
- f) A fine of eightyfive hundred Turkish Liras in cases of transferring of whole or part of investment or enterprise or leasing thereof without permission
- g) A fine of eightyfive hundred Turkish Liras in cases where it is established that offence has been committed on the premises with the involvement, fault or negligence of the proprietor or the person in charge or the personnel against the customer
- h) A fine of ten thousand Turkish Liras in cases of operating sea tourism vessels in breach of the type and capacity registered in the certificate
- i) A fine of ten thousand Turkish Liras in cases of operating sports facilities for tourism purposes in breach of conditions set out by the Ministry
- j) A fine of 20 times the excess amount charged when amounts have been charged in excess of the price indicated in approved price lists

A fine of ten thousand Turkish Liras is imposed in cases of operating sea tourism vessels without obtaining tourism establishment certificate and in cases of sports activities for tourism purposes without obtaining permit from the Ministry.

Excluding the fines imposed in accordance with the paragraph (j), fines stated hereof shall be subject to annual revaluation in line with the ratio determined and announced in accordance with the 298th article of Tax Procedural Law. Fractions of one Turkish Lira is not taken into account. Fines imposed within the scope of this article shall be paid within one month upon notification.

Cancellation of Certificates

ARTICLE 34 - Tourism Investment or Tourism Establishment Certificate shall be cancelled by the Ministry in any of these cases:

- a) Failure to provide required document to the Ministry on time when a change occurs in ownership of the certificate or management or failure to fulfil requirements following the approval of change thereof
- b) Failure to submit relevant documentation related to business permit within deadline set out by the Ministry
- c) Failure to submit relevant documentation, on behalf of facilities with tourism investment certificate, related to business permit within deadline set out by the Ministry or failure to correct nonconformities detected during inspection and the occurrence of consequent lack of tourism establishment certificate
- d) When the facility is obligated to renew tourism investment certificate or tourism establishment certificate due to a change in facility type, class or capacity and fails to do so despite the implementation of the procedures referred to in paragraph (c) of the Article 33
- e) Cancellation or expiration of business permit obtained from the relevant institution upon which the tourism certification is based on
- f) When it is discovered during inspection or classification study that the facilities have ceased to possess the qualities required for certification
- g) Cancellation of permits pertaining to the use of immovable assets of public property
- h) In case of termination of business operations
- i) Request of certificate holder for cancellation

Tourism investment certificate shall be deemed to be cancelled when the investor fails to submit request for extension thereof or submit request to obtain tourism establishment certificate

Objections to and Litigation against Penalties

ARTICLE 35 - (Rescinded by Law no 5728, dated 23.01.2008)

Other Penalties

ARTICLE 36 - a) In the event of any violation of the provisions of article 6 hereof, a term of

imprisonment of three to eighteen months or a fine shall be imposed;

b) Those who violate paragraph 2 of article 29 hereof shall be liable to a fine equivalent to no less than fifty days

SECTION SIX

Final Provisions

Regulations

ARTICLE 37 – A) Matters to be governed by regulations to take effect upon decrees of the President:

- 1) Matters concerning the formation of work groups to designate cultural and tourism preservation and development regions, tourism centers and the functions, powers and procedures of these groups and their relations with the Ministry,
- 2) The issue of tourism investment and tourism establishment certificates, the nature of the management, personnel and operation of the establishments concerned and the physical conditions with which these are to comply,
- 3) Matters pertaining to the inspection of certified tourism investments and establishments in respect of the qualities on the basis of which the certificate has been issued, of their price lists, cleanliness, orderliness, services, management and administration and of other points including the questions of human and environmental health and security of persons and property, and pertaining to the qualifications, appointment and powers of inspectors,
- 4) Matters pertaining to the operation of sea tourism facilities, investment and operation of sea tourism vessels and to the implementation of articles 28 and 29 hereof.

B) Matters to be governed by regulations to be prepared by the Ministry in conjunction with various other ministries:

- 1) With the Ministry of Finance:
 - a) Matters concerning the collection of fines imposed hereunder;
 - b) (Rescinded by Law no 4629, dated 21.02.2001)
- 2) With the Ministry of Interior:
Matters pertaining to the employment of foreign nationals in certified tourism establishments as exempt from the provisions of Law no. 2007 concerning the Trades and Services to be Performed in Turkey by Turkish Citizens.

3) (Rescinded by Law No 4957, dated 24/7/2003)

C) Matters to be governed by regulations to be prepared by the Ministry:

- 1) The respective rights and obligations of those holding tourism certificates in their relations with the Ministry, each other and their customers and the conditions with which they shall be obliged to comply in such relations;
- 2) Principles and procedures pertaining to the penalties and fines imposed thereunder, the

composition of boards at the Ministry to be in charge of taking decisions as to penalties and matters concerning the implementation of penal clauses;

3) Other matters that may be required for the enforcement of this Law.

Provisions Rescinded

ARTICLE 38 - Law no 6086 concerning the Encouragement of the Tourism Industry and is hereby rescinded. The provision concerning the triptyque or carne de passage in the 12th article of the Customs Law is hereby rescinded.

Interim Article 1 - Tourism establishment construction certificates and tourism establishment operation certificates issued under Law no. 6086 concerning the Encouragement of the Tourism Industry must be replaced within three years of the date of entry into effect of the regulation referred to in paragraph (A-2) of Article 37 hereof. Formalities concerning such replacement shall be exempt from any and all stamp duties, taxes and fees.

Interim Article 2 - (Rescinded by Law No. 2817, dated 18.4.1983)

Interim Article 3 - The supreme Board of Co-ordination of Tourism shall be authorised to declare tourism areas and tourism centers for the purpose hereof until cultural and tourism preservation and development regions, tourism areas and tourism centers are announced in accordance with the principles set forth in article 4 and paragraph (A) (1) of Article 37 of this Law.

