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Partnership.**

Doing Business in Türkiye 2025



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Welcome to the 2025 edition of "Doing Business in Türkiye," your essential resource for navigating the current investment climate and understanding the key regulations governing investments and commercial activities in Türkiye.

This comprehensive resource covers a wide range of topics to provide you with a thorough understanding of the business environment in Türkiye. Inside, you'll find detailed information on the legal framework affecting businesses, including key laws and regulations. It offers insights into the tax system, corporate taxes, VAT, and other relevant tax obligations. Additionally, it includes information on import and export duties, tariffs, and customs procedures. You'll receive guidance on drafting and enforcing commercial agreements, along with explanations of the rules and regulations that promote fair competition. The guide also provides an overview of the banking sector, financial regulations, and available financial services, as well as insights into the capital markets, stock exchanges, and investment opportunities.

Furthermore, it covers foreign exchange controls and currency regulations, explores the fintech landscape and regulatory environment, and provides guidelines on data privacy laws and regulations. Information on protecting intellectual property rights, different models for foreign investment in Türkiye, and property ownership and leasing regulations are also included. Finally, it addresses labor laws, employment contracts, and workforce regulations.

Designed to be your go-to reference for all aspects of doing business in Türkiye, this guide equips you with the knowledge and tools you need to succeed in this dynamic market.





Establishing a Legal Presence in Türkiye

- **Establishing a Company.** Most foreign investment requiring a permanent legal presence in Türkiye proceeds through a locally established company. Local legislation allows several forms of companies; however, considering overall advantages and disadvantages, foreign investors generally opt to establish either a joint-stock company (**JSC**) or a limited liability company (**LLC**). Foreign investors' choice between these two forms depends on a detailed comparison between JSC and LLC, as described below.
- In practice, US companies mostly prefer establishing LLCs because of the check-the-box legislation rules in the US.
- In terms of the scope of activity, JSCs may be established for any type of activity, which is not prohibited by law, whereas LLCs may not engage in banking, insurance, financial leasing and other activities limited by law.
- In terms of the minimum capital requirement, it is TRY 250,000 for JSCs, whereas it is TRY 50,000 for LLCs.
- In terms of shareholding, local legislation allows single-shareholder JSC and LLC.
- In terms of the payment requirement of initial capital, unless otherwise specifically stated in the relevant regulatory legislation to which the company operating in a regulated industry is subject, at least 25% of the initial capital of a JSC must be paid prior to establishment and the remaining 75% must be paid within 24 months following the establishment date. For the LLCs, there is no requirement to pay a certain amount prior to the establishment and the entire share capital amount can be paid within 24 months following the establishment date.
- In terms of liability, in JSCs shareholders are liable only to the extent of their capital subscription undertakings, and executives are personally liable for the unpaid public debts (e.g., unpaid taxes or social security premiums). On the other hand, the liability regime in LLCs is slightly different: as a general rule, shareholders are still liable to the extent of their capital subscription undertakings with an exception stating that shareholders may be liable

for unpaid public debts on a pro rata basis to their capital contribution, whereas the liability regime of executives in LLCs is similar to that of JSCs.

- In terms of the annual general meeting, it is attended by the shareholders and the general meetings are structured similar in many ways for JSCs and LLCs. Accordingly, the annual general meeting must be held each year within three months following the end of the company's fiscal year, during which the shareholders review relevant financial statements, decide on profit distribution and release the directors. Shareholders' special meetings can be held as necessary according to the operations of the company. Unlike LLCs, a Ministry Representative must attend some general assembly meetings of JSCs, which must be examined in terms of the shareholding structure, general assembly agenda and relevant regulatory legislation to which the company operating in a regulated industry is subject.





