

# INTERNATIONAL TRADE AND INVESTMENT IN TURKEY THE LEGAL PERSPECTIVE

**Att. Arzu ONGUR, LL.M.**

Managing Partner - Ongur & Partners International Law Office

President - International Law, Investment and Development Association



<https://www.linkedin.com/company/ongur-partners-international-law-firm/mycompany/>



@ongurpartnerslawfirm  
@international\_business\_law



[contact@ongurpartners.com](mailto:contact@ongurpartners.com)



<https://www.ongurpartners.com/>  
<https://www.ilida.org/>

# AGENDA

## Doing Business in Turkey from a Legal Perspective

### LEGAL SYSTEM OF TURKEY

General Overview

### HOW TO INVEST

Company Establishment

Tax System

# LEGAL SYSTEM OF TURKEY

## GENERAL OVERVIEW



- Republic of Turkey
- Democratic, secular and, social state governed by the rule of law, in accordance with the concepts of social peace, national solidarity and justice; respectful of human rights, committed to Atatürk nationalism

# LEGAL SYSTEM OF TURKEY

## GENERAL OVERVIEW

- Civil law system – codified legislation
- Specialized courts
- Integrated to international system – EU
- Party to the key conventions/agreements



# ESTABLISHING A COMPANY

## COMPANY TYPES

Most Preferred  
Company Types  
by Foreigners

Joint-Stock  
Companies

Limited  
Liability  
Companies

Branch  
Office

Liaison  
Office

# ESTABLISHING A COMPANY

## COMPANY TYPES-JOINT STOCK COMPANY

- Determined capital divided into shares
- Limited liability (only asset of the company)
- Shareholders' responsibility – committed capital
- Minimum capital 50.000 TRY
- $\frac{1}{4}$  of the capital should be paid before registration – remaining to be paid within 24 months



# **ESTABLISHING A COMPANY**

## **COMPANY TYPES-JOINT STOCK COMPANY**

### **Articles Of Association**

The document which lists the regulations which govern the running of a company, setting out the rights and duties of directors and shareholders, individually and in meetings.

- Articles of Association should be written and registered has to be written and registered at the trade registry office
- Can be established with one shareholder
- Both natural and legal persons can be shareholders

# **ESTABLISHING A COMPANY**

## **COMPANY TYPES-JOINT STOCK**

### **COMPANY**

- Certificates of registered share and bearer share!
- No need to the approval of the General Assembly to transfer shares
- The only company type whose shares can be subject of public offering and publicly traded!





# ESTABLISHING A COMPANY

## COMPANY TYPES-LIMITED LIABILITY COMPANY

- Determined capital divided into shares
- Limited liability (only assets of the company)
- Shareholders' responsibility – committed capital
- 1-50 partners
- Minimum capital 10.000 TRY – To be paid within 24 months
- Partners are obliged to pay their shares on the registered capital and fulfil additional payment and subsidiary performance obligations.



# **ESTABLISHING A COMPANY**

## **COMPANY TYPES-LIMITED LIABILITY**

### **COMPANY**

- Articles of Partnership has to be written and registered at the trade registry office!
- Can be established on any economic purpose other than the ones prohibited by law!
- They cannot operate in insurance and banking sectors!
- It cannot issue certificates of bearer share, cannot be the subject of public offering and the transfer of shares is subject to the approval of the General Assembly!

# ESTABLISHING A COMPANY PROCEDURE



- within an hour time following the submission of required documents to the competent directorate of trade registry.

- Establishment of a company in Turkey is duty-free.
- Establishment of a company in Turkey by foreign natural or legal persons is subject to the same regulations with local investors.
- Establishment procedures are handled via the Central Registration System (MERSIS) in online platform.

