

Country Guide Türkiye

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Doing Business in Türkiye 2025

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› Doing Business in Türkiye

2025

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Türkiye Overview

› Language

The official language of Türkiye is Turkish. The Latin alphabet has been in use since 1928.

› Exchange rate (September 2025)

Turkish lira (TRY): US dollar – 41.25

Turkish lira (TRY): Euro – 48.40

› Location

Türkiye is an important crossroads between Western Europe, the Middle East and Asia, and its location has been a central feature of its history, culture and politics. Three waterways of great strategic importance lie in Türkiye: the Dardanelles, a strait 40 miles (64km) long; the Sea of Marmara; and the Bosphorus, a strait 20 miles (32km) long. Together they form the only water route between the Black Sea and the Mediterranean Sea. Türkiye also flanks the principal land routes from the Caucasus to the Iranian and Arabian oil fields and to the Suez Canal.

The modern Turkish state, with Ankara as its capital, was created in 1923 and has 1,633 miles (2,628km) of land frontiers and 4,454 miles (7,168km) of coastline. The European section of the country is bounded on the north by Bulgaria, on the east by the Black Sea and the Bosphorus, on the south by the Sea of Marmara and the Dardanelles, and on the west by Greece and the Aegean Sea.

Türkiye in Asia is bounded on the north by the Black Sea and Georgia; on the east by Armenia and Iran; on the south by Iraq, Syria and the Mediterranean Sea; and on the west by the Aegean Sea. Türkiye is approximately 900 miles (1,450km) long and 300 miles (480km) wide and covers an area of 300,948 sq.miles (779,452sq.km), of which 291,773sq.miles (755,689sq.km) are in Asia and 9,175sq.miles (23,764sq.km) in Europe. About 90% of the population lives in the Asian part of Türkiye and 10% in the European part.

Türkiye is located on the Asia Minor tectonic plate intersected by the North Anatolian fault, which from time to time causes major earthquakes.

› Climate

Türkiye's diverse regions have different climates. The climate on the coasts contrasts with that prevailing in the interior. The southern areas that border the Mediterranean have cool, rainy winters and hot, moderately dry summers.

The Black Sea coastal region receives the heaviest amount of rainfall in Türkiye, with the average of 1,400 millimetres annually. Interior regions, blocked from Mediterranean influences by mountains, have a continental climate with cold winters where the temperature reaches -40°C and dry, hot summers. The snowfall in winter is heavy, with an average of 120 days per year with snow on the ground. The eastern mountainous region sees hot, dry summers and very cold winters. The spring and autumn are mild.

› Infrastructure

Türkiye, as an emerging market, has competitive infrastructure. As of August 2025, there are a total of 116 airports in the country. There are 62 airports in Türkiye open to civil air traffic, 39 of which serve international flights and 8 airports are under construction or at project stage. The large majority of international traffic runs through four main airports: The large majority of international traffic runs through four main airports: Istanbul Airport in Istanbul, Europe's busiest airport in 2024 with over 80 million passengers, which replaced the former Atatürk International Airport (once named the "Best Airport in Southern Europe" by Skytrax World Airlines), Antalya Airport, Adnan Menderes Airport in Izmir, and Esenboğa Airport in the capital city, Ankara. Adnan Menderes Airport in Izmir and Esenboga Airport in the capital city, Ankara.

Istanbul has had three large international airports, two of which currently serve commercial passenger flights. The largest is the new Istanbul Airport, opened in 2018 in the Arnavutköy district to the northwest of the city center, on the European side, near the Black Sea coast.

The other international flight points in Türkiye are Sabiha Gokcen (on the Asian side of Istanbul), Adana, Antakya, Antalya, Milas, Bursa, Dalaman, Diyarbakir, Erzurum, Eskisehir, Ordu-Giresun, Gaziantep, Kayseri, Konya, Kutahya, Malatya, Nevsehir, Samsun, Sanliurfa, Trabzon, Adiyaman, Agri and Amasya.. Turkish Airlines (THY) is the leading airline company in Türkiye. The other airline companies are Pegasus Airlines, Atlasjet Airlines, Sun Express and Onur Air.



Türkiye has 12,532 kilometres of railways, of which 11,319 kilometres are conventional and of which 1,213 km are high-speed. The Turkish government aims to improve its railways and has defined three main targets: develop high-speed trains via the construction of new railway lines, increase the speeds of the trains via the rehabilitation of existing railways and streamline the railways by restructuring. In this context, several rail projects such as Ankara-Istanbul High-Speed Line has become operational and the first stage of MARMARAY Project (the Rail Tube Tunnel under the Bosphorus Strait in Istanbul) has been completed. Another important project of Türkiye in transportation is the establishment the Kars-Tbilisi-Baku railway. The total length of the project would reach 124,000 kilometres of which 92 kilometres would run through Türkiye. The project is estimated to be completed by 2017.

Türkiye's main seaports are Haydarpasa, Derince, Izmir, Bandirma, Samsun, Mersin and Iskenderun. Freight transportation is available between Türkiye and Serbia, Poland, Bulgaria, Romania, Czech Republic, Hungary, Slovakia, Macedonia, England, Spain, Yugoslavia, Greece, Sweden, Norway, Croatia, Slovenia, Germany, Austria, Luxembourg, Italy, the Netherlands, Switzerland, Denmark, France, Belgium, and Bosnia and Herzegovina. Transportation between Türkiye and the Middle East runs from Türkiye to Iran via Kapıköy border station, from Syria to Türkiye through Meydanekbez (Islahiye) and Nusaybin border stations, and from Türkiye to Iraq through Nusaybin station transiting Syria.

Türkiye holds great geographic importance as a bridge between continents, and is suitable for multi-mode transportation. Roads are Türkiye's most important domestic transportation system. Türkiye's road network is thorough, with more than 238,776km (nearly 148,368miles) of roads. Some 95% of passenger transport and over 90% of transportation of goods within Türkiye are realized through highway transportation. The total length of highway that is under the control of the General Directorate of Highways is 3796 km and is made up with three kinds of roads; motorways, state highways and provincial roads. As of 2024, the country has a roadway network of 68,617 kilometres (42,637 miles). Main highways circulate from Ankara in central Anatolia; Istanbul and İzmir in the west; Adana in the south; and Erzurum and Diyarbakır in the east. The Bosphorus Bridge (1973), Fatih Sultan Mehmet Bridge (1988) and Yavuz Sultan Selim Bridge (2016) are the three suspension bridges connecting the European and Asian shores of the Bosphorus strait. The Osman Gazi Bridge (2016) connects the northern and southern shores of the Gulf of İzmit. The 1915 Çanakkale Bridge (2022), connects the European and Asian shores of the Dardanelles strait. The remarkable developments in Türkiye with respect to road transportation are the third bridge in Bosphorus (Yavuz Sultan Selim Bridge) and the world's fourth longest bridge between Kocaeli and Yalova (Osmangazi Bridge) both of which have been opened to traffic in 2016.

> Telecommunications

With respect to telecommunications, There were 12.3 million (12.300.390) fixed phone lines, 82.2 million (82.795.432) mobile phone subscribers, and 80.9 million broadband subscribers.

The state-owned fixed-line telecommunications company, Turk Telekom, saw 55% of its shares sold to the Saudi-owned Oger Group in November 2005. While the company remains a monopoly in the field of fixed-line and internet services, GSM operators' competition against Turk Telekom has been increasing rapidly. There are three leading private GSM operators operating in the country: Turkcell, Turk Telekom Mobile and Vodafone.

The international country code is “+90” and the international service is provided by the SEA-ME-WE-3 submarine cable (retired in December 2024) and by submarine fibre-optic cables in the Mediterranean and Black Seas.

Türksat 6A, Türkiye's first fully domestically produced communications satellite, was launched on 8 July 2024 and is now in service.

The Internet is also a well-accepted communication medium. The internet country code is “.tr”. Registered internet hosts are approximately 1.3 million.

Türk Telekom and Turkcell Superonline are the main providers of ADSL and broadband Internet, alongside other providers such as Vodafone, TurkNet and Türksat, which also offer.



Investment Background

› Investment incentives

Grants and incentives are available to both Turkish and foreign investors such as:

- An investment allowance
- Tax exemptions (Customs duties)
- Subsidised credits
- Export credits
- Insurance of export receivables
- Tax exemptions
- Energy subsidies
- State aid for certain expenses

Extensive incentives are available to investors in free trade zones and include:

- A licence to set up and operate
- A location (office)
- Corporate tax exemption for up to 10 years
- Income tax exemption related to salaries and social security contributions

Technology and development zones (known as technoparks) grant significant advantages to investors. Research and development incentives include:

- State aid for research and development activities
- Corporate tax exemption for up to 10 years
- Income tax exemption

A special regulation concerning promoting investment and employment in less developed regions of the country provides for direct state aid and additional incentives such as reduced corporate tax rates, social security support, and grants for large-scale projects in these regions.

Foreign investors required to give up their investment for public purposes must be compensated fairly. Compensated fairly in accordance with current legislation and international treaties.

› Inflation rate

The inflation rate is 35.931% for the year 2025.

› Foreign investment

Regarding portfolio investments, legal persons resident outside Türkiye can freely purchase and sell all kinds of Turkish securities and other capital market instruments using banks and brokerage firms in Türkiye as intermediaries.

There are no restrictions on foreign investors purchasing or selling a Turkish company's securities, provided the transaction is made through an authorised brokerage firm in Türkiye.

However, there are special prior approval requirements for owning shares and/or voting rights reaching certain thresholds in certain types of regulated companies, as defined by the Capital Markets Board (CMB) and other regulatory authorities in 2025.

Companies subject to this requirement are generally banks, brokerage companies, insurance companies, television and/or radio companies, energy companies, asset management companies, financial leasing companies, factoring companies, finance companies, financial holding companies, air transportation companies and any other company regulated by government authority as the case may be. These regulatory permissions have to be obtained from the relevant authority irrespective of the fact that the relevant company is listed or not. Companies subject to these requirements are generally:

- Banks
- Brokerage companies
- Insurance companies
- Television and/or radio companies
- Energy companies
- Asset management companies
- Financial leasing companies
- Factoring companies
- Finance companies
- Financial holding companies
- Air transportation companies
- Any other company regulated by government authority

Regulatory permission must be obtained from the relevant authority irrespective of whether or not the relevant company is listed.

Foreign investors are free to make direct foreign investments in Türkiye. "Direct foreign investment" refers to any of the following:

- The foundation of a new company or opening of a branch
- The acquisition of capital shares directly, not through the Securities Exchange
- The acquisition of capital shares equal to at least 10% of a company or acquisition of voting securities at the same rate in a company quoted and traded in the Securities Exchange by a foreign investor using economic assets supplied from overseas or from the domestic market

However, under the amendment to the Title Deed Law, foreign persons can only acquire up to 10% of designated zoning areas in each district and a total of 30 hectares in Türkiye. Companies incorporated in Türkiye by foreign investors (or companies with foreign shareholders) can only acquire and use real properties in order to conduct the activities stated in their articles of association. These real properties cannot be in military or private security zones. Foreign companies can only acquire real property in limited circumstances, under certain laws such as the Petroleum Law, Encouragement of Tourism Law, Banking Law and the Industrial Zones Law.

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Diplomatic Relations



› Overview

Türkiye is one of the original member states of the United Nations and joined the Council of Europe in 1949, the North Atlantic Treaty Organization in 1952 and the Organization for Economic Cooperation and Development in 1960. In 1963, Türkiye became an associate member of the European Economic Community by an association agreement aimed at full membership.

In addition, Türkiye is a member of the International Bank for Reconstruction and Development, the European Bank for Reconstruction and Development, the Black Sea Economic Cooperation, the International Monetary Fund, and the Asian Development Bank.

In 1995, Türkiye became a member of the World Trade Organization. Türkiye is a member of the Organization of the Islamic Conference, the Islamic Development Bank, and the Central Bank of Türkiye is a member of the Bank for International Settlements.

Türkiye is a founding member of the Economic Cooperation Organisation (ECO), a trade organization formed in 1985 between Türkiye, Iran and Pakistan. Since its formation, Afghanistan, Azerbaijan, Kyrgyzstan, Kazakhstan, Tajikistan, Turkmenistan and Uzbekistan have joined the ECO.

Türkiye has sought full membership in the European Union (EU) since its association agreement was signed in 1963. In 1987, Türkiye submitted a formal application for full membership in the EU. Since then Türkiye has taken steps to fulfil criteria required for membership, including a significant amendment of thirty-four articles of the Turkish Constitution. Türkiye has also enacted several economic reforms, made structural adjustments in the financial sector and public finance, and enhanced competitiveness and efficiency in its economy.

In light of the above developments, the accession negotiations with Türkiye were opened in October 2005. Türkiye has so far opened 16 chapters. Fourteen chapters remain blocked. One of the key stumbling blocks to opening new chapters is that Türkiye has yet to fully implement the Ankara Protocol, which requires normalizing bilateral relations with EU member Cyprus, in this context, there are exactly 8 chapters blocked by the Council due to Cyprus. a situation that remains unresolved in 2025. Türkiye has announced it will not do until both Greek and Turkish Cypriot communities on the island are reunited or the Turkish Republic of Northern Cyprus is recognised.



› Travel restrictions

Normally a visa is required to enter Türkiye. Detailed visa requirements for each country's citizens are available at

<https://www.mfa.gov.tr/visa-information-for-foreigners.en.mfa>

Türkiye grants visa exemption to nationals of certain countries for purposes such as tourism, business, or transit. Under this regime, eligible foreign nationals may enter Türkiye without obtaining a visa, provided that their stay does not exceed the permitted duration. Visa exemption generally applies to short-term stays and is subject to the “90 days within any 180-day period” rule. Accordingly, a foreign national may remain in Türkiye for a cumulative total of up to 90 days within any rolling 180-day timeframe, without the need to apply for a visa. This period may be used consecutively or through multiple entries and exits. Foreign nationals entering Türkiye under visa exemption are not permitted to engage in employment, education, or long-term residence activities.

Overstaying the permitted duration may result in administrative sanctions, including fines, entry bans, or deportation.

The scope and duration of visa exemption vary depending on the nationality of the traveler and the type of passport held. Holders of diplomatic, service, or special passports may benefit from broader exemptions.

