**ESTABLISHING A BUSINESS IN TURKEY**

**1.6.2015**

Turkey's regulatory environment is extremely business-friendly. You can establish a business in Turkey irrespective of nationality, or place of residence.

**Company Establishment in One Day**

It is possible to establish a company in a single day by applying to the relevant trade registry office with the required documents. The company is established once the founders declare their intent to set up a joint stock company in the articles of association, which have been issued in accordance with the law, and where they, with their notarized signatures, unconditionally acknowledge and undertake to pay the whole capital. The company receives its “legal entity” status upon registration with the trade registry.

**Types of Companies**

Incorporated companies such as a:

Joint-stock company (A.Ş.)

Limited liability company (Ltd. Şti.)

Commandite company

Collective company

Cooperative company

**Joint Stock Company**

The company’s stock capital is divided into shares and the liability of the shareholders is limited to the subscribed capital and paid by the shareholder. At least one shareholder (real person or legal entity) and a minimum capital of TRY 50,000 are mandatory. The mandatory company shall include a general assembly and a board of directors.

**Limited Liability Company**

It is a company established with at least one shareholder (real person or legal entity) and the liability of the shareholders is limited to the subscribed capital and paid by the shareholder. A minimum capital of TRY 10,000 is mandatory.

**Commandite Company**

It is the company established to operate a commercial enterprise under a trade name. Whereas the liability of some shareholders is limited to the capital subscribed and paid by the shareholder (commanditer), for some shareholders there is no limitation of liability. Legal entities can only be commanditer. No minimum capital is required. The rights and obligations of the shareholders are determined by the articles of association.

**Collective Company**

It is the company established to operate a commercial enterprise under a trade name and, the liability of none of the shareholders is limited only to the capital subscribed and paid by the shareholder. No minimum capital is required. It is mandatory that all the shareholders be real persons. The rights and obligations of the shareholders are determined by the articles of association.

**Company Establishment Procedures**

Three copies of articles of association (one copy original) which are notarized are prepared. Following the notarization of articles of association, within 15 days at the latest, application to the relevant trade registry office with the documents set below is needed.

**Documents for the Company Establishment**

A company establishment petition and a notification form, duly filled in and signed by persons authorized to represent the company. The list of the documents to be procured, and forms to be filled can be downloaded at [www.sanayi.gov.tr](http://www.sanayi.gov.tr/) and [www.hazine.gov.tr](http://www.hazine.gov.tr/)

-Letter of Undertaking (Trade Registry Regulation Article 24)

-Articles of association including notarized signatures of founders and notary certification proving that all shares constituting the registered capital have been subscribed by the founders in the articles of association

-Founders’ statement signed by the founders

-The bank letter proving that the share capital has been deposited

-The bank receipt indicating that 0.04% of the company capital has been deposited to the account of the Turkish Competition Authority at a state bank

-Permit or letter of compliance for companies whose corporation is subject to the permit or letter of compliance issued by the relevant ministry or other official institutions

-Notarized copy of signatures of persons with the authority to represent and bind the company

-Application number indicating that the trade name to be used has been checked and confirmed by the Trade Registry Office

-Company establishment statement form (3 original copies)

-Certificate of residence of founding partners

-Notarized translation of passport in case the foreign shareholder is a real person; apostilled and notarized translation of registry document issued by the competent authority in case the foreign shareholder is a legal entity

**Incentive schemes for investors**

Foreign companies established in Turkey are treated on equal terms with local companies in benefiting from incentives. Further information can be found at:

<http://www.invest.gov.tr/en-US/investmentguide/investorsguide/Pages/Incentives.aspx>

**Special Investment Zones**

There are three types of special investment zones in Turkey:

1. Technology Development Zones - Technoparks

 Technology Development Zones (TDZs\*) are areas designed to support R&D activities and attract investments in high technology fields.

There are 59 TDZs of which 44 are operational and 15 have been approved and are currently under construction.

Advantages of TDZs

-Revenues derived from software development and R&D activities are exempt from income and corporate taxes until December 31, 2023.

-Sales of application software produced exclusively in TDZs are exempt from VAT until December 31, 2023. Examples include software for systems management, data management, business applications, different business sectors, the Internet, mobile phones and military command control.

-Salaries of R&D and support personnel employed in the zone are exempt from all taxes until December 31, 2023. The number of the support personnel covered by the exemption shall not exceed 10 percent of the number of the R&D personnel.

-Investments for the production of the technological product obtained as a result of the R&D projects conducted in the zone may be made in the TDZ, if deemed suitable by the operator company and allowed by the Ministry.

-50 percent of the employer’s share of the social security premium will be paid by the government for 5 years until 31.12.2024.

2. Organized Industrial Zones

Organized Industrial Zones (OIZs\*) are designed to allow companies to operate within an investor-friendly environment with ready-to-use infrastructure and social facilities. The existing infrastructure provided in the zones includes roads, water, natural gas, electricity, communications, waste treatment, and other services.

There are 290 OIZs in 80 provinces, 211 of which are currently operational, while the remaining 79 OIZs are being constructed throughout Turkey.

Advantages of OIZs

-In addition to the investment incentives scheme in Turkey (general investment incentives, regional investment incentives, large-scale investment incentives, strategic investment incentives, employment incentives, R&D support, etc.), investors operating in the OIZs can benefit from the following advantages:

-No VAT for land acquisitions.

-Exemption from real estate duty for five years starting after the construction of the plant.

-Low water, natural gas, and telecommunication costs.

-For unification and/or separation of plots, no tax to be paid. Exemption from municipality tax for construction and usage of the plant.

-Exemption from the municipality tax on solid waste if the OIZ does not benefit from the municipality service.

3. Free Zones

Free zones are special sites considered to be outside the customs area, although they are within the political borders of the country. These zones are designed to increase the number of export-focused investments. Legal and administrative regulations in the commercial, financial, and economic fields that are applicable within the customs area are either not implemented or partially implemented in the free zones.

There are 20 FZs\* in Turkey (19 are operational) located close to the EU and Middle Eastern markets adjacent to major Turkish ports on the Mediterranean, Aegean, and Black Seas, with easy access to international trade routes.

Advantages of FZs

-100% exemption from customs duties and other assorted duties.

-100% exemption from corporate income tax for manufacturing companies.

-100% exemption from value added tax (VAT) and special consumption tax.

-100% exemption from income tax on employees’ salaries (for companies that export at least -85% of the FOB value of the goods they produce in the free zones).

-Goods can remain in free zones for an unlimited period.

-Companies are free to transfer profits from free zones to abroad as well as to Turkey, without restrictions.

[\*Please also visit the Interactive Map for the locations of special investment zones in Turkey.](http://www.invest.gov.tr/en-US/Maps/Pages/InteractiveMap.aspx" \o "" \t "_blank)