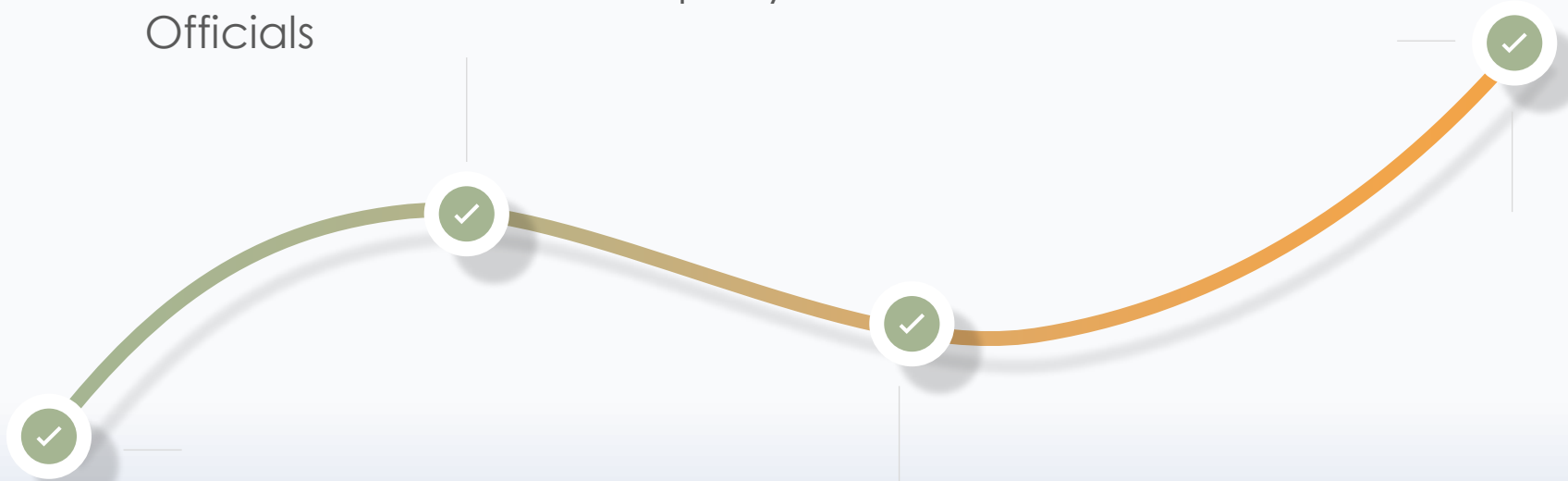
# ESTABLISHING A COMPANY PROCEDURE

Preparation of the Signature Declaration for the Company Officials

Applying to the Directorate of Trade Registry for Registration

Preparing the Articles of Partnership and Authenticate the Signatures of Founders!

Payment of the Competition Authority Share and Liquid Capital of the Company



# ESTABLISHING A COMPANY PROCEDURE

Preparation of the  
Signature Declaration for  
the Company Officials

Applying to the  
Directorate of  
Trade Registry for  
Registration



**Preparing the Articles of  
Partnership and Authenticate  
the Signatures of Founders!**



Payment of the  
Competition Authority  
Share and Liquid Capital  
of the Company



# ESTABLISHING A COMPANY PROCEDURE

## STEP-1

### Preparing the Articles of Partnership and Authenticate the Signatures of Founders!

- Creating a free user account at MERSIS.
- Tax number and MERSIS registration of the founders
- Submission of the Articles of Association through MERSIS.
- Founders sign the document and then authenticate their signatures before relevant authority.