For the most up-to-date and country-specific information regarding visa exemption, travelers are advised to consult the official website of the Republic of Türkiye Ministry of Foreign Affairs at <https://www.mfa.gov.tr/visa-information-for-foreigners.en.mfa>

Government



The current Turkish Constitution, which was amended and ratified by referendum in 2017, provides for the Grand National Assembly (GNA) and a President.

The office of the prime minister was abolished in 2018 following the constitutional amendments.

The president is elected for a five-year term by popular vote, with one additional term possible. Direct parliamentary and local elections are held (separately) every five years, however, the president or the GNA can declare elections at an earlier date Türkiye has an executive presidency

Executive powers are exercised directly by the president. The members of the GNA are elected for five-year terms.

The constitution provides for a system of proportional representation and forbids the formation of political parties on the basis of class, religion or secessionism. The election law provides that parties that receive less than 7% of the votes in national elections are not eligible for seats in the GNA.

In 2017, Türkiye transitioned from a parliamentary system to a presidential system through constitutional amendments. As a result, the office of the prime minister was abolished, and executive authority was vested directly in the President, who serves as both the head of state and head of government.

The 2017 constitutional referendum presented the change to a public vote.

These results signify a significant shift in Türkiye's political landscape, with the President's expanded powers and the composition of the Assembly influencing the dynamics between the legislative and executive branches.

> Legislative system

In Türkiye, legislative power is granted to the Grand National Assembly (GNA), a one-chamber parliament composed of 600 deputies, who are elected every five years. The GNA writes legislation, supervises the executive branch and adopts the budget. The president of the GNA can be voted out of office by a vote of three-quarters of GNA members. The GNA approves international agreements and decides on declaring war, martial law, and emergency rule. National parliamentary elections are based on proportional representation subject to a national threshold of 10% of the vote. Members are elected by lists drawn up for each party by the relative parties' leaders. The members elected have immunity from prosecution. GNA legislation is developed by specialized commissions. The laws passed by the GNA are announced by the president within 15 days. The president may veto and refer a law back to the assembly for reconsideration.

Environment

› Public/Government attitude

Türkiye recognizes climate change as a critical global and national challenge, with increasing impacts on ecosystems, public health, and economic development. The Turkish government has demonstrated a proactive approach in international climate negotiations and in shaping national policies to address greenhouse gas emissions. Public awareness and governmental commitment have both grown in recent years, reflecting Türkiye's dedication to sustainable development and climate resilience.

The Paris Agreement, adopted at COP21 in 2015, sets the global framework for post-2020 climate action, aiming to limit long-term temperature rise to well below 2°C and emphasizing the importance of 1.5°C. It confirms that all countries should contribute under the principle of 'common but differentiated responsibilities and respective capabilities,' and establishes a system based on the contributions of all countries without strict differentiation between developed and developing nations. The Agreement provides guidelines on national contributions, mitigation, adaptation, loss and damage, finance, technology transfer, capacity building, transparency, and progress assessment.

Türkiye submitted its Intended Nationally Determined Contribution (INDC) in 2015, pledging up to a 21% reduction by 2030, signed the Agreement in 2016 as a developing country, and ratified it in 2021, completing domestic approval processes. Türkiye has also announced a net-zero emissions target for 2053 and updated its 2030 NDC to a 41% reduction, equivalent to

approximately 500 million tons. Implementation guidelines were finalized at COP26, while COP27 addressed the Loss and Damage Mechanism, adaptation finance, and NDC updates. COP28 featured the first Global Stocktake and historic agreements on transitioning away from fossil fuels, operationalizing the Loss and Damage Fund and setting global adaptation targets. COP29 and COP30, scheduled in Azerbaijan (2024) and Brazil (2025), continue Türkiye's active engagement in global climate governance.

In 2025, Türkiye adopted its first comprehensive Climate Law, aiming to reduce greenhouse gas emissions, enhance climate change adaptation, and promote sustainable development. The law establishes a national emissions trading system (ETS) to support Türkiye's net-zero emissions target by 2053. This system mandates greenhouse gas emissions monitoring and reporting for key industrial sectors, including energy, cement, and steel.

Additionally, the Turkish Sustainability Reporting Standards (TSRS) were implemented in 2023. These standards require companies to disclose their environmental, social, and governance (ESG) performance transparently. Aligned with the European Union's Corporate Sustainability Reporting Directive, TSRS applies to certain companies, enhancing accountability and fostering sustainable business practices.





› Regulations

The Environmental Impact Assessment (EIA) Regulation dated November 25, 2014 (Official Gazette No. 29186) was repealed and replaced by a new regulation published on July 29, 2022 in the Official Gazette No. 31907. This 2022 regulation remains in force as of 2025. On June 26, 2025, a new amendment titled “Regulation Amending the Environmental Impact Assessment Regulation” was published in the Official Gazette No. 32938, introducing significant updates to the existing framework.

The purpose of the EIA Regulation is to regulate the administrative and technical procedures to be followed during the environmental impact assessment process. The annexes of the regulation list the types of projects subject to EIA, either through a full EIA report or a simplified project presentation file.

It also introduced new concepts such as cumulative impact assessment and stakeholder engagement plans, and strengthened public participation requirements by mandating online publication of project notices.

A revised Environmental Permits and Licenses Regulation was published on September 1, 2025 in the Official Gazette No. 31630, updating the framework originally established in 2014 (Official Gazette No. 29115).

This regulation consolidates all environmental authorizations under a single “environmental permit and license” system. Enterprises engaged in activities such as emissions, discharges, noise generation, and waste management must obtain this unified certificate. The regulation outlines procedures for application, review, issuance, renewal, and revocation, and integrates the Zero Waste Certificate and local compliance documentation into the process. All applications are now processed through the e-permit system.

The Climate Law enacted on July 9, 2025 and published in the Official Gazette No. 32951 (Law No. 7552), does not repeal existing environmental regulations but introduces a comprehensive climate governance framework. It establishes a national

Emissions Trading System (ETS), defines a Turkish Green Taxonomy, and mandates the development of local climate action plans through provincial coordination boards. Environmental assessments and permitting processes are now expected to incorporate climate mitigation and adaptation criteria, reinforcing their role within the broader climate policy landscape.

Together, the EIA Regulation (2022, amended in 2025), the Environmental Permits and Licenses Regulation (2025), and the Climate Law (2025) form the backbone of Türkiye’s environmental and climate legislation. Additional regulations and communiqués continue to provide detailed guidance on sector-specific issues such as hazardous waste management, tanker purification facilities, and land-use planning.

Intellectual Property



› Laws

The main intellectual property rights that are capable of protection are patents, trademarks, registered and unregistered designs, copyrights and confidential information, geographical indications and traditional product names.

An invention is patentable if it is new, improves on the current state of the art and is capable of industrial application. An invention is patentable if it is new, improves on the current state of the art and is capable of industrial application. Patent protection is now governed by the Industrial Property Law (Law No. 6769, (entered into force on January 10, 2017), which repealed Decree-Law No. 551.

Patent protection is granted by registration with the the Turkish Patent and Trademark Office (TÜRKPATENT, formerly the Turkish Patent Institute – TPI). The non-examined patent system has been abolished. Patents granted following TÜRKPATENT's examination are protected for 20 years. Utility models are protected for 10 years.

In order to be registered, a trademark must be capable of distinguishing the goods or services of one undertaking from those of other undertakings. Goods are divided into 34 classes and services are divided into 11 classes. The trademark protection is granted by registration TÜRKPATENT and by Law No. 6769, which repealed Decree-Law No. 556. Registered trademarks are protected for 10 years and may be renewed indefinitely.

In order to be registered, a design must relate to the features of the whole or part of a product, or its ornamentation, be new, and have an individual character. In order to be registered, a design must relate to the features of the whole or part of a product, or its ornamentation, be new, and have an individual character. Protection is granted by registration with TÜRKPATENT and by Law No. 6769, which repealed Decree-Law No. 554. Designs registered with TÜRKPATENT are protected for five years, renewable up to 25 years. Unregistered designs are protected under unfair competition provisions of the Turkish Commercial Code (TCC) and also benefit from three years' protection if first disclosed in Türkiye or the EU (in line with EU law alignment).

Confidential information includes trade secrets and inventions in enterprises. Trade secrets are automatically protected under the unfair competition provisions of the TCC. Any other confidential information must be protected by a confidentiality agreement. The right holder can prevent the disclosure of the confidential information to third parties.

Geographical indications and traditional product names are protected under Law No. 6769 and registered with TÜRKPATENT.

› International treaties

Türkiye is a party to the following international agreements, conventions and treaties related to intellectual property rights:

- Paris Convention for the Protection of Intellectual Property Rights
- Convention Establishing WIPO
- Patent Cooperation Treaty (PCT) Strasbourg Agreement Concerning the International Patent Classification (IPC)
- Protocol Relating to Madrid Agreement
- Nice Agreement Concerning the International Classification of Goods and Services for the Purposes of Registration of Marks
- Vienna Agreement Establishing an International Classification of the Figurative Elements of Marks
- The Hague Agreement Concerning the International Deposit of Industrial Designs
- Locarno Agreement Establishing an International Classification for Industrial Designs
- WIPO Copyright Treaty (WCT)
- WIPO Performances and Phonograms Treaty (WPPT)
- Trademark Law Treaty (TLT)
- Budapest Agreement on the International Recognition of the Deposit of Micro-organisms for The Purposes of Patent Procedure
- Convention Establishing the World Trade Organization
- European Patent Convention
- Patent Law Treaty
- Singapore Treaty on the Law of Trademarks (entered into force for Türkiye)
- Marrakesh Treaty (entered into force in 2019 for Türkiye)

› National investment boardst

No substantive prior approvals by national investment boards are required.

› Notarization requirements

In order to register a trademark, the application to the TPI shall include:

- (a) samples of the mark suitable for printing and publication;
- (b) the class numbers and the list prepared in accordance with the goods and services in relation to which the mark is to be used as per the Nice Agreement;
- (c) the original receipt of mark application charges; the original receipt of class or classes charges;
- (d) Power of Attorney, if an attorney was appointed (if the applicant is a foreign real or legal person domiciled outside Türkiye, the Power of Attorney must be notarized and apostilled);
- (e) the notarized signature circular, if the applicant is a legal entity established in Türkiye; a certificate indicating that the applicant is engaged in trade;

(f) if the application is made in relation to a trademark registered abroad, a duly notarized and apostilled copy of the approved mark registration certificate granted by the state in which the registration was made, and a translation thereof;

(g) if a priority right is claimed, the information regarding the application for priority right, a duly notarized and apostilled copy of the priority right certificate obtained from the competent authority of the state to which the first application was made, and Turkish translation of the section concerning the information as to the application, of such certificate.

Since 2017, electronic applications via TÜRKPATENT's e-devlet portal have become standard, and most notarization requirements have been simplified.

Trademark, patent, and design licenses must still be registered with TÜRKPATENT.





› Regulatory guidelines for licenses

Patents, trademarks, designs, geographical indications and copyrights can be licensed exclusively or non-exclusively. Compulsory licenses may be granted for public interest, dependent patents, or non-use. Sınai Mülkiyet Kanunu (SMK) expressly regulates licensing, pledging and seizure of industrial property rights.

› Applicability of antitrust or competition laws to licenses

Intellectual property rights are not specifically regulated by the Law on Protection of Competition Law No. 4054; therefore there isn't any obstacle for direct implementation of the Law on legal transactions and juristic acts based on intellectual property.

Block Exemption Communiqué on Technology Transfer Agreements (Communiqué No: 2008/2) regulates block exemption for technology transfer agreements in which the licensor authorizes the licensee to use the licensed technology for the production of contract products and which fall under the scope of Article 4 of the Law on Protection of Competition.

For example, license agreements may be liable to articles 4, 5, 6 and 7 of the Law on Protection of Competition. On the other hand, Decree Law on the Protection of Industrial Designs (No. 554) regulates one of the objectives as creating a competitive environment. According to Decree Law on the Protection of

Trademarks No. 556, a license agreement shall not involve provisions inconsistent with other laws, regulations and communiqués. According to the Law on the Protection of Topographies of Integrated Circuits No. 5147, if judicial or administrative authorities determine that the holder of a right or licensee uses the royalty to destruct competition, a compulsory license may be decided as a result of this action.

The Competition Authority has intensified its scrutiny of technology transfer and brand licensing agreements, particularly those containing exclusivity provisions or non-compete clauses.

› Typical agreements

Typically foreign corporations enter into know-how and franchise agreements with their wholly owned subsidiaries.

In recent years, collaborations involving digital platforms, software licensing, and data-sharing arrangements (often overlapping with personal data protection under Law No. 6698 – KVKK) have also become common.

Personal Data Protection

› Laws

The Law on the Protection of Personal Data Law (Law No. 6698), widely known as KVKK, came into force on April 7, 2016, introducing a comprehensive framework for the protection of personal data in Türkiye. Closely aligned with global data protection standards such as the EU's GDPR, KVKK imposes strict obligations on both local and foreign entities that process personal data of individuals located in Türkiye.

The law applies to all natural and legal persons engaged in the processing of personal data, which is defined as any information relating to an identified or identifiable natural person. Businesses operating in Türkiye must ensure that data processing activities adhere to the fundamental principles of legality, fairness, accuracy, purpose limitation, data minimization, and confidentiality. Processing personal data is permissible only on the basis of explicit consent or under specific statutory grounds, such as compliance with legal obligations, performance of a contract, or legitimate interest.

One of the key compliance requirements under KVKK is the obligation for certain data controllers to register with the Data Controllers' Registry (VERBIS) prior to commencing data processing activities. Additionally, organizations must implement robust technical and organizational measures to safeguard personal data and establish internal policies for data governance.

KVKK grants individuals extensive rights, including the right to access their personal data, request correction or deletion, object to processing, and seek compensation for damages resulting from unlawful processing. Businesses must also pay close attention to cross-border data transfers, which are subject to strict conditions. Transfers outside Türkiye require either explicit consent from the data subject, the presence of adequate protection in the recipient country, or prior authorization from the Turkish Data Protection Authority.

Non-compliance with KVKK can result in significant administrative fines, which may exceed TL 2,000,000, as well as potential criminal liability for unlawful data processing or transfer. Beyond financial penalties, businesses face reputational and operational risks if they fail to meet their obligations under the law.

To mitigate these risks, companies should adopt a proactive compliance strategy that includes data inventory and mapping, transparent privacy notices, consent management mechanisms, data processing agreements, and incident response protocols. By embedding data protection into their corporate governance framework, businesses can not only ensure compliance with KVKK but also build trust with customers and stakeholders in the Turkish market.

