

Establishing a Business in Turkey

Company Types & Establishing Company Process

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Overview

Foreign investors should review and concern the related provisions of Turkish “Foreign Direct Investment Law” (Dated: June 17, 2003, No.4875). According to Foreign Direct Investment Law (FDI) Art. 3: *“Unless stipulated by international agreements and other special laws: 1. Foreign investors are free to make foreign direct investments in Turkey, 2. Foreign investors shall be subject to equal treatment with domestic investors.”* (See Full Text here) Law is based on the principle of equal treatment, allowing international investors to have the same rights and liabilities as local investors.

Same conditions which applied to national investors for setting up a business are the same with those applied to foreign investors. Which means that there is no distinction between local and foreign investors.

International foreign investors may establish any kind of company set out in the Turkish Commercial Code (TCC), which originally adopted from Swiss Code and thereby offers international standards, protects private equity and public offering activities, provides transparency in managing operations and adjusts the Turkish business environment with EU legislation within the EU accession process.

Lately introduced regulations with a view to making it easier to do business in order to enhance the foreign investment, eliminating obstacles in setting up a business and minimizing costs and procedures. The process for establishing a company is completed within the same day at Trade Registry Offices located in Chambers of Commerce if you have all related documents got prepared in full.

Company Types Set Out by TCC

The company types are divided in two basic forms, private (individual) companies (non-corporate) and share capital (stock) companies (corporate) in TCC Art.124. Private companies are Collective and Comandite Companies. Capital Companies are Joint Stock Company (JSC), Limited Liability Company (LLC) and Comandite By Shares. Same law article mentions Cooperative Company as another type of company in first paragraph but doesn't define it as an individual company or capital company in following paragraph. As a matter of fact, Cooperative Companies are mostly used by crowds for construction purposes.

The most popular and known types are Joint Stock Company (JSC) and Limited Liability Company (LLC). A foreign investor may choose between those two types considering the scope of intended business and amount of capital to be invested. JSC is more favorable for a long-term business or big investment. LLC on the other hand, might be more useful for a short-term business with a small amount of investment. Although some financial thresholds (i.e., minimum capital) and legal necessities differ from each other, the procedures to be followed for establishing a JSC or an LLC are the same.

Establishing a Company

The following documents should be prepared in full before to apply for registration:

- A written petition requesting registration (Samples: Word, PDF)
- Four copies of incorporation notification form
- Articles of association signed by all the founders before Trade Registry Office's authorized personnel or a Notary Public as one original and four copies.
- Payment document proving the deposit of 0.04 (that 4/10.000)percent of the company's capital to bank account of Turkish Competition Authority. (Türkiye Halk Bankası IBAN No:TR40 0001 2009 4520 0080 0000 11)
- For each person authorized to represent the founders of the limited liability company, two copies of the notarized signature declarations
- Founders' declaration with the content of related provisions set out in TCC Art. 349.
- Chamber of Commerce registration form (two different forms for two different shareholder types: real person shareholder or legal entity shareholder)
- If there is any non-shareholder member to be appointed to the board of directors, the written statement that states acknowledgement of this duty
- Bank certificate of the paid-in minimum capital deposit which is at least 25 percent of subscribed capital according to law.
- For real person founders who resides abroad: Two apostilled copies of passport.
- For foreign legal entities: Certificate of Activity apostilled by local authority or approved by Turkish consulate as one original and one copy of notarized translation into Turkish)

Also note that, non-Turkish shareholders, and non-Turkish board members of the company may need to obtain a potential tax ID numbers from the Tax Office.

Following the completion of registration process, Trade Registry Office sends the related document to the Commercial Registry Gazette within approximately 10 days of the company registration. A tax registration certificate must be obtained from the corresponding local tax office.

Certified legal books

A company must keep following certified books:

- Journal
- Ledger
- Inventory book
- Share ledger
- Manager's meeting minutes book
- General assembly meeting minutes book

Local accountants and legal advisors may help you with how to keep those books.