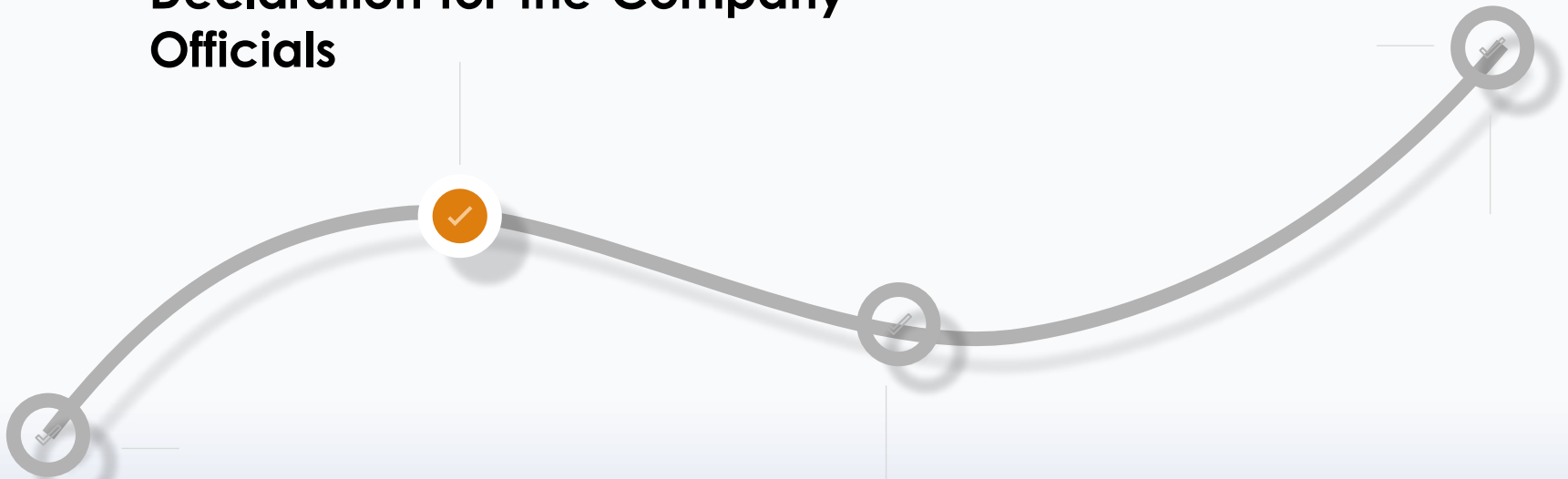
# ESTABLISHING A COMPANY PROCEDURE

**Preparation of the Signature Declaration for the Company Officials**

Applying to the Directorate of Trade Registry for Registration

Preparing the Articles of Partnership and Authenticate the Signatures of Founders!

Payment of the Competition Authority Share and Liquid Capital of the Company



# ESTABLISHING A COMPANY PROCEDURE

## STEP-2

### Preparation of the Signature Declaration for the Company Officials

A handwritten signature in black ink, appearing to read "Arun Saini".A handwritten signature in black ink, appearing to read "Arun Saini".A handwritten signature in black ink, appearing to read "Arun Saini".

Signatures that will be used under the title of the company by those who are authorized with representation of the company have to be approved by the competent authority and a signature declaration has to be prepared. Trade registry offices are authorized for these procedures.



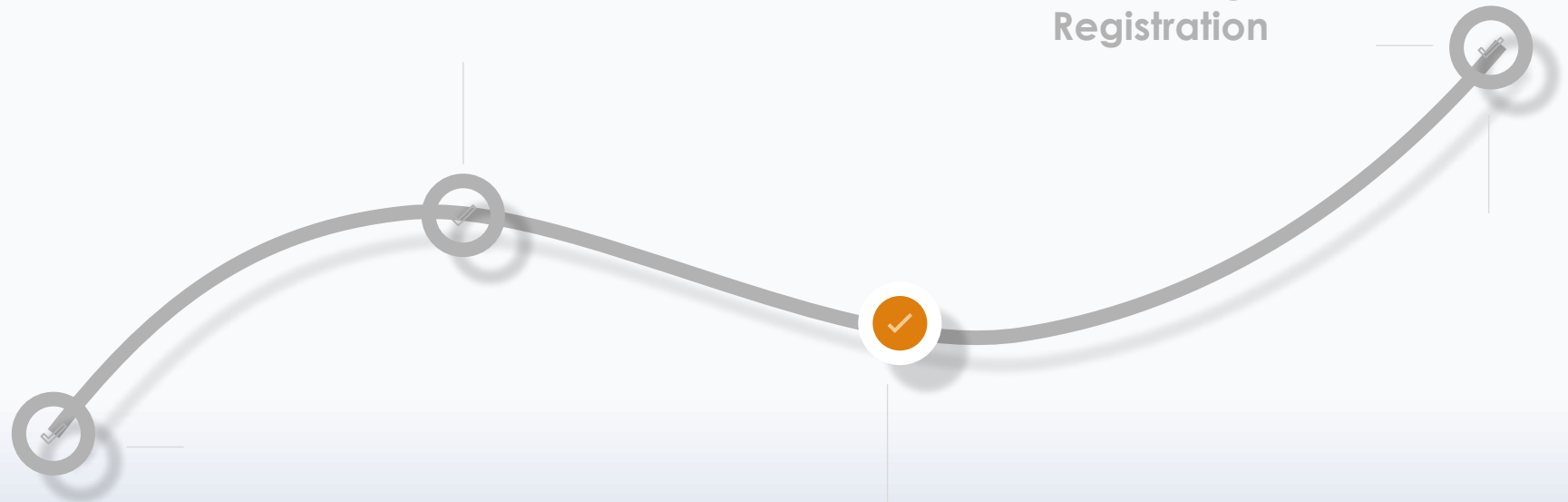
# ESTABLISHING A COMPANY PROCEDURE

Preparation of the  
Signature Declaration for  
the Company Officials

Applying to the  
Directorate of  
Trade Registry for  
Registration

Preparing the Articles of  
Partnership and  
Authenticate the  
Signatures of Founders!