Financial Facilities

› Types

The following financial institutions exist in Türkiye:

- Central Bank of the Republic of Türkiye (the “Central Bank”)
- Banks (Deposit banks, development and investment banks, participation banks, foreign commercial banks established in Türkiye, branches of foreign banks established in Türkiye, representative offices of foreign banks in Türkiye)
- Insurance institutions
- Leasing institutions
- Factoring institutions
- Intermediary institutions (brokerage firms and banks)
- Financing institutions
- Asset management companies
- Financial holding companies
- Pension funds
- Mutual funds
- Real estate investment companies
- Investment companies
- Venture capital investment companies
- Portfolio management companies

› Bank accounts

Foreign investors are required to open a corporate bank account in Türkiye for the purpose of depositing share capital and conducting company-related transactions. Moreover, where capital is transferred to Türkiye in foreign currency (“FX”) for the incorporation of a new company or establishment of a partnership, such capital should be deposited into FX accounts of the respective company/partnership held in the foreign exchange accounts with a Turkish bank.

With respect to the requirements to open a bank account in Türkiye, there are no specific requirements other than those applicable for Turkish nationals. In practice, Turkish banks may also request additional documentation from foreign nationals, such as proof of address in Türkiye or a valid residence permit, and in some cases, may require a initial deposit to activate the respective account.

There are also no additional restrictions on investors using their accounts, beyond those applicable for Turkish nationals.

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› Financial system

Türkiye has a developed free market economy, with a rich history of private enterprise. The Turkish financial system is primarily built upon the universal banking system and related areas like insurance, leasing, factoring and stock brokerage. The main economic sectors of Türkiye are the agricultural, industrial, construction and service industries.

› Banking system

The banking system had a fragmented structure while the banks were under the authority of the Undersecretariat of Treasury (the “Treasury”), the Central Bank and the Savings Deposit and Insurance Fund (the “SDIF”), which provided insurance for saving deposits, under the authority of the Central Bank. In 2000, the Banking Regulation and Supervision Agency (the “BRSA”) was established as the regulatory and supervisory authority of the banking sector. The Banking Law (Law No. 5411) (published in the Official Gazette dated November 1, 2005, No. 25983) (the “Banking Law”) sets forth the authorities and responsibilities of the BRSA. The BRSA is a public legal entity with administrative and financial autonomy. The SDIF has also operated since 2000 as a public legal entity with administrative and financial autonomy. Both the BRSA and the SDIF continue to function as autonomous public legal entities with administrative and financial independence.



Banks operating in Türkiye should be incorporated as joint-stock companies (anonim şirket) (explained below in VII-C) and are subject to regulation under both the Banking Law, and the Turkish Commercial Code Law (Law No. 6102, (published in the Official Gazette dated February 14, 2011, No. 27846) (the “TCC”).

The mission of the BRSA is to safeguard the rights and benefits of depositors and create the proper environment in which banks and financial institutions can operate with market discipline, in a healthy, efficient and globally competitive manner. The decision making body of the BRSA is the Banking Regulation and Supervisory Board (the “BRSB”).

Banks are subject to special and ongoing supervision by the BRSA, which may conduct both on-site inspections and off-site monitoring to ensure compliance and financial stability. Additionally, the financial statements of banks are audited by external auditors in accordance with internationally accepted principles of accounting on a quarterly and annual basis. Moreover, Turkish banks are also required to maintain and operate a comprehensive internal audit system, covering all

units, branches and subsidiaries by their own internal auditors, who are required to submit quarterly audit reports to the BRSA. Both external and internal audit frameworks are governed under the Banking Law and associated BRSA legislation.

As an additional note, banks which are open to the public and whose shares are traded on a stock exchange are also under the supervisory and regulatory authority of the Capital Markets Board (the “CMB”). The CMB is a public legal entity with administrative and financial autonomy, whose authorities are stipulated in the Capital Market Law (Law No. 6362) (published in the Official Gazette dated December 30, 2012, No. 28513)

As the representative body of the banking sector, the Union of Turkish Banks (the “UTB”) aims to protect and promote the professional interests of its members. As of 31 January 2025, there were 62 banks operating in Türkiye (excluding the Central Bank) comprising 33 deposit banks, 20 development and investment banks, and 9 participation banks.

› Stock market

The Istanbul Stock Exchange (the “ISE”), established in 1985-1986 for trading of stocks, bonds, bills and warrants, has since merged into the Borsa İstanbul A.Ş. (BIST) in April 2013. BIST, which is an autonomous public legal entity, is now the unified exchange in Türkiye, encompassing multiple markets.

BIST’s main market categories include:

- Equity Market
- Debt Securities Market
- Derivatives Market (VIOP)
- Precious Metals and Diamonds Market

The equity market of BIST consists of the following sub-markets:

- BIST Stars;
- BIST Main;
- BIST Submarket;
- Watchlist (the WL);
- Structured Products and Fund Market (the SPFM);
- Venture Capital Market (the VCM); and
- Commodity Market.

As regards initial public offerings (IPOs), Communiqué No. VII-128.1 stipulates certain prerequisites to be satisfied for companies that are not publicly held previously.

Furthermore, shares of the companies, listed via IPO can be traded only on BIST Stars, BIST Main, BIST SubMarket or the VCM. For the VCM, equities issued by companies for direct sale to the qualified investors without being offered to public and other capital market instruments approved by the BIST’s board of directors can be traded only amongst qualified investors.

In addition to the foregoing segments, BIST also operates other alternative listing segments, such as: the BIST Sustainability Indices; BIST Venture Market; and BIST High Technology Companies Market, which have specific requirements tailored to their respective segments.

› Bank loans

While borrowing is generally permitted, certain conditions apply, especially regarding FX loans and foreign investors. Usually Turkish banks require foreign national individuals to submit valid work or residence permits, proof of sufficient income and collateral (i.e. Turkish citizen guarantor).



Exchange Controls

› Business transactions with nationals, residents or non-residents

A Turkish national is defined as a person who has Turkish nationality, either inherently from birth (when he/she is the child of a Turkish man or woman) or following application. Residents are defined as real persons and legal entities who have a legal residence in Türkiye, including those who are employed, self-employed or owners of independent businesses abroad. Non-residents are defined as real persons and legal entities that are not considered as residents in Türkiye.

There are no restrictions on conducting business with nationals, however, financial transactions like borrowing, particularly in FX may be subject to additional requirements and certain restrictions.

With regards to reporting requirements, a company shall file the following with the Trade Registry:

- (a) the company's articles of association;
- (b) signed signature circular (a notarised document identifying those authorised to bind the company);
- (c) signature declaration (a notarised document providing specimen signatures of the persons identified in the signed signature circular);
- (d) details of directors;
- (e) details of the registered office;
- (f) details of any branches that are opened and closed;
- (g) annual auditors' report;
- (h) annual activity report of the board of directors;
- (i) annual balance sheet;
- (j) annual income statement.

In addition, foreign companies must give the Foreign Investment General Directorate (FIGD) information relating to:

- the capital and activities of the company;
- payments made to the capital accounts;
- share transfers.

Turkish companies with foreign shareholders must also submit any information and documents as requested by the FIGD.

Furthermore, disclosure and reporting requirements in respect of Turkish listed companies in Türkiye are governed by the relevant provisions of the Communiqué on Special Conditions (II-15.1) (published in the Official Gazette dated January 23, 2014 and numbered 28891), as amended by Communiqué No. II-15.1.c (the "Communiqué") issued by the CMB.

According to the provisions of the referenced Communiqué, persons (individuals and legal entities including such as companies, residents or non-residents, banks, finance companies) are subject to the disclosure obligations with respect to their direct or indirect investments in Turkish listed companies upon:

- acquiring or disposing of shares or voting rights that reach, exceed or fall below the threshold of 5%, 10%, 15%, 20%, 25%, 33%, 50%, 67% or 95% of the total capital or voting rights of a listed company; or
- acquiring financial instruments (such as convertible bonds) that entitle the holder to acquire voting rights in a listed company upon reaching, exceeding or falling below the same thresholds above.

Pursuant to the Communiqué, disclosure obligations for direct shareholding and voting rights threshold crossings are now fulfilled automatically by the Central Registry Agency (CRA) via the Public Disclosure Platform (PDP).

However, investors remain directly responsible for disclosures where:

(I) the interest is indirect (e.g., held through subsidiaries or trustees),

(II) the acquisition involves persons acting in concert, or

(III) the transaction results in changes to voting rights not automatically tracked by the CRA.

These obligations apply equally to domestic and foreign investors. Continuous disclosures are also required in cases where developments materially affect information previously disclosed.



› Investment controls

Türkiye's foreign investment legislation was revised most recently in 2003 through structural reforms. The procedures for foreign investment were simplified, some bureaucratic formalities abandoned, and the principle of equal treatment reemphasized. The major step realized was the introduction of a more investor-friendly Foreign Direct Investment Law (Law No. 4875) (the "FDIL") (published in the Official Gazette dated June 17, 2003, No. 25141) and the Regulation Regarding the Implementation of Foreign Direct Investment Law (published in the Official Gazette dated August 20, 2003 No. 25205).

According to the FDIL, foreign investors are no longer required to obtain permissions or approvals. Instead, foreign investors merely submit statistical and notification information to the General Directorate of Incentive Practices and Foreign Capital ("FIGD") via the E-TUYS online system.

The FIGD is authorized to:

- (a) assist and guide foreign investors in exploring investment opportunities in Türkiye,
- (b) receive and process foreign investment notifications, applications and grant investment incentives,
- (c) review and approve permits, royalty and management agreements and foreign credits for joint-venture companies, and
- (d) review and approve work permits within the investment context,
- (e) coordinate outward investment facilitation.

Pursuant to the related provisions of the FDIL, real and legal persons resident abroad may invest in Türkiye in order to engage in commercial activities, to participate in partnerships, to purchase shares, to open branches and to establish liaison offices, provided that such activities:

- (a) are in the fields in which the Turkish private sector is free to engage (certain fields are reserved for the Turkish State to engage in)
- (b) do not entail a monopoly or privilege, and
- (c) do not impair national security and public order of the country.

Note that the investor does not have to be in association with a national of the country to be permitted to invest, and that there are no limitations in the amount or manner of such investment. The equity participation ratio of foreign shareholders is not limited either. No minimum amount of capital is required. Any form of company included in the Turkish Commercial Code is acceptable. Indirect investments are likewise permitted without restriction.

The declaration requirements have been explained in V-A. above.

› Money transfers

Decree No. 32 Regarding the Protection of the Value of Turkish Currency (published in the Official Gazette, dated August 11, 1989, No. 20249) (as amended from time to time) issued by the Council of Ministers under the Law Regarding Protection of the Value of Turkish Currency (Law No. 1567) (published in the Official Gazette, dated February 25, 1930, No. 1433) (as amended from time to time) sets forth the rules regarding the Turkish foreign exchange regime.

Following the establishment of a foreign exchange market in September 1988, the Turkish lira exchange rate has been determined by market prices. Banks in Türkiye set their own foreign exchange rates independently of those announced by the Central Bank. Following the abolition of restrictions on the convertibility of the Turkish lira, the exchange of proceeds from transactions in Turkish securities by foreign investors was facilitated, and residents and non-residents were permitted to buy foreign exchange without limitation and transfer such foreign exchange abroad.

Foreign investors can freely transfer the following (any of which can arise from the activities and operations of foreign investors in Türkiye) through Turkish banks:

- Net profits
- Dividends
- Sale, liquidation and indemnity proceeds,
- Compensation payments,
- The amount to be paid in consideration of licence, management and similar agreements,
- Reimbursements and interest payments on foreign loans.

However, banks are required to notify the Central Bank of Turkish lira transfers made abroad (excluding payments for exports, imports or invisible trade) if the total exceeds USD 50,000 (or equivalent) within 30 days of the transfer.

Currency transactions are also subject to notification requirements under the Law Regarding the Prevention of Laundering of Crime Revenues (Law No. 5549, 2006), which imposes obligations on banks regarding customer identification, suspicious transaction reporting, and record retention.

Non-residents may freely take Turkish lira abroad up to the amount of TL 185,000 without the requirement for a declaration, yet amounts exceeding this threshold should be declared by prescribed cash declaration form. FX banknotes abroad in an amount exceeding USD

10,000 or an equivalent amount in another currency, provided that a declaration has been made upon their entrance to Türkiye.

Any money transfers from/to Türkiye must be carried out through a licensed Turkish bank. However, any money transfers from Türkiye to abroad exceeding USD 50,000 or the equivalent in any other foreign currency or TRY must be notified to the Central Bank by the bank in Türkiye which makes such transfer. Such notification is made for statistical purposes only.

Moreover, any money transfers from a country from abroad to Türkiye exceeding USD 50,000 or the equivalent in any other foreign currency, or TL 250,000 the relevant Turkish bank processing the transfer in Türkiye must receive written declaration of the respective client regarding the nature of the transfer (i.e. as to whether the transferred amounts are loan proceeds or not). If the respective client fails to submit such a written declaration, the Turkish bank acting as intermediary would not complete the relevant transfer and would return the transferred amounts back to the payor.



Business Structures

› Joint ventures

Joint ventures are permitted under Turkish Law. They can be incorporated in the form of a Joint Stock Company (Anonim Sirket) (the “JSC”) or a Limited Company (Limited Sirket) (the “LC”) (both of which are limited liability companies).

Regarding incorporation procedures, these two legal forms of limited liability companies are subject to the same requirements and processes. Save for various exceptions (such as holding companies), the obtainment of prior permission from any governmental authority is not required and incorporation is effected upon registration with the relevant Trade Registry following the filing of the required documents. The JSC is specifically preferred where shareholders with potentially conflicting interests come together, such as in a joint-venture.

Since the requirements for incorporation are the same for these two legal forms of companies, the time frame for the establishment of these companies is also the same. Since some of the required documents are to be notarized and apostilled in the relevant country, it usually takes approximately two to three weeks to complete the documentation procedure. However, upon completion of all documentation, it takes three days to incorporate a JSC or LC.

The new minimum capital requirements have been introduced by Presidential Decree No. 7887, published on November 25, 2023, entered into force as of January 1, 2024. Existing joint stock and limited liability companies are granted until December 31, 2026 to increase their capital to meet the updated thresholds.