Interim Article 4 - Yachts may have and use wireless equipment on board in accordance with principles to be decided upon jointly by the Turkish General Staff, the Ministry of Transport and Communications and the Ministry, until such time as new arrangements are made in this connection in Law of Radio Communications, No. 3222.

Interim Article 5 - Regulations issued under the Law 6086 concerning the Encouragement of the Tourism Industry and provisions of articles 11, 12 and 13 of the same Law not contradicting this Law shall continue to be operative until the regulations to be issued thereunder take effect.

Interim Article 6 - The carrying out of decisions to demolish structures falling under article 6 hereof shall be postponed until the end of the year 1982 in connection with facilities owned by establishments holding tourism certificates and operating in areas owned or controlled by the State.

Interim Article 7 - The cultural and tourism preservation and development regions, tourism areas and tourism centers that have been determined and declared before the issuing date of this Law are in force and these regions, areas and centers are subject to the principles which will be

implemented for "cultural and tourism preservation and development regions" and "tourism centers".

Interim Article 8 - The works and transactions related to the plans directed to the Ministry of Public Works and Settlement for approval before the publication of this Law, are completed and approved by the Ministry of Public Works and Settlement.

Interim Article 9 – Land allocation processes in forest areas that are of preliminary permit stage as of 24/11/2007 are finalized upon request within 30 days and in accordance with the provisions hereof. Files for preliminary permits issued by the Ministry of Environment and Forestry before 24/11/2007 as per the Forestry Law numbered 6831 are forwarded to the Ministry to be evaluated in accordance with the provisions hereof.

Supplementary Article 1 – Without prejudice to rights previously granted and currently being exercised and rights entered into the land registry, hot and cold mineral springs resorted to for cures shall be transferred to tourism investors pursuant to the provisions hereof.

The powers of the authorities referred to in Law 927 dated 10 June 1926 and in article 2 of Law no 4268 dated 17.6.1942 as amended by Law no 6977 dated 24 May 1957 shall belong to the Ministry, provided that such powers shall be restricted solely to the tourism areas and tourism centers indicated. However, dividend and duty entitlements of provincial administrations shall be reserved.

Those beneficiaries who are not making full use of resources allocated to them in cultural and tourism preservation and development regions and tourism centers may continue to make use of such resources if they submit to the Ministry a statement confirming their commitment to make full use of such resources, accompanied by their plans and projects in this regard, within one year of the date of entry into effect of a regulation to be issued pursuant to this Law and if such plans are approved by the Ministry. Otherwise, excess amounts of the spring used shall be made available to those willing to operate such spring waters.

A regulation to be issued by the Ministry in conjunction with the Ministry of Health and Social Welfare and the Ministry of Energy and Natural Resources shall lay down principles for the determination of excess amounts of spring waters used by real and legal persons, that hold a right to operate water springs resorted to for cures, the manner and conditions of operation of excess spring waters not used, the exploitation of newly discovered spring waters, and the regulation of relations with other beneficiaries in this connection.

Supplementary Article 2 - Caravans and motorcaravans owned by foreigners who have entered Turkey may remain in Turkey for up to 2 years for maintenance, repair and wintering purposes, and their owners may leave Turkey by other means.

Procedures and principles concerning the utilisation and stay of motorcaravans and caravans owned by foreigners that are permitted to spend the winter in places and warehouses designated for this purpose shall be set out in a regulation by the Ministry of Tourism after obtaining the opinion of the Ministry of Finance.

Supplementary Article 3 - While making arrangements and taking measures to regulate and develop the tourism sector and to give the sector a dynamic structure and mode of operation, the Ministry shall take all measures to assist in the formation of professional bodies with the status of public organisations related to the sector.

Supplementary Article 4- Regarding the places outside the cultural and tourism preservation and development regions and tourism centers; at places that are considered as the State Forest according to the Forest Law No: 6831 and at places that have been designated and declared for land allocation on tourism investments according to the Law on National Parks No: 2873 and regarding the decree law No: 383 on Establishment of the Institution of Private Environment Protection, land allocation for tourism investment will be done by the Ministry after obtaining the approval of Ministry of Environment and Forestry.

The pastures that are situated within the cultural and tourism preservation and development regions are subject to and bound by the aim of use implemented in accordance with the Pasture Law numbered 4342, dated 25.02.1998.

Supplementary Article 5- The Ministry has the authority to allocate picnic areas with accomodation facilities or picnic areas with accomodation capabilities, ownership of which belongs to the Directorate of Forestry. Income earned by such allocations belong to the Directorate. Provisions of the 8th article hereof applies to allocation of such areas to the Ministry and to investors by the Ministry.

Supplementary Article 6- Underwater areas specified by the Ministry with assets of cultural and natural preservation status shall be used for tourism and diving purposes. In military restriction and security zones, such uses are subject to the approval of the Ministry of National Defence. Principles and rules regarding implementation of this article shall be determined by a regulation, to be put into effect by the Ministry in conjunction with the Ministry of National Defence.

Entry into Effect

ARTICLE 39 - This Law shall enter into effect on the date of its publication.

Execution

ARTICLE 40 - This Law shall be executed by the Council of Ministers.

INTERIM ARTICLES CONCERNING GAMES OF CHANCE:

Interim Article 1– Permits for games of chance granted by the Ministry before the entry into force of hereby law shall be null and void within 6 months of official gazette publication of hereby law, without any notification. Following the date of publication, such enterprises shall not be granted permits for the operation of games of chance.

Interim Article 2 – The Ministry of Tourism is entitled to regulate principles and rules concerning storage, expulsion and other measures regarding the machinery and equipment for games of chance.