**Payment of the Competition  
Authority Share and Liquid  
Capital of the Company**



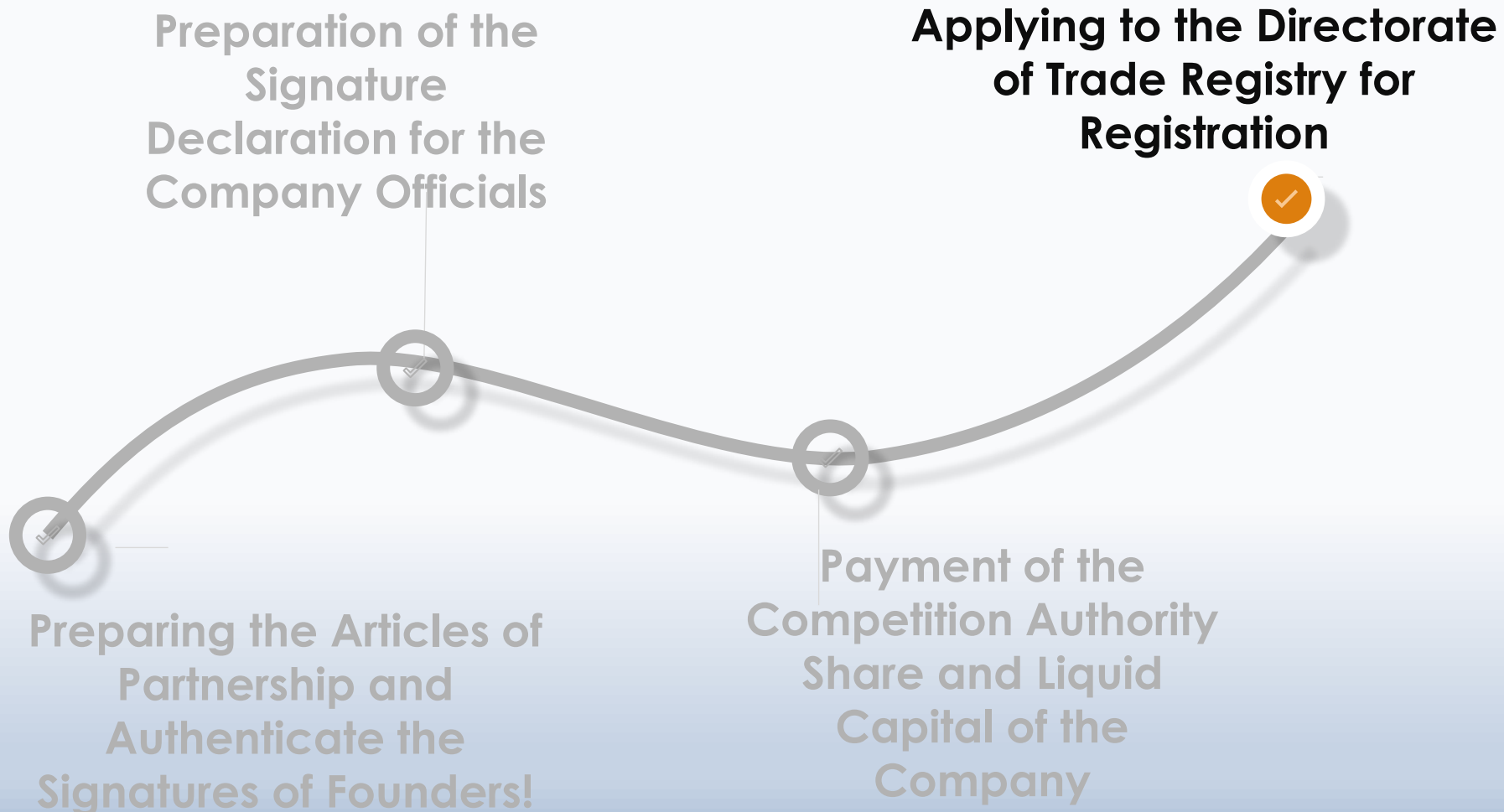
# ESTABLISHING A COMPANY PROCEDURE

## STEP-3

### Payment of the Competition Authority Share and the Liquid Capital of the Company!

- 0.04% of the total establishment capital of the company has to be paid as the share of the Competition Authority.
- This can be done via the relevant trade registry office.
- For joint-stock companies, at least 25% of the liquid company has to be transferred to a bank account of the company before registration.
- For limited liability companies, there is no such obligation before registration.

# ESTABLISHING A COMPANY PROCEDURE



# ESTABLISHING A COMPANY PROCEDURE

## STEP-4

### Applying to the Directorate of Trade Registry for Registration!

- Founders or their legal representatives have to apply to the directorate of trade registry with required documents.
- For joint-stock and limited liability companies, the trade registry approves the books that will be kept by them and deliver to the authorized company official after the registration.

# BRANCH OFFICES OF FOREIGN COMPANIES

- Turkey branches of those companies whose business centres are abroad are registered just like local companies, reserving trade mark regulations of their country of origin.
- It is mandatory to appoint a fully authorized representative whose residence is in Turkey.
- If there are more than one branches in Turkey then, those branches that are opened after the registration of the first one, are registered as branches of local companies.

# BRANCH OFFICES OF FOREIGN COMPANIES

Documents that are to be submitted to the trade registry Office to register the branch:

- A notice from the country of origin indicating that the conditions to open a branch according to the law of this country of origin are fulfilled
- All the documents that are required in the country of origin for the registration of the branch.
- Approved copy of the document that includes current registrations of the company and the Articles of Partnership.

# BRANCH OFFICES OF FOREIGN COMPANIES

Documents that are to be submitted to the trade registry Office to register the branch:

- The decision of the authorized body regarding opening a branch in Turkey and appointing a fully authorized resident representative.