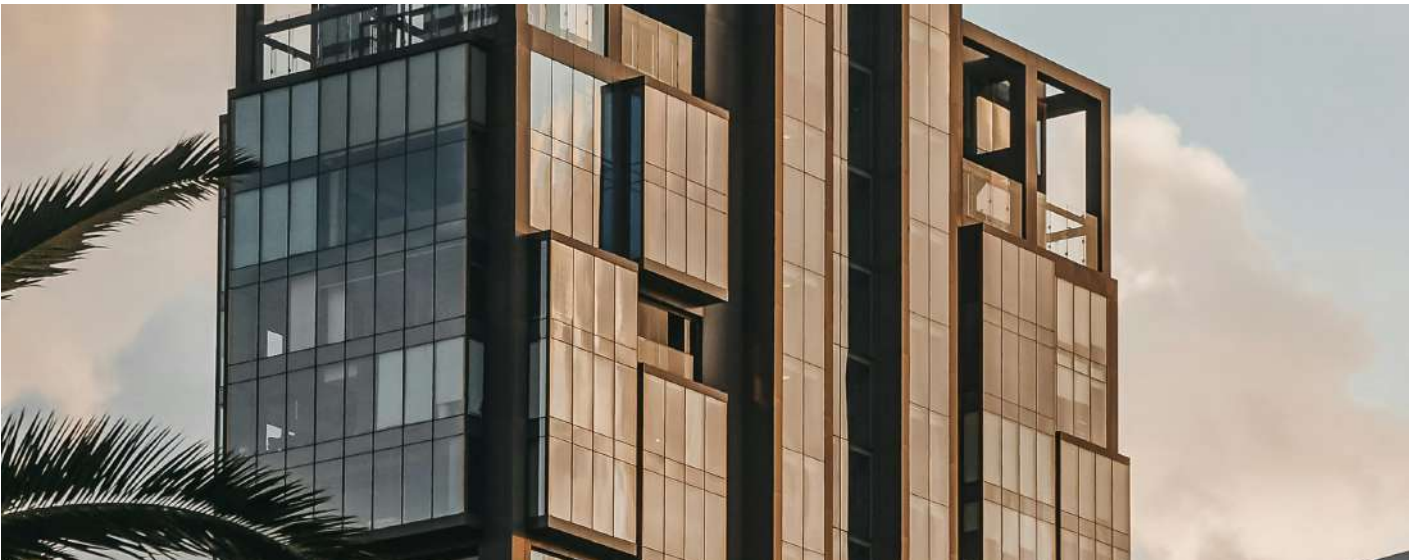
With respect to the costs for incorporation, costs differ in line with the contemplated share capital of the company to be incorporated. The minimum and updated capital required for an LC is TL50,000, whereas it is TL 250,000 for a JSC. For non-public joint stock companies that have adopted the registered capital system, the minimum and updated capital required is TL 500,000.

According to the Regulation Regarding the Implementation of Foreign Direct Investment Law published in the Official Gazette dated August 20, 2003 and numbered 25205, foreign shareholding companies are required to provide certain information to the Foreign Investment General Directorate regarding the capital and activities of the company (to be provided by the end of May each year), payments made to the capital accounts (to be provided within one month as of the date of payment) and share transfers either between the shareholders or from the shareholders to any third party (to be provided within one month as of the date of the transfer).

The inclusion of a national as a participant, manager or director is not required.

The investor’s potential liability is the general liability under Turkish Law.

As mentioned above, there are minimum capital requirements for these companies; however there is no upper limit.



› **Limited liability companies**

Limited liability companies are permitted under Turkish Law. There are two types of limited liability companies - JSC and LC.

Joint stock companies and limited liability companies require at least one shareholder. The Articles of Association of the company must be in writing and must be signed by the founders and certified by a notary public. Within 15 days after the date of the notarization of the Articles of Association by a notary public, the company will be registered with the Trade Registry where the head office of the company is located or affiliated. Following registration, the information required to be declared to the public will be announced in the Trade Registry Gazette.

Since some of the required documents are to be notarized and apostilled in the relevant country, it usually takes approximately two to three weeks to complete the documentation procedure. However, upon completion of all documentation, it takes three days to incorporate a JSC or LC.

With respect to the costs for incorporation, costs differ in line with the contemplated share capital of the company to be incorporated. The minimum capital required for an LC is TL50,000, whereas it is TL 250,000 for a JSC.

The inclusion of a national as a participant, manager or director is not required.

The investor's potential liability is the general liability under Turkish Law.

As mentioned above, there are minimum capital requirements for these companies; however there is no upper limit.

› **Liability companies/Unlimited**

Under Turkish Law, there are ordinary partnerships (consortiums) and commercial partnerships such as commandite (Komandit Sirket) and collective companies (Kollektif Sirket).

An ordinary partnership is not a legal entity but a group of entrepreneurs from the partnership. Two or more individuals may form an ordinary partnership by entering into an agreement. Ordinary partnerships may not have their own trade name, nor may they appear in the Trade Registry or the Land Registry. All partners have equal rights and are jointly and severally liable for all the debts and obligations. Statutory rules do not provide a detailed legal framework for the management or operation of ordinary partnerships.

A commercial partnership is a legal entity with a legal personality independent from its partners, and may be either a limited or general partnership. In a limited partnership which is Commandite Company, the general partners are fully liable for the debts of the partnership, but there are also one or more limited partners liable for the debts only up to the amount of the capital contributions they have made to the partnership. In a Commandite Company, at least two partners are required for incorporation and one of the partners must be commanditaires (partner with limited liability) and one of them must be a commandite (partner with unlimited liability) This type of business organization is rarely used. The other type of unlimited partnership which is Collective Company is founded for the purpose of operating a commercial activity under a trade name and none of its partners has limited liability towards the creditors of the partnership. In a Collective Company, at least two real persons are required for incorporation.

› **Partnerships/Undisclosed**

The partnership defined in above may be formed without disclosure.

› **Sole proprietorships**

Under Turkish Law sole proprietorships are in the form of Commandite Company or Collective Company. Therefore, please see the explanations in relation to these types of companies above in the Section D.

In addition, according to the Turkish Commercial Code a merchant is defined as a real or legal person operating in part or in full, a commercial enterprise. Furthermore, in order for an individual to be qualified as a "merchant" he/she must be registered with a Trade Register as an individual business. This can be evidenced with a certificate issued by the Trade Register which is called Trade Register Certificate (Ticaret Sicil Belgesi).

Such persons shall be considered merchants if:

- (a) the commercial enterprise is not yet in operation, although it is announced to public by circulars, newspapers etc. that such commercial enterprise has been established or
- (b) the commercial enterprise is not yet in operation although the establishment is registered with the trade registry.

› Subsidiaries/Branches/Representative offices

The incorporation of subsidiaries is subject to the same procedures as the incorporation of JSCs and LCs explained above.

In accordance with the provisions of the Foreign Direct Investment Law, foreign entities may establish branches in Türkiye.

The branch office of a foreign entity should reflect the title of the entity as well as the branch status. Establishment would be carried out through the permission of the General Directorate of Domestic Trade of the Ministry of Industry and Commerce (the “General Directorate”). There is no minimum capital requirement for branch offices. The most significant difference between a company and a branch is in regard to the responsibility for liabilities. A company’s (joint stock and limited company) liabilities are limited to its capital. In contrast, a branch’s obligations are limited not only to the branch’s capital, but also to its parent company’s assets.

It is not possible to give a definite estimate on branch registration expenses to be incurred. However, based on our past experience, it could be said that incorporation expenses cost approximately TL 55,000-60,000. The obtainment of the permission for the establishment of a branch office of a foreign company from the General Directorate, in practice, takes approximately 10 days provided that all the required documents and information are complete. Once the permission is obtained, the application for the registration to the Trade Register may be promptly made and the registration process with the relevant Trade Registry Office, in practice, takes approximately three to four days.

Branches are treated as non-resident limited liability companies for tax purposes, and only profits generated in Türkiye are subject to corporate tax. Under local foreign investment legislation, a branch of a foreign company is a type of foreign direct investment and the establishment of a branch is subject to the same requirements and procedures as a foreign company that intends to run a business in Türkiye.

Under Turkish law, a company incorporated and organized abroad may establish a liaison office in Türkiye as well. The liaison office cannot engage in trade, industrial or other business in its own name; it may however, engage in liaising activities with clients of its parent company. Therefore, liaison offices can neither directly issue invoices for goods sold nor services provided to clients, nor generate any income. The Foreign Investment General Directorate of the

Undersecretariat of Treasury, Prime Ministry of Türkiye (the “FIGD”) finalizes its evaluation for the issuance of permission for the establishment of a liaison office within five business days from the date of application, provided that all the required documents are duly submitted to the FIGD. The FIGD grants permission for the establishment of a liaison office for a maximum term of three years. The FIGD may, upon application, extend the term of such permit for an additional term, which may be for a term of maximum three years.

Pursuant to Article 7 of the Banking Law, banks except for branches of foreign banks to be incorporated in Türkiye are required to be organized as joint stock companies in Türkiye and obtain banking permission from the Banking Regulation and Supervision Agency (the “BRSA”) in order to provide banking activities in Türkiye.

In addition, the opening of first branches by foreign banks in Türkiye is subject to the prior authorisation of the BRSA. The decision on whether the application is complete is given within three months. Following the obtainment of such authorisation from the BRSA, an operation licence is also to be obtained from the BRSA in order for the foreign bank to start its business. The opening of representative offices by foreign banks is subject to the authorisation of the BRSA as well as on the condition that the representation offices will not accept deposits and participation funds, will not grant loans, will not perform banking activities indicated within this law, and will not act as an intermediary firm for these activities.

The inclusion of a national as a participant, manager or director is not required for any of the entities explained above.

› Trusts and other fiduciary entities

There is no trust concept under Turkish Law.

Establishing a Business

› Alien business law

Foreign investors can freely invest in Türkiye and shall be treated equally as the local investors, unless otherwise stipulated by international conventions or special laws.

According to the Foreign Direct Investment Law (“FDIL”), foreign investors are under the obligation to inform the FIGD annually. They are also obliged to notify the FIGD about the transactions that have been completed. Such obligations are regulated under the Regulation on the Implementations Foreign Direct Investment Law (“Regulation”). In accordance with the Regulation, foreign investors shall inform the FIGD (through an online platform, the Electronic Incentive Application and Foreign Investment Information System (E-TUYS) within the specific time stated by the Regulation by filling out certain types of notification forms which are annexed to the Regulation. In this respect, the information concerning the capital and activities of the foreign capitalized company, the payments made to the capital account, share transfers made between the current foreign or local shareholders or to the local or foreign investors that are outside the foreign capitalized company and the liaison offices within Türkiye are reported. Additionally, the local companies that are outside the scope of FDIL shall be obliged to inform the FIGD in the case of a contribution to the company by a foreign investor or in the case of a share transfer by way of contribution to the share capital of the company by a foreign investor resulting such company to fall within the scope of FDIL.

Under the coordination of the Presidency of the Republic of Türkiye Investment Office and in cooperation with all relevant public and private sector institutions, the “Türkiye Foreign Direct Investment Strategy (2024–2028)” was published in the Official Gazette No. 32616 on July 29, 2024, and entered into force. The Strategy aims to support green and digital transformation, establish a roadmap for knowledge- and technology-intensive, high value-added investments that create qualified employment, and define the steps to achieve long-term development objectives.

Within the scope of this Strategy, investments that contribute to Türkiye’s long-term economic development vision are classified as “Qualified FDI,” under which climate-friendly and digital investments are included.

The Strategy seeks to enhance the effectiveness of incentive mechanisms offered to investors for attracting Qualified FDI projects that will support Türkiye’s twin

transformation, develop alternative and innovative financing opportunities, implement environmentally friendly policies integrated with low-emission and digital production techniques, facilitate investor access to green energy, and improve an investment environment focused on circular economy and sustainability.





› Antitrust laws

The entity's operations have to comply with anti-trust laws. The major anti-trust law is the Law on the Protection of Competition (Law No. 4054). In addition, the following general and sector-specific laws should also be taken into consideration when operating in Türkiye: Regulation on Administrative Fines to Apply in Cases of Agreements, Concerted Practices and Decisions Limiting Competition and Abuses of Dominant Position, Regulation on Active Cooperation for Detecting Cartels, Regulation on the Settlement Procedure, the Block Exemption Communiqué on Vertical Agreements No. 2002/ 2 as amended by the Competition Board Communiqué No. 2003/3, 2007/2 and 2021/4, the Block Exemption Communiqué on Research and Development Agreements No. 2016/5, the Block Exemption Communiqué on Technology Transfer Agreements No. 2008/2, Block Exemption Communiqué in Relation to the Insurance Sector No. 2008/3 and the Block Exemption Communiqué on Vertical Agreements and Concerted Practices in the Motor Vehicle Sector No. 2017/3, Communiqué Concerning the Mergers and Acquisitions Calling for the Authorization of the Competition Board No 2010/4, as amended by the Competition Board Communiqué No. 2022/2, Communiqué On Agreements, Concerted Practices And Decisions And Practices Of Associations Of Undertakings that do not Significantly Restrict Competition No 2021/3 and Block Exemption Communiqué in Relation to Specialization Agreements No. 2025/2.

According to the Communiqué on the Payments to be Made by Joint-Stock and Limited Companies Pursuant to the Act No 4054 (Communiqué No: 2017/4), during the establishment of a joint stock company or a limited liability company and prior to increasing the capital of the same, an amount equal to 0.004% of the capital of the new company or of the increasing amount is paid to Turkish Competition Authority.

› Environmental regulations

The environmental laws and regulations are administered at the national level by the Ministry of the Environment and Urban Affairs, as well as by a variety of regional and local authorities, and regulate, among other things, waste water discharge, air pollution and solid waste disposal. Under the environmental law and regulations, the administering authorities may suspend or terminate, in whole or in part, non-complying operations, levy monetary penalties on non-complying entities and require non-complying entities to bear the cost of related remediation programs. In addition, the environmental laws provide that a person or entity may be liable to third parties who incur damages as a result of actions of such person or entity which are harmful to the environment.

The Environmental Law introduces certain concepts such as environmental pollution and principles, prohibitions, environmental pollution protection fund and administrative penalties. Entities that pollute or harm the environment are objectively (based at no-fault) responsible for the results. In addition to the above please note that the Republic of Türkiye ratified the UN Framework Convention on Climate Change.