- declaration of the officials of the company that includes the relevant information regarding the branch office
- Original letter of proxy
- Signature declaration of this representative.
- The approval given by the competent Turkish institution (if applicable)

# LIAISON OFFICES



- Representation office of a foreign company which aims to conduct non-commercial activities.

- for the purposes of representation, control of suppliers, technical support, communication and information transfer or ensuring regional management.
- Foreign Direct Investment Code (numbered 4875 and dated 5/6/2003)



# LIAISON OFFICES

- Ministry of Trade
- General Directorate of Incentive Implementation and Foreign Investment (GDIIFI).
- To be completed within 15 days
- Extendable 3 year-period



# LIAISON OFFICES

## Required documents

- Application form,
- Statement outlining the works to be conducted by the liaison office, an undertaking that the office shall not engage in any commercial activities, and proof that the signatory to the statement is fully authorized by the company,
- A certificate of activity issued by the foreign country and verified by the relevant Turkish Consulate or in accordance with the provisions of the Apostille Convention.
- A certificate of activity issued to foreign companies or balance sheet and income statement,
- A certificate of authorization issued to the individual(s) appointed to conduct the activities of the liaison office,

# **TAX**

## **GENERAL OVERVIEW**

### **RELEVANT AUTHORITY**

Ministry of Treasury and Finance  
– Revenue Administration

### **FISCAL YEAR**

01 January -31 December

# TAX

## TAX RATES

**Headline CIT Rate  
(%)**

23%

**Personal Income  
Tax Rate**

15% - 40%

**WHT rates (%)  
(Dividends/Interests/  
Royalties)**

10% / 10% / 20%

**General VAT Rate**

18%  
(For some goods and services 1% -  
8%)

# THANK YOU!

## QUESTIONS & ANSWERS



<https://www.linkedin.com/company/ongur-partners-international-law-firm/mycompany/>



[contact@ongurpartners.com](mailto:contact@ongurpartners.com)



[@ongurpartnerslawfirm](https://www.instagram.com/ongurpartnerslawfirm)  
[@international\\_business\\_law](https://www.instagram.com/international_business_law)



<https://www.ongurpartners.com/>  
<https://www.ilida.org/>