According to the Environmental Law, entities that intend to engage in activities which may cause environmental problems should prepare an "Environmental Impact Assessment Report". The entities should establish purifying plants, otherwise operation permits shall not be granted. Furthermore, the investor of the business using waste water infrastructure systems or the investors who will be using such systems shall be subject to fees which are determined in accordance with the tariffs set forth by the relevant authorities for the management, maintenance and repayment of the purifying systems.



› Climate Law entered into force

Climate Law (Law No. 7552) (“CL”) entered into force upon its publication in the Official Gazette dated July 9, 2025 and numbered 32951. CL is the first comprehensive legal regulation to combat climate change in line with Türkiye’s 2053 Net Zero Emission target, and the legal basis for carbon pricing mechanisms has been established.

The primary objective of the CL is to systematically address climate change at the institutional, economic, and environmental levels, in accordance with Türkiye’s 2053 Net Zero Emissions target. CL establishes an Emissions Trading System (it is a market-based mechanism designed to reduce greenhouse gas emissions in a cost-effective manner) (“ETS”), as well as imposes responsibilities on all stakeholders, public and private, and lays the foundation for a dimensional transformation process involving central and local governments. In accordance to ETS:

Businesses carrying out activities that directly cause greenhouse gas emissions are required to obtain a “greenhouse gas emission permit” from the Climate Change Presidency in order to continue these activities; this permit can be updated or canceled in case of changes in the facility or operator structure.

Businesses will be obliged to deliver the allocations determined for each ton of carbon dioxide equivalent emissions to the system. As of the effective date of the Law, it shall be deemed that business possess a one-time greenhouse gas emission permit for a period of three (3) years in order to continue their operations within the scope of the ETS. During the validity period of such permit, any changes in the facility or operator structure may result in the amendment or revocation of the permit. Allocations to be traded in the ETS market will not be subject to auction legislation, which will allow the system to operate more flexibly.

The pilot is set to begin in 2026, as data from official sources, though not explicitly stated in the law, indicate.

The Carbon Market Board will be responsible for the regulation and oversight of the system. The Climate Law introduces a range of sanctions, particularly in core areas such as emission reporting, permitting, allowance surrender obligations, and compliance with environmental requirements. Administrative fines vary depending on the nature of the violation, ranging from TL120,000 to TL50,000,000, which constitutes the statutory upper limit. While non-compliance with technical obligations such as labelling and reporting is subject to penalties at the lower end of the scale, more severe breaches—such as operating without an emissions permit, failure to surrender allowances, or exceeding assigned quotas—are penalised closer to the maximum threshold.

Violations within the scope of the ETS are of particular significance (i) in cases of operation without a valid emissions permit, an administrative fine of TL 5 per tonne of CO₂ equivalent is imposed if a verified report exists; otherwise, fines range from TL 1,000,000 to TL 10,000,000, (ii) for non-compliance with the allowance surrender obligation, an administrative fine equal to twice the market price is imposed per missing unit, (iii) if the operator fails to surrender at least 80% of the required allowances for three consecutive years, the emissions permit is revoked, and a new permit cannot be issued for a period of 3 to 6 months and (iv) in cases of repetition, fines are subject to escalation. Where the non-compliance is not remedied, the Ministry may grant the operator a one-time grace period of up to one year. If the violation persists beyond this period, the relevant activity may be temporarily suspended. The obligations regarding the preparation and adaptation of the legislation and planning instruments specified in the adopted proposal shall be fulfilled by the relevant institutions and organizations no later than 31 December 2027, and the Ministry shall be authorized to extend this period by up to one year.

› Government approvals

The pre-establishment permits to be taken from the Treasury and Ministry of Industry and Trade required by the previous legislation for the establishment of foreign capital company have been abolished.

› Insurance

There are several players in insurance market. According to article 10 of the Law on Disaster Insurances numbered 6305, independent sections as defined by the Property Ownership Law, residential buildings built on the immovable registered to title deeds and subject to private ownership, as well as the independent sections of these buildings used as an office, business establishment and for similar purposes and buildings built by the government or by the loans granted by the government because of natural disasters are subject to compulsory earthquake insurance. Public buildings and buildings constructed in rural areas are not required to carry insurance.

In addition, according to the Decree of the Council of Ministers No. 2010/190, real persons or legal entities operating in the production, storage, transportation, sale and use of natural or synthetic, solid, liquid or gas in the form of any flammable, combustible, explosive and caustic materials; real persons or legal entities operated in collection, transportation, temporary and interim storage, recycling, reuse and disposal activities of hazardous wastes within the scope of Environmental Law (Law No. 2872) dated August 9, 1983 have to carry hazardous materials or hazardous waste liability insurances.

In addition, according to the Decree of the Council of Ministers No. 2010/190, real persons or legal entities operating in the production, storage, transportation, sale and use of natural or synthetic, solid, liquid or gas in the form of any flammable, combustible, explosive and caustic materials; real persons or legal entities operated in collection, transportation, temporary and interim storage, recycling, reuse and disposal activities of hazardous wastes within the scope of Environmental Law (Law No. 2872) dated August 9, 1983 have to carry hazardous materials or hazardous waste liability insurances.

Moreover, LPG filling facilities have to carry bottle gas liability insurance in addition to the hazardous waste liability insurance.

On the other hand, there are optional insurances for enterprises such as for fire, lightning, and storms.

Risks related to earthquake or hazardous wastes which may cause personal injury or pecuniary damage of third

parties must be insured. Moreover, the businesses can carry insurance for accidents such as fire, explosion, vehicle impact, costs of removal of debris and for natural disasters such as storm, lightning, landslide, snow weight, etc.

Malicious acts and terrorism, floods, inflation, glass breakage, fire, rental loss, costs of workplace change due to the damage, breach of trust, personal accident, employer's liability and theft might be insured as well.

› Licenses/Permits

According to the FDIL and the Governmental Decree in Force of Law No. 32 Regarding the Protection of the Value of Turkish Currency (“Decree No. 32”), unless otherwise provided by international conventions or special laws, direct foreign investments are not subject to any special license, permit or approval under the laws of Türkiye other than those required within the standard procedures of the establishment of a company.

However, the permit of the Ministry Customs and Trade is required in foundation and the amendment to the articles of association of banks, participation banks, financial leasing companies, factoring companies, consumer finance companies, asset management companies, insurance companies, commodity market companies, holding companies, foreign exchange dealers, public bonded warehouse operators, public companies subject to the Capital Market Law, and free trade zone founders and operators.

In some cases the permission of the Competition Board might be required for the validity of the transactions concerning mergers and acquisitions. The main purpose of the Competition Board (the “Board”) in Türkiye is the protection and the development of effective competition in the relevant markets. The activities of the Board are mainly regulated by Law No. 4054 on the Protection of Competition and several communiqués, including the Communiqué concerning the Mergers and Acquisitions Calling for the Authorization of the Competition Board (Communiqué no 2010/4) as amended by Communiqué no 2022/2 (the “Communiqué”). Under Article 7 of the Communiqué, if as a result of a merger or acquisition

a) total turnovers of the transaction parties in Türkiye exceed TRY 750 million, and turnovers of at least two of the transaction parties in Türkiye each exceeds TL 250 million; or (b) in acquisition transactions the asset or activity subject to be acquired, and in merger transactions at least one of the transaction parties have a turnover in Türkiye exceeding TL 250 million, and at least one of the other transaction parties has a global turnover exceeding TL 3 billion, such transaction is subject to the authorization of the Board and the filing of a notification shall be required.

Additionally, in transactions involving the acquisition of technology undertakings (i.e., undertakings operating in the field of digital platforms, software or gaming software, financial technologies, biotechnology, pharmacology, agricultural chemicals or healthcare technologies, or their related assets) which operate or have R&D activities in the geographical market of Türkiye or which provide services to users in Türkiye, the TL 250 million thresholds in (a) and (b) of the above paragraph shall not apply.

or healthcare technologies, or their related assets) which operate or have R&D activities in the geographical market of Türkiye or which provide services to users in Türkiye, the TL 250 million thresholds in (a) and (b) of the above paragraph shall not apply.

Foreign investors are not subject to any approvals but are only required to inform the relevant authorities in certain situations and that all transactions for establishing a company with foreign capital shall be the same as with local companies. Therefore, the foreign investors shall only get the approvals that are required for the establishment of local companies as per the Turkish Commercial Law. As per the current laws and regulations, a company can be established as soon as all the relevant documentation is submitted to the relevant Trade Registry Office. In cases where the need arises for filing an application before the Turkish Competition Board in order to obtain clearance, submission of the documents such as annual reports and financial statements, balance sheets and organization charts as well as detailed information on the transaction shall be required.

The process for the establishment of a company is completed as soon as all the relevant documentation is submitted to the authorities.



Operating a Business

› Advertising

There are restrictions for certain professions (legal, medical, etc.) and certain products (alcoholic drinks, cigarettes). As Türkiye signed the "European Treaty on Television without Frontiers", it is subject to the restrictive provisions of that treaty with regard to advertisements (e. g. the violation of public policy).

› Local attorneys

According to Article 35 of the Attorneys' Act ("AA") the ability to act in front of the courts, arbitrators and similar judiciary organs is granted only to attorneys admitted to the bar. Attorneys may also represent their clients in front of other public institutions, i.e. land registries. The AA further states that the joint stock companies and construction cooperatives having 100 or more than 100 share holders with a share capital which is five times more than the share capital amount stated in Article 272 of Turkish Commercial Code, being TL 250,000, are obliged to have a contracted lawyer. Companies acting contrary to this obligation shall be subject to an administrative fine calculated as twice the monthly gross minimum wage for each month of non-compliance.

Local counsels are listed on the Turkish Bar Association website and are also admitted to the bar of the city in which they have completed internships. The contact details of the attorneys can be found on the relevant websites.

According to Article 164 of AA, the attorney fees cannot be less than the minimum amount which is set annually by the Turkish Bar Association. Attorney fees can be determined as a certain percentage of the total value or the amount of the asset being the subject matter of the judgement on the condition that it not to exceed 25% of such amount.

› Bookkeeping

According to Article 64 of the Turkish Commercial Code, every merchant shall keep the books required by the character and the importance of his undertaking with a view to establish the economic and the financial situation of his commercial undertaking, the relations of debts due by or owing to him and the results obtained in the course of each year in the Turkish language, provided that the provisions of other laws are reserved.

If the merchant is a legal entity, the journal, the ledger, the balance-sheet book and the book of resolution shall be kept.

Further to an amendment made to Article 215 of the Tax Procedure Law ("TPL") in 2004, the books that shall be kept in accordance with the TPL can be in another language provided that Turkish records are also kept within the same book. The law further states that Turkish currency shall be used for the documents and records that are kept in line with the TPL. Such documents and records can also be kept in foreign currencies on the condition that the equivalent of such figures is as well indicated in Turkish currency. Moreover, it is not required to use Turkish currency on the documents that has been prepared abroad on behalf of the customers, additionally the transactions that have been made over Turkish currency can be converted to the relevant foreign currency equivalent (i.e. Euro) over the daily purchase rate of the Central Bank of Türkiye.

› Keeping Commercial Books Electronically

In Türkiye, regulations on keeping commercial books electronically have undergone significant changes in recent years in line with digitalization and corporate transparency objectives. The primary legal basis in this area is Article 64 of the Turkish Commercial Code (Law No. 6102), which permits commercial books to be kept in electronic form and grants the Ministry of Trade the authority to mandate electronic keeping for certain books. Based on this authority, the Communiqué on Keeping Non-Accounting Commercial Books Electronically, published in the Official Gazette on February 14, 2025 (No. 32813), introduced an obligation for certain companies to maintain specific commercial books electronically. The communiqué regulates the procedures and principles for keeping non-accounting commercial books such as the share ledger, board of directors' resolution book, managers' resolution book, and general assembly meeting and negotiation book in electronic form.

Under the new regulation, as of July 1, 2025, companies whose incorporation and articles of association amendments are subject to the approval of the Ministry of Trade (such as publicly held joint-stock companies, banks, insurance companies, and financial institutions) are required to keep these books electronically. Furthermore, all commercial companies (joint-stock, limited liability, partnerships, and cooperatives) registered with the trade registry after January 1, 2026 must maintain these books electronically from their incorporation.

For existing companies outside this scope, the transition to electronic books is currently optional; however, companies that voluntarily adopt the system must keep all relevant books electronically, and once the transition is made, reverting to physical books is not permitted.

Companies within the mandatory scope must close their physical books and switch to the Electronic Commercial Book System (ETDS) within two months from the date the obligation arises. During this process, a resolution by the governing body must be prepared in accordance with the sample provided in the annex of the Communiqué and notarized. Companies opting for voluntary transition must follow the same procedure. After the transition, share ledger records must be transferred to the system, board and general assembly resolutions must be uploaded to ETDS, and a system user must be authorized. The system user can be selected from among the members of the governing body or third parties; foreign nationals may also be appointed as users.

› Business ethics/codes

There are various business ethics in Türkiye. These ethics forbid unfair competition, violations of agreements, informality and threat, destructive competition, tax evasion, abusing the legal loopholes, denigration, etc.

› Consumer protection laws

The rights of consumers are protected under various laws and regulations such as:

Product liability and product safety are regulated by the:

- Turkish Code of Obligations (Law No.6098)
- Law Regarding the Protection of the Consumer (Law No.6502, 2013)
- Law on the Preparation and Implementation of Technical Legislation on Products, which, to a large extent, implements Directive 2001/95/EC on general product safety (Law No.4703, 2001)
- Regulation on Market Surveillance and the Auditing of Products (based on Law No.4703, 2002)

Please note that product liability is also regulated under other various pieces of legislation specific to certain goods or services such as textiles, food and cosmetics.

As per the relevant legislations the manufacturer or seller of a product is held liable if the product:

- Is defective;
- Is not fit for its purpose;
- Does not display the usual qualities expected of such a product.

The supplier, dealer, agent, manufacturer or producer, importer and creditor, who provided a means of payment to the consumer, are all jointly and severally liable to the consumer for defective goods.

› Construction

In the Communiqué on Real Estate Tax Serial No. 62, a standard square-meter cost of building constructions was included and a chart added as an annex.

Pursuant to the Zoning Law, before starting construction, those who wish to construct a building located within or outside the boundaries of a municipality are firstly required to obtain a construction license. This license shall be deemed to be expired if the building has not been completed within five years from the date of the construction license and the construction must be started within two years as of the date of the construction license.

Once construction of a building is completed, the owner is required to obtain a building utilization permit which confirms that the building is constructed in accordance with the construction license.

In addition to the foregoing, a secondary license, namely the occupancy permit, has to be obtained from the municipality following the termination of the construction works. The occupancy permits evidences that the relevant building has been constructed in compliance with the official requirements. Therefore, a building may comply with the legislation provided that both the construction license and occupancy permit are obtained.

According to the Regulation on Workplace Permits, a workplace cannot be opened or operated without duly obtaining a workplace opening and operating permit from the competent authorities.

Upon completion of the construction, a building utilization permit must also be obtained for using the buildings legally and connecting the building to electricity, water and canalization systems.

In order to have building authorization, building owners or their legal representatives shall apply to municipalities or to governorate offices with a petition.

Pursuant to article 8 of Free Zone Implementation Regulation, the Free Zone Regional Directorate is the authority in charge of all approval and auditing works in the construction phase of the buildings established on free zones.

If the application documents are not incorrect or incomplete, building permit will be granted at the latest within 30 days.

Each governmental institution has its own fee debt depending on the variables.

› **Contracts**

An investor can freely enter into local contracts.

According to the Turkish Code of Obligation, the contracts are valid when not made in writing; the written form is only required as a proof condition. However, if a contract shall be registered with a registry or it is required by mandatory provisions of law, the contract has to be notarised, as a validity condition.

Contracts can be governed by the law of another country. Pursuant to Article 24 of Law on International Private Law and Procedural (Law No.5718), the relations of the obligations arising from a contract shall be subject to the law expressly selected by the parties.

› **Price controls**

There are some price controls over some areas. Aeronautics, the radio and television supreme council, medicine, tobacco are some examples of areas subject to price controls in Türkiye.

› **Product registration**

The registration of products in relation to pharmaceuticals, food and textiles are required under Turkish law.

The registration is obtained by the submission of the documentation required under the relevant law to the governmental authority, for example, in the case of pharmaceuticals to the Ministry of Health.

It is not possible to give a precise timeline as the registration process depends on the relevant law applicable for the product in question and the relevant competent authority which shall complete the registration.

The fees and costs which may arise as per the applicable law such as the costs to be made to receive an inspection and approval shall be borne by the applicant.

› **Reductions or return on capital**

According to Article 15(d)(i) of the Decree No. 32 Regarding Protection of the Value of Turkish Currency (the “Decree No. 32”) (which governs Turkish foreign exchanges) issued by the Council of Ministers under the Law Regarding Protection of the Value of Turkish

Currency (Law No. 1567), the persons (individuals and legal entities such as companies, funds, banks, finance companies etc.) resident outside Türkiye may freely and without the consent, approval, permission, authorization, license, exemption from or registration, filing, notification, written agreement with any Turkish regulatory authority including the Treasury, Prime ministry of the Republic of Türkiye, the Capital Market Board (the “CMB”) and the Central Bank of the Republic of Türkiye, purchase and sell all kinds of Turkish securities (including shares) and other capital market instruments with the intermediation of banks and brokerage firms in Türkiye and may freely repatriate their sale proceeds and income such as interest and dividends to abroad through banks in Türkiye.

› **Sale of goods**

Pursuant to Article 19 of the Turkish Code of Obligations (Law No. 6098) (the “TCO”), the subject matter of an agreement may be freely determined by the parties within the bounds specified by TCO. Such bounds have been laid down as “violation of mandatory provisions of TCO, inconsistency with ethics, public order or personal rights, or impossibility of the subject matter.” Failure to comply with these bounds shall affect the validity of the agreement. Additionally, further to the rule of freedom of contracts envisaged in Article 26 of the TCO, the parties may freely agree on the terms of the agreement. Furthermore, due to factors such as environment, health, culture, international conventions, or other reasons, Türkiye forbids the export and import of certain products such as drugs.

› Trade associations

There are chambers of commerce in each city to which each legal entity must be registered. Also there are professional unions such as unions or chambers of merchants and craftsmen that entities can join.

The chambers of commerce and some associations may require an annual subscription fee.

According to the TCC, commercial provisions are applied in the following order:

- Mandatory provisions
- Contract provisions
- Replacement provisions
- Trade customs
- Trade practices
- General provisions

Moreover, according to article 2 of the TCC, unless otherwise implied by the law, in case the parties are not in the same region, the business practice of the place of performance shall be applicable. In case one of the parties is not a merchant, business practices shall be applied in case these trade practices are known or should have known by this party.

› Terminating a business

The liquidation process takes about one year and the business is terminated after the submission of the relevant documentation to the Trade Registry Office.

The most common forms of businesses established in Türkiye are joint stock companies and limited liability companies. The dissolution of joint stock companies is subject to strict provisions of law and the company can only be dissolved as per such rules. The reason behind this is to protect the creditors of a joint stock company as the shareholders of a joint stock company are not personally liable for the debts of a company but have a limited liability with the company's net worth assets.

The provisions regulating the principles to be applied for the dissolution of a joint stock company are also applicable for the dissolution of limited liability companies.

Except in cases wherein the company merged with another company, converted into a limited liability company or transferred to a public law corporation, the dissolved company shall enter into liquidation. Once the company enters into liquidation, a liquidation officer is assigned and the liquidation process is carried out by the supervision of such liquidation officer.

According to Article 162 of the Tax Procedure Law, news of the termination of the business shall be given to the relevant tax office, otherwise the tax payer will

continue to be liable for the taxes. Furthermore, in the event of termination and liquidation, the companies are subject to special arrangements as per the provisions of the Corporate Tax Law and are treated as the same without being subject to any special arrangements as per the other applicable tax laws such as Income Tax Law.

Joint stock companies are dissolved in one of the following cases:

- The expiration of the term for which they have been constituted in case the company does not continue to operate after the expiration date as an undefined term company;
- The realization of the object of the company or the impossibility of its realization;
- The realization of any cause of dissolution provided for by articles of association;
- Amalgamation with another company;
- Bankruptcy of the company;
- A resolution has been adopted by general assembly on the dissolution.
- Other circumstances determined in laws

Upon the termination of the business, the receivables of public administrations and employees are paid primarily.

In the event of insolvency or bankruptcy, the company is responsible with its net worth, assets, and its right with third parties. The shareholders have no personal responsibility.



Real Estate

› Overview

Real estate transactions in Türkiye are governed by a robust legal framework designed to ensure transparency, security, and compliance with national regulations.

› Laws

The primary legislation includes the Turkish Civil Code (Law No. 4721), Land Registry Law (Law No. 2644), Zoning Law (Law No. 3194), and the Condominium Law (Law No. 634), complemented by various regulations and administrative guidelines. These laws collectively regulate the acquisition, transfer, and registration of immovable property, as well as related rights such as mortgages, easements, and usufructs.

Ownership of real estate in Türkiye is perfected through registration with the Land Registry (Tapu Sicili), which operates under the principle of public disclosure and legal certainty. The transfer of title requires an official deed executed before the Land Registry Directorate, and ownership is only recognized upon registration. Supporting documentation typically includes identity documents, the title deed, tax receipts, and, where applicable, notarized powers of attorney. Failure to comply with statutory requirements may result in nullity of the transaction or subsequent legal disputes.

› Acquisition by Foreign Investors

Foreign individuals and entities may acquire real estate in Türkiye subject to specific statutory limitations under Articles 35 and 36 of the Land Registry Law (Law No. 2644). Foreign nationals from countries designated by the President of the Republic are permitted to purchase property, provided that the property is not located in military or security zones and does not exceed the statutory area limits (currently 30 hectares per person nationwide, with the possibility of extension by presidential decree). Foreign-owned companies incorporated in Türkiye may also acquire property, provided the acquisition aligns with their corporate purpose and complies with relevant approvals.

Foreign buyers may acquire various types of property, including residential, commercial, and land plots. However, undeveloped land acquisitions require submission of a development project to the competent ministry within two years. Certain sensitive areas, such as agricultural land or cultural heritage zones, require additional ministerial approvals. All transactions must be supported by an official valuation report and payment through a Turkish bank to ensure compliance with anti-money laundering regulations.





› Citizenship by Investment through Real Estate

Türkiye offers an attractive citizenship-by-investment program for foreign investors under the Regulation on the Implementation of the Turkish Citizenship Law No. 5901. Pursuant to Article 20, foreign nationals who purchase real estate worth at least USD 400,000 (or equivalent in foreign currency) and undertake not to sell the property for a minimum of three years may apply for Turkish citizenship. The commitment must be annotated in the land registry, and the transaction must be formalized through a notarized agreement and registered with the Land Registry Directorate. Multiple properties may be combined to meet the minimum investment threshold, provided they are acquired under the same application process.

The process involves obtaining a valuation report, securing a currency purchase certificate, and ensuring that the purchase price is transferred via a Turkish bank. Once the property is registered with the non-sale annotation, the investor may apply for a Certificate of Conformity from the Ministry of Environment, Urbanization, and Climate Change, which serves as the basis for the citizenship application. The entire process typically takes between three to six months, and successful applicants may include their spouse and dependent children in the application.

Labour Relations



› Employer/Employee relations

Employment relationships are regulated by the Labour Code No. 4857 (Labour Code) together with its relevant regulations. The Labour Code applies to both Turkish and foreign employers and employees working for a Turkish entity in Türkiye.

In addition to the Labour Code, Social Insurance and Universal Health Insurance Law No. 5510 is also applicable to employer/employee relations.

› Employment regulations

An investor does not have to hire nationals of the country but there are some conditions for foreign people to work in Türkiye. Foreign employees must obtain a:

- Work Permit (to be obtained from the Ministry of Labour and Social Security)
- Work Visa (to be obtained from the diplomatic representatives of Türkiye)
- Residence Permit (to be obtained from Immigration Authority)

The minimum wage for the year 2025, the monthly minimum gross salary amount is TL 26,005.50.

The general weekly working time is 45 hours. This amount can be distributed unequally to days upon obtaining the employee's consent. However, as per article 63 of the Labour Code, the maximum period that an employee can work is 11 hours per day. Total annual overtime work shall not be more than 270 hours in a year.

Employees who have completed a minimum of one year of service in the establishment since their recruitment, including the probation period, shall be allowed to take annual leave with pay.

The length of the employee's annual leave with pay shall not be less than;

- 14 days if the length of his service is between one to five years, (five included),
- 20 days if it is more than five and less than 15 years,
- 26 days if it is 15 years and more (15 included).

For employees younger than 18 years old and older than 50 years old, the length of annual leave with pay must not be less than 20 days.

Employees are entitled to take paid sick leave up to one week in case a medical report evidencing their situation is submitted to the employer. Following such period, if the absence of the employee due to illness is extended, the leave becomes on an unpaid basis.

In the event of such absences the employee must provide the employer with a medical report setting out the duration of the ill-health absence.

› Hiring and firing

There is no regulation stipulating a minimum number of people to employ in Türkiye. Investors are not required to employ a minimum number of nationals. There is no regulation concerning the position of nationals. However, in workplaces where 50 or more employees are employed, the Labour Code requires the employers to ensure that 3% of the workforce is composed of disabled employees in full-time roles that are suitable in respect of their professional qualifications and physical and psychological status.

Open-ended employment contracts with a duration of one year or more should be executed in writing. Employment contracts should be executed in Turkish if they are concluded between Turkish citizen employees and legal entities incorporated under the laws of Türkiye. Failing to do so will invalidate the contract. If there is no written contract, the employer, must within two months of commencement of employment, provide the employee with a document outlining the general and specific working conditions, daily or weekly work periods, the term of the employment contract, if specified; the amount of salary and any additional payments such as allowances, bonuses, premiums, etc., the intervals at which salary is paid and the conditions of termination.

The Labour Code requires a written termination notice to be served on the employee and signed by the employee. In this regard, the notice must be served through a notary public or by hand delivery or registered postage-paid mail.

In the event that the employee refuses to accept delivery of a notice served by hand delivery, an attendance record of the refusal to accept delivery must be drawn up in the place of delivery.

In the event that the notifications served through a notary public or the post office (via registered postage-paid mail) are not accepted by the employee, the reason for such failure of notification must be set out on the notification envelope by the notifying party, the employer. The employer is obliged to draw up a record of a returned notification.

An investor would not have a continuing obligation towards dismissed employees.

› Labour availability

Türkiye has a young population and sufficient adequate skilled and unskilled labour is available in almost every sector.

› Labour permits

The Law on International Labour Force (Law No. 6735) requires foreigners to obtain a permit before they start to work either independently or for an organization in Türkiye, unless otherwise provided in any bilateral or multi-lateral agreements to which Türkiye is a party.

Furthermore, a work permit is valid only when the required work visa and residence permit are obtained. Accordingly, a foreigner who wishes to work in Türkiye must obtain the following:

- Work Permit (to be obtained from the Ministry of Labour and Social Security);
- Work Visa (to be obtained from the diplomatic representatives of Türkiye); and
- Residence Permit (to be obtained from the Immigration Authority.)

Foreigners residing outside of Türkiye shall make applications to representation offices of the Republic of Türkiye in their country. Representatives convey these applications directly to the relevant ministry in Türkiye. The ministry evaluates these applications by taking the views of the relevant authorities and work permits will be granted to foreigners whose situations are considered as appropriate. This permission will take effect in case of work visa and residence permit is taken.

Foreigners with valid residence permits in Türkiye or their employers can make their applications to the ministry within the country. Applications are concluded in 30 days at the latest by the ministry, on the condition that all documents are whole and complete. Residence permit fees and approval fees of the Ministry of Foreign Affairs are involved. Residence permit fees vary upon nationality of the applicant.

For the year of 2025, the fee for work permits with a definite period is TL 10,571.60 for one year and TL 31,714.80 for three years. For indefinite work permits and independent work permits, the fee is TL 105,760.60. In addition, a valuable paper fee of TL 810 applies to each permit. These fees are subject to annual adjustments based on the revaluation rate announced by the Ministry of Treasury and Finance.



For entry-level positions such as domestic workers, the minimum salary requirement is equal to the statutory minimum wage. For roles in the tourism and hospitality sector, such as masseurs and SPA therapists, the threshold is twice the minimum wage. Sales and marketing personnel must receive at least 1.5 times the minimum wage, while qualified professionals such as teachers and doctors are subject to a three-times multiplier. Senior positions, including managers and engineers, require a salary of at least four times the minimum wage. For highly specialized roles that require prior authorization, such as pilots or senior engineers, the threshold rises to 6.5 times the minimum wage.

Failure to comply with these salary requirements will result in the rejection of the work permit application. Employers should also ensure that salary payments are made through Turkish banks to comply with financial transparency and anti-money laundering regulations.

› Safety standards

With a view to ensure occupational health and safety in their establishments, employers shall take all necessary measures and maintain all needed means and tools in full; and employees are under the obligation to obey and observe all the measures taken in the field of occupational health and safety.

In order to ensure compliance with and to supervise the measures taken for occupational health and work safety at the establishment, the employer must inform the employees about the occupational risks and measures that must be taken against them as well as employees' legal rights and obligations and, in this connection, he must provide the employees with the necessary training on occupational health and safety.

The principles and methods of training shall be indicated in the regulation to be issued by the Ministry of Labour and Social Security.

› Unions

Unions are recognized in Türkiye. TISK contains many unions in different branches such as metal industrialists union, Turkish Textile Employers' Association, Turkish Union of Public Heavy Industry and Services Sector Employers. As per article 26 of the Law on Trade Unions and Collective Bargaining Agreements No. 6356, unions are prohibited to use the name, logo, symbols and emblems of political parties. In addition, the same article also foresees that the membership status of the unions' managers is suspended in case they stand as candidates in general and local elections and they cease their status if they are being elected.

Employers are not obligated to organise unions, it is purely optional. Collective bargaining agreements are regulated by the Law on Trade Unions and Collective Bargaining Agreement. Collective bargaining agreements are agreements that are executed between the employee trade unions and employer trade unions or employers that are not members of employer trade unions.

Dispute Resolution

› Turkish Courts

The Turkish judicial system is structured in three tiers: courts of first instance, regional courts of appeal, and the Court of Cassation. This three-level structure ensures that cases are reviewed both on facts and law, while also safeguarding the uniform application of law across the country.

There are four main branches of jurisdiction in Türkiye: civil judiciary, administrative judiciary, constitutional judiciary, and the Court of Jurisdictional Disputes. The civil judiciary encompasses both civil and criminal courts. As a general rule, civil cases are heard before the court of the defendant's domicile, whereas criminal cases fall within the jurisdiction of the court where the offence was committed. Administrative disputes are resolved before administrative and tax courts, with the Council of State, serving as the highest authority in this branch. Constitutional review is exercised by the Constitutional Court, both through abstract and concrete review, as well as individual applications. Finally, conflicts of jurisdiction or judgments between civil and administrative courts are definitively resolved by the Court of Jurisdictional Disputes.

The procedural framework is codified separately for each branch: the Code of Civil Procedure No. 6100 governs civil cases, the Criminal Procedure Code No. 5271 governs criminal cases, and the Administrative Procedure Act No. 2577 applies to administrative proceedings. Furthermore, specialized courts have been established to handle disputes in areas such as commerce, labour, consumer protection, family law, intellectual and industrial property, enforcement, and taxation.

With respect to remedies, civil and criminal cases are first reviewed by the Regional Courts of Appeal, and may then be brought before the Court of Cassation provided that the statutory monetary thresholds are exceeded. For 2025, the threshold for appeal to the regional courts is TL 40,000, and the threshold for cassation before the Court of Cassation is TL 544,000. In administrative matters, appeals are examined by regional administrative courts, although certain cases may be brought directly before the Council of State.

In recent years, a mandatory mediation mechanism has been introduced with the aim of alleviating the caseload of courts and encouraging faster settlements. Mediation has become a pre-condition to litigation in many areas, including commercial, labour, and consumer disputes. Since 2012, individuals have also been entitled to lodge constitutional complaints (individual applications) before the Constitutional Court, alleging violations of fundamental rights. Once domestic remedies are exhausted, applications may further be made to the

European Court of Human Rights (ECHR).

Another significant feature of the Turkish judicial system is the ability of courts to grant swift and effective interim measures to safeguard the rights of the parties during proceedings. Remedies such as precautionary injunctions and provisional attachment are frequently employed, particularly in commercial disputes and debt recovery cases, and often yield effective results in practice.



› Arbitration

Arbitration constitutes an important alternative to litigation in Türkiye, particularly in commercial matters where parties seek speed, confidentiality, and expertise. Domestic arbitration is governed by the Code of Civil Procedure, while international arbitration is regulated under the International Arbitration Law No. 4686, which is largely based on the UNCITRAL Model Law on International Commercial Arbitration.

Türkiye is a contracting state to the 1958 New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards. As a result, arbitral awards rendered in other contracting states are enforceable in Türkiye under the Convention. Recognition and enforcement proceedings are conducted before the Commercial Courts of First Instance, in accordance with the provisions of the International Private and Procedural Law (Law No. 5718).

The grounds for refusing enforcement are limited to those set out in Article V of the Convention, such as invalid arbitration agreements, breach of due process, awards beyond the scope of the arbitration clause, procedural irregularities, or conflict with Turkish public policy. In practice, Turkish courts adopt a pro-arbitration approach and interpret the public policy exception narrowly.

In addition to ad hoc arbitration, institutional arbitration has gained traction in Türkiye, most notably through the Istanbul Arbitration Centre (ISTAC). ISTAC has developed both domestic and international arbitration rules, including English-language provisions and expedited procedures designed to attract foreign investors. This has positioned Istanbul as an emerging regional hub for dispute resolution.

Arbitral awards in Türkiye are final and binding, and cannot be appealed on the merits. However, annulment actions may be filed within 30 days on limited procedural grounds, such as the absence of a valid arbitration agreement, violation of the right to be heard, excess of authority by the tribunal, or awards contrary to public policy. Moreover, arbitral tribunals have the power to correct clerical or calculation errors and to issue additional awards for claims that were inadvertently omitted.

Tax

› Allowances

The following expenses are deductible from corporate income:

- All expenses directly related to the generation of corporate income
- Salaries and social benefits (such as food and medical expenses, social security premiums, severance indemnities etc.) of employees
- Indemnities paid in connection with damages provided that such indemnities are directly related to taxable business
- Travel expenses in connection with taxable business
- Rental payments of premises and cars used for the business
- Transaction taxes (such as stamp taxes, real state taxes, municipality taxes, etc.) in connection with the business
- Depreciation
- Employer contributions to the individual pension scheme on behalf of employees (up to 15% of monthly salary and not exceeding yearly minimum wage in total)
- Expenditures related to general assembly meetings, mergers, acquisitions, division and dissolution
- Incorporation expenses to establish the taxable business
- Securities (including equity and debt offerings) issuance expenses
- And etc.

The following expenditures do not qualify as tax-deductible expenses:

- Any interest paid to shareholders against their equity capital
- Interest and foreign exchange losses related to loans obtained from lenders with a direct and indirect equity interest in the company acting as the borrower to the extent the total amount of such loans exceed three times the net equity of the company
- Disguised profits distributed through transfer pricing
- Legal reserves of the company
- Tax penalties, other monetary fines and the interest related to such penalties and fines
- Losses incurred from the issuance of securities (including stocks) below their nominal values and fees and commissions
- Indemnities paid in connection with damages incurred from a crime committed by shareholders, directors, officers, and employees
- And etc.

Tax calculation

The taxable base is determined over the net profit of the corporation obtained within a fiscal period. The calculation of such amount is made in accordance with

the procedure which is introduced as the “Taxation of Commercial Income” under the Income Tax Law.

The taxable base of a transaction is generally the total value of the consideration received, not including the VAT itself. VAT generally applies to the following transactions:

- The delivery of goods and services made in Türkiye within the scope of commercial, industrial, agricultural or professional activities
- Services benefited in Türkiye,
- Goods and services imported into Türkiye,
- Delivery of goods and services arising from other activities.

Corporations which are held as exempted from paying corporate income tax are listed under Article 4 of the Corporate Income Tax Law. Such corporations are mostly public corporations. Corporations that either have their legal head office or business headquarters in Türkiye (i.e.; resident corporate income taxpayers) are subject to corporate income tax on their worldwide income. Those which do not have either in Türkiye (i.e.; non-resident taxpayers) are taxed only on their income derived and/or deemed to have been derived in Türkiye. The taxation period is normally a calendar year and the corporate income tax is assessed on annual income. In principle, tax is assessed on the corporate income tax return to be submitted by the taxpayer on an annual basis within the fourth month following the end of the taxation period. However, in terms of non-resident taxpayers, a withholding scheme applies depending on the nature and source of corporate income. The rate of withholding varies from 0% to 25%, and the taxpayer may choose to declare such income under the annual corporate income tax return, and if the same declared tax was previously withheld it is set off against the corporate income tax accrued on the annual corporate income tax return.

› Capital gains

Since Türkiye is not a federal state, taxation is on a one-level country-wide basis. Capital gains derived by all companies, including branches of foreign companies, are included in ordinary income and are subject to corporate income tax (25%). Capital gains are generally computed by subtracting the cost of asset, after deducting expenses related to the sale, from the selling price. Capital gains derived from sales of depreciable fixed assets are not taxable to the extent that such gains are reinvested in new fixed assets to replace the sold assets. Capital gains to be

used for reinvestment are transferred to a special reserve account. If the special reserve is not used to finance the purchase of similar new assets within the following three years, the balance in the reserve must be included in taxable income. For disposals of shares held for at least two years, 50% (previously 75%) of capital gains qualify for corporate tax exemption, provided that the gain is reserved in an equity reserve fund and is not distributed for five years. Additionally, due to the domestic minimum corporate tax introduced in 2025, companies must pay at least 10% tax on pre-deduction profit even if exemptions apply. Tax treaties may reduce the holding period for such an exemption to one year and extend the scope of exemption to 100% of the capital gain.

› Filing and payment requirements

Corporations are to file interim tax returns by the end of each quarter and pay advance corporate income tax on their quarterly profits at the same rate as the annual corporate rate (25%). These paid interim corporate income taxes are offset against the annual corporate income tax for the fiscal year.

Tax returns for annual corporate income tax are required to be filed with the Turkish tax office located within precinct of a company's address electronically via e-Beyanname from the 1st to the 25th day of the fourth month following the end of the fiscal year of the corporation (for example, for a calendar year, between April 1 and April 30; for 2024, extended to May 6, 2025). Corporate income tax assessed accordingly is required to be paid in full on such day.

The fiscal year of a corporation is, by default, the calendar year. However, corporations may, with the prior permission of the Ministry of Finance, designate another term (which must be 12 months) as their fiscal year.

› Miscellaneous taxes due

There are, in addition to the above mentioned, value-added tax, to which the deliveries of goods and rendering of services within the scope of an enterprise are subject, real estate tax, stamp tax and banking and insurance transactions tax.

› Registration duties

Registration duties are due upon the incorporation of a company and increase in capital. Registration duties may arise on the transfer of a company's shares and assets, depending on the form of the company in the former case and the type of asset in the latter case.

› Sales tax or turnover tax

The delivery of goods and the provision of services

including importation of the same into Türkiye are, in general, subject to VAT.

VAT payable on local purchases and on imports is regarded as "input VAT" and VAT calculated and collected on sales is considered "output VAT". Input VAT is offset against output VAT in the VAT return filed at the related tax office by the 28th of the following month. If output VAT is in excess of input VAT, the excess amount is paid to the related tax office. On the contrary, if input VAT exceeds the output VAT, the balance is carried forward to the following months to be offset against future output VAT. There is no cash refund to recover excess input VAT, except in cases such as exportation and other qualifying transactions.

There is also a so-called reverse charge VAT mechanism, which requires the calculation of VAT by resident companies on payments sent abroad. Under this mechanism, VAT is calculated and paid to the related tax office by the Turkish company on behalf of the foreign company. The local company treats this VAT as input VAT and offsets it in the same month. This VAT does not create a tax burden for the Turkish and the non-resident company, except for its cash flow effect.

The VAT rate, in general, is 20% (previously 18%). The standard VAT rate applies to all supplies of goods or services, unless a specific measure provides for a reduced rate or exemption. Reduced VAT rate of 8% was increased to 10% as of July 1, 2023, pursuant to the Presidential Decree No. 7346. Certain transactions remain exempt from VAT under applicable legislation. Reduced VAT rates of 1%, 8%, and 10% apply to certain goods and services, depending on their nature. For example, a 1% rate generally applies to basic foodstuffs and some agricultural products, while 8% and 10% rates apply to specific goods and services such as healthcare, education, and accommodation.

› Social security and welfare system contributions

Work accidents, occupational disease, disease and maternity premiums (short-term insurance): 2.25% (as of September 2024). Disablement, old age and death premiums (long-term insurance): 11%. General health insurance premiums: 7.5%. Contribution to unemployment insurance: 2%. Employers must pay the above specified amounts (in total 22.75%) as a portion of an employee's gross salary.

› Special tax schemes

The investment incentives scheme is specifically designed to encourage investments with the potential to reduce dependency on the importation of intermediate goods vital to the country's strategic sectors.

Amongst the primary objectives of the investment incentives scheme are: reduce the current account deficit; boost investment support for lesser developed regions; increase the level of support instruments; promote clustering activities; and to support investments that will create the transfer of technology.

The investment incentives system has been comprised of four different schemes. Local and foreign investors have equal access to:

- General Investment Incentives Scheme
- Regional Investment Incentives Scheme
- Large-Scale Investment Incentives Scheme
- Strategic Investment Incentives Scheme

In order to benefit from any of the incentive schemes listed above, two general conditions shall be met:

- The investment project shall be approved by the Ministry of Economy, and
- An investment incentive certificate provided by the Ministry of Economy shall be obtained.

The incentive schemes broadly include; value added tax and customs tax exemptions, corporate income tax reduction, income withholding tax allowance, social security premium supports, VAT refund, interest supports and land allocation.

However, abovementioned supports may vary in accordance with an each investment incentive scheme.

The Research & Development ("R&D") Law provides special incentives for R&D and design investment projects in Türkiye provided that a minimum of 50 personnel are employed in an R&D centre. This personnel requirement may be reduced to 15 employees in sectors determined by the Council of Ministers to be a priority, such as software, medicine and medical devices, agriculture, food, biotechnology, ICT, and other high-tech sectors. The incentives within the new law will remain in effect until 2028 and include:

- 100% deduction of R&D expenditure from the tax base
- Half of the R&D and design expenditure increase incurred in the operational year compared to the previous year will be deductible (criteria will be determined by Council of Ministers)
- Income withholding tax exemption for employees (until December 31, 2027.)

- 50% social security premium exemption for employers (until December 31, 2027)
- Stamp tax exemption for applicable documents
- Customs tax exemption for imported products within the scope of R&D projects
- Techno-initiative capital for new scientists up to TL 500,000
- Deduction from the tax base of certain funds granted by public bodies and international organizations

On the other hand, certain supports are also provided for R&D activities under Turkish Law such as; supports for Technology Development Zones, supports provided under the Industrial Thesis (SANTEZ) and TUBITAK Programs and loans granted by The Technology Development Foundation of Türkiye (TTGV).

The Income Tax Law (Law No. 193), Article 17, provides a special exemption for techno-investment companies resident in Türkiye that are offering free shares/discounted shares for their employees worth up to the yearly salary of that employee. A full income tax is granted if the employee holds the shares for 12 years, and,

- If the employee sells their shares in 4-7 years after acquisition, 75% of the exempted income tax shall be paid by the employer with late fees, and
- If the employee sells their shares in 7-12 years after acquisition, 25% of the exempted income tax shall be paid by the employer with late fees.

No income tax exemption is granted if the employee disposes of the free or discounted shares within three years.

› Tax on profit

Since Türkiye is not a federal state, taxation is on a one-level country wide basis. Resident corporation taxpayers are subject to corporate income tax at the rate of 25% on their net corporate income derived from their activities across the world. Additionally, a domestic minimum corporate tax of 10% applies even if exemptions reduce the tax base.

On the other hand, taxable income of non-resident corporation taxpayers is comprised of the following:

- Professional fees obtained in Türkiye
- Profits from commercial, agricultural and industrial enterprises in Türkiye (in cases where they have an establishment or a permanent representative in Türkiye)
- Income arising from rental of real properties, rights and movable properties in Türkiye
- Income obtained in Türkiye from certain kinds of securities
- Other income and revenues obtained in Türkiye.

Tax treaties

As of the date hereof, Türkiye has income tax treaties in force with the following countries:

- Austria
- Norway
- South Korea
- Jordan
- Tunisia
- Romania
- Netherlands
- Pakistan
- United Kingdom
- Finland
- Northern Republic of Cyprus
- France
- Germany
- Sweden
- Belgium
- Denmark
- Italy
- Japan
- United Arab Emirates
- Hungary
- Kazakhstan
- Macedonia
- Albania
- Algeria
- Mongolia
- India
- Malaysia
- Egypt
- China
- Poland
- Turkmenistan
- Azerbaijan
- Bulgaria
- Uzbekistan
- United States of America
- Belarus
- Ukraine
- Israel
- Slovakia
- Kuwait
- Russia
- Indonesia
- Lithuania
- Croatia
- Moldova
- Singapore
- Kirgizstan
- Tajikistan
- Czech Republic
- Spain
- Bangladesh
- Latvia
- Slovenia
- Greece
- Syria
- Thailand
- Sudan
- Luxembourg
- Estonia
- Iran
- Morocco
- Lebanon
- South Africa
- Portugal
- Serbia
- Montenegro
- Ethiopia
- Bahrein
- Qatar
- Bosnia Herzegovina
- Saudi Arabia
- Georgia
- Oman
- Yemen
- Ireland
- New Zealand
- Canada
- Switzerland
- Brazil
- Australia
- Malta
- Mexico
- Kosovo
- Vietnam (2022)
- Gambiya (2022)
- Ruanda (2022)
- Venezuela (2022)
- Çad (2020)
- Sri Lanka (2020)



There are no specific anti-treaty shopping regulations; however, treaty shopping could be challenged by the general substance over form or controlled foreign corporation (CFC) rules.

› **Territoriality rules**

Under the Corporate Income Tax Law companies incorporated in Türkiye and branch offices of foreign companies established in Türkiye are recognized as resident taxpayers and are subject to tax on their worldwide income whereas companies incorporated outside Türkiye and the branch offices of Turkish companies established abroad are recognized as non-resident taxpayers and are taxed solely on their income derived from activities in Türkiye.

› **Tax losses**

In general, losses may be carried forward for five years. Losses may not be carried back. An order of priority applies for the use of losses and exemptions to offset against taxable income for the year. Past years' losses must be exhausted after applicable exemptions even if there is a loss. Then the other exemptions (which are only applicable if a taxable profit exists) will be applied (e.g. investment allowances). Resident companies may deduct the losses incurred in relation to business activities performed abroad provided that the foreign losses are approved by auditors authorized under the laws of the relevant jurisdiction. Foreign losses may not be deducted if related income arising from the foreign activity would have been exempt from corporation tax in Türkiye.

› **Wealth tax**

There is no applicable wealth tax.

› **Withholding tax**

The withholding tax rates (if not provided for otherwise in the double taxation treaties) for certain income derived by non-resident corporations are as follows:

- Interest from Turkish government bonds and bills and private sector bonds: 0% or 10%
- Income from repo transaction is transaction: 15%
- Loan interest provided that the lender is a bank: 0%
- Income from financial leasing: 1%
- Rent income: 20%
- Royalties from Patents, Know-how and etc.: 20%
- Professional Fees: Petroleum- Exploration Activities 5%, Other Professional Activities 20%
- Withholding tax on dividends paid out to a non-resident corporation: 15%

Individual Taxation

› Allowances

Individuals who provide independent professional services or those who are carrying out commercial activities may deduct from their taxable income ordinary business-related expenses, including salaries, rental payments, fees and the cost of utilities. Depreciation on fixed assets is also deductible.

The employee parts of social security contributions and unemployment insurance premiums are deductible from gross employment income.

The employee portions of social security contributions and unemployment insurance premiums are deductible from gross employment income.

Premiums paid by the employee for himself or herself, his or her spouse or children with respect to personal insurance policies covering life, death, accident, illness, disablement, unemployment, maternity, birth and education are deductible if the following conditions are satisfied:

- The insurance policy is concluded with an insurance company that is located in Türkiye and whose headquarters is in Türkiye.
- The amount of the monthly premium or membership fee may not exceed 15% of the salary earned in that month.
- The annual total of the monthly premiums and membership fees that are paid must not exceed the annual legal minimum wage determined by the law may also not exceed the annual total amount of the minimum wage (as determined by law).

Lighting, heating, water, elevator, administration, insurance, interest, taxes, depreciation and maintenance expenses paid by an individual who derives rental income are deductible.

› Tax calculation

The net income of individuals realized from their commercial, professional and agricultural activities in Türkiye and the salaries of individuals paid in Türkiye are subject to income tax pursuant to Article 103 of the Income Tax Law:

In principle, individual income and gains calculated on a cumulative basis are subject to income tax at progressive tax rates which vary between 15% and 35% and are calculated on a cumulative basis. The following are the 2025 brackets and relevant income tax rates.

Amount	Rate
Up to TL 158,000	15%
From TL 158,001 to 330,000	20%
From TL 330,001 to 1.200,000	27%
From TL 1.200,001 to 4,300,000	35%
Over TL 4,300,000	40%

Income derived through any and all kinds of commercial and industrial activities through a place of business or a permanent representative in Türkiye, is considered to be income derived in Türkiye.

On the other hand, capital gains are normally considered to be ordinary income. Therefore, capital gains are subject to income tax in Türkiye. However, capital gains derived from transfers of shares are exempt from income tax in certain cases provided that the conditions specified under the Income Tax Law are fulfilled.

Self-employment income includes services rendered by a person who fulfils the following conditions:

- He or she works on behalf of himself or herself in his or her name.
- He or she uses his or her own professional knowledge.
- He or she works without being dependent on an employer.

If benefits are derived from self-employment activities performed in Türkiye or if the self-employment activities are evaluated in Türkiye, the income derived from such activities is considered to be income derived in Türkiye and is accordingly taxable to non-residents.

Recipients of services provided by resident and non-resident self-employed

Individuals must withhold a 20% tax from the amounts paid to the individuals and remit the withholding tax to the tax office on behalf of the individuals. If the service provider is a non-resident, provisions of an applicable double tax treaty need to be taken into account.

› Inheritance and gift tax

Turkish citizens are subject to inheritance and gift tax on worldwide assets received. Resident foreigners are subject to inheritance and gift tax on worldwide assets received from Turkish citizens and on assets located in Türkiye received from resident foreigners or non-residents. Non-resident foreigners are subject to inheritance and gift tax on assets located in Türkiye only.

Transfers by way of a gift and upon death trigger gift and inheritance tax at the following rates:

Amount	Inheritance Tax	Gift Tax
First TL 210,000	1%	10%
Following TL 500,000	3%	15%
Following TL 1,100,000	5%	20%
Following TL 2,000,000	7%	25%
Following exceeding TL 3,820,000	10%	30%

Allowances are available in Türkiye. The Inheritance and Gift Tax is payable in biannual instalments over a period of three years.

› Miscellaneous taxes due

Other taxes relating to the environment, property, motor vehicles and inheritance can also apply.

› Real estate/Habitation tax

Buildings and land in Türkiye are subject to real estate tax. The taxpayer is the owner of the building or land, the owner of any usufruct over the building or land, or if neither of these exist, any person that uses the building or land as its owner. A partial exemption of 25% of the tax value is granted for buildings or apartments used as residences. This partial exemption applies for five years from the year following the year of the completion of construction.

The tax base for the real estate tax is the tax value of the building or land. The tax value is the value recorded at the Land Registry.

The rate of building tax is generally 0.2%, but this rate is reduced to 0.1% for buildings used as residences. The rate of land tax is 0.1%, and the rate of parcelled land tax is 0.3%. These rates are increased by 100% within the frontiers of a metropolitan municipality and contiguous regions as defined by law.

Additionally, residential properties with a tax value exceeding 15,709,000 TL (for 2025) are subject to the Valuable Housing Tax. This value is determined according to the building tax base.

› Sales tax

Individuals pay sales tax in Türkiye. The main sales tax is the Value Added Tax in Türkiye which applies at the rate of 20% in general and at reduced rates of 1% or 10% in certain cases.



› Social security and welfare system contributions

Employers must pay the following amounts (in total 22.75%, previously 22.5%) as a portion of an employee's gross salary (Law social Insurance and General Health Insurance Law, Law No. 26200, 16 June 2006):

- Disablement, old age and death premiums (long-term insurance): 11%
- Work accidents, occupational disease, disease and maternity premiums (short-term insurance): 2.25% (increased from 2% as of september 2024)
- General health insurance premiums: General health insurance premiums: 7.5%.
- Contribution to unemployment insurance: 2%.

› Stock option, profit sharing and savings plans

There is no taxation of stock option plans, profit sharing plans or saving plans.

However, under the general tax provisions, options are taxable as employment income at the time of exercise. The time of taxation may vary depending on the stock option plan. In addition, under certain circumstances, stock options are subject to stamp tax and may be subject to social security contributions.

› Incomes from Real Properties

Incomes derived from the rental of real properties and rights by their owners, by their holders, by those holding easement and usufruct rights or by their tenants are taxable in Türkiye if the real property is located in Türkiye or if such properties and rights are used or evaluated in Türkiye.

Rental income derived by resident and non-resident individuals from their real properties, assets and royalties for patents and rights are subject to withholding tax at a rate of 20%. For non-residents, this withholding tax may be eliminated or reduced under applicable double tax treaties.

› Taxes on dividends

A withholding tax of 15% applies to dividends paid, unless reduced by a double tax treaty.

› Territoriality rules

Individuals who are resident in Türkiye (full liability taxpayers) are subject to tax on their worldwide income.

Non-resident individuals (limited liability taxpayers) are taxed only on earnings and revenues derived in Türkiye.

Residents include individuals with legal permanent residence in Türkiye and those who reside in Türkiye for more than six months during one calendar year. Temporary absence does not interrupt the continuity of residence in Türkiye.

› Wealth tax

There is no applicable wealth tax in Türkiye.

› Withholding tax

Income (other than commercial, professional and agricultural income and salaries) such as interest, dividends and capital gains generated in Türkiye by non-resident individuals is subject to withholding taxation. Other types of income require annual filings as applicable to resident individuals. According to tax legislation that came into affect as of 1 January 2006, all types of resident and non-resident investors are subject to withholding tax as follows:

- 15% over repo income
- Interest on Turkish Lira term accounts are:
 - 17.5% for a term of up to six months,
 - 15% for a term of up to a year and
 - 10% for a term of more than one year,
- Interest on foreign exchange deposit accounts are:
 - 15% for a term of up to six months,
 - 12% for a term of up to a year and
 - 10% for a term of more than one year,





Tax on Other Legal Bodies

For taxable corporations such as cooperatives, state economic enterprises and etc. to the extent they are involved in commercial activity, allowances are mostly the same as for corporations –please see above. Stamp tax applies at the rate of 0.948% but only to the extent

the related amounts are documented, i.e. in case of a transfer of capital that is not part of a signed contract between the parties, there is no stamp tax and only customary banking charges.

General Tax Considerations

When structuring a company or other entity, as Türkiye is part of a global network of OECD and UN model bilateral tax treaties, it is advisable that corporate structures, especially those that function cross-border, are implemented within the framework of treaty provisions.

The Turkish system does, in general, not provide for advance rulings for purposes of clearing a structure ex ante. Recently, a limited pre-clearance option in relation to transfer pricing calculations has entered into effect.

Since 2006 there is a specific anti-avoidance rule under the Corporate Income Tax Law that shall apply to the payments made to the tax heavens.

According to such rule, a withholding tax at the rate of 30% shall be made from all cash or on the record payments made to the corporations which reside or perform activities in the countries which

will be determined by the President. However, President has not used its authority and not determined the list of the countries for which 30% withholding tax to be applied.

Liaison office structures are not registered for corporate income tax since those could not engage in any commercial activities, including but not limited to any income generating activities. Therefore, those need to be incorporated and registered for tax purposes when the related non-resident parties start generating commercial income in Türkiye (unless the related non-resident parent opts to file directly for Turkish corporate income tax).

For further information on any of the above topics please contact Pekin & Pekin

Doing Business in Türkiye 2025

Pekin Attorney Partnership

10 Lamartine Caddesi, Taksim 34437, İstanbul

+90 212 313 3500

postmaster@pekin-pekin.com

www.pekin-pekin.com



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