- In terms of the board, the board of directors for a JSC and the board of managers for a LLC are entitled to represent and manage the company, and it is a mandatory corporate body for both types of companies. Local legislation allows single-member boards. In JSCs, members of the board of directors do not necessarily have to be a shareholder of the company, whereas in LLCs, at least one of the members of the board of managers must be a shareholder of the company. Neither the members of the board of directors of a JSC nor the members of the board of managers of a LLC are required to be Turkish citizens or to reside in Türkiye, unless otherwise specifically stated in local legislation to which the company operating in a regulated industry is subject. In JSCs, at least one of the members of the board of directors must have full authority to represent the company without any limitation, whereas in LLCs, all members of the board of managers must have full authority to represent and bind the company solely or jointly without any limitation.
- The establishment process in Türkiye is almost the same for JSCs and LLCs. It involves a relatively significant amount of paperwork and intense communication with the authorities, and it also requires integrated cooperation with institutions such as banks. In addition, establishing companies that will engage in activities specified in the legislation (e.g., banking, financial leasing, factoring) will require authorization from the Ministry of Trade and/or the relevant regulatory authority. The preparation of documents is usually the most time-consuming and crucial stage. Certain establishment documents executed abroad must be apostilled or legalized by the Turkish Consulate in the relevant jurisdiction.
- The companies having foreign investors are required to make annual submissions regarding the scope of their capital activities to the General Directorate of Incentive Implementation and Foreign Investment each year in May. It is also required for all companies to determine an Ultimate Beneficial Owner (UBO) and submit the UBO information within one-month following their establishment and as the attachments to the provisional tax returns and annual corporate tax returns in the following periods.
- **Establishing a Branch Office.** In addition to establishing a company in Türkiye, foreign investors may also consider establishing a branch office in Türkiye. Branch offices are entirely different structures compared to companies, as described below.
 - In terms of the scope of activity, a branch office can only engage in the activities of its parent company. It cannot provide goods and/or services or engage in any commercial activity that is not within the scope of services of the parent company.
 - In terms of capital, branch offices have autonomous capital and accounting to carry out commercial transactions with third parties. While there is no minimum capital requirement for a branch, in recent practice, the Trade Registry requires that branch offices allocate a minimum of TRY 50,000 as capital. Branch offices are also required to maintain sufficient capital for their day-to-day operations in practice.
 - In terms of representation and management, it is mandatory to appoint at least one branch manager that resides in Türkiye. There is no nationality requirement for branch managers. The branch manager has full power and authority to represent the branch.
 - In terms of dependence on the parent company, although branch offices are registered with the relevant Trade Registry as separate legal entities, they are not totally independent from their parent companies. Branch offices are dependent on the parent company in terms of internal management and they are deemed to act on behalf of the parent company. Thus, the loss and/or profit arising from the transactions of the branch office belong to the parent company. The parent company assumes the rights and obligations arising from the acts of the branch office. Likewise, the parent company may be the addressee for any claim to be directed to the branch office.

- Branch offices are required to make annual submissions regarding the scope of their capital activities to the General Directorate of Incentive Implementation and Foreign Investment each year in May. It is also required for Branch offices to determine an Ultimate Beneficial Owner (UBO) and submit the UBO information within one-month following their establishment and as the attachments to the provisional tax returns and annual corporate tax returns during the following periods.
- **Establishing a Liaison Office..** If the foreign investor is not planning to perform any commercial activity in Türkiye, establishing a liaison office that does not have a separate legal personality can also be considered. In terms of the scope of activity, liaison offices are not allowed to engage directly in any profitable business. However, they can carry out activities such as gathering information, conducting market research, promotion of the foreign company's products and services, representation and hosting, control and inspection of the suppliers in Türkiye with respect to quality, standards and procurement of local suppliers, technical support visiting clients and describing aspects of the parent company, arranging transfer of documents between clients and the parent company, and entering into contracts to expand the parent company's business opportunities, acting as regional management headquarters, since these are not considered commercial activities.
- The establishment of a liaison office is not registered with the Trade Registry. It is subject to permission by the General Directorate of Incentive Implementation and Foreign Investment. The General Directorate grants activity permits for a limited time period. The activity permit may be extended by the General Directorate upon application if the General Directorate is convinced of the merits of the application. It is General Directorate's discretion to grant activity permits and extend such permits by meticulously evaluating the documents submitted and the parent company's plans for Türkiye. For the extension of the activity permit, the General Directorate may recommend foreign investors to establishing a different structure (a Company or a Branch Office) to conduct commercial activities in Türkiye.
- Liaison offices are required to prepare and submit annual submissions regarding the scope of their activities to the General Directorate each year in May.





Banking

The Turkish financial sector underwent major structural changes because of the financial liberalization program that began in the early 1980s. The abolition of directed credit policies, liberalization of deposit and credit interest rates and liberal exchange rate policies, and the adoption of international best standard banking regulations accelerated the structural transformation of the Turkish banking sector. Since the 1980s, the Turkish banking sector has experienced a significant expansion and development in the number of banks, employment in the sector, diversification of services and technological infrastructure.

- The Turkish money markets and foreign exchange markets stabilized in 2001, in large part due to regulatory reform and other governmental actions (including a three-part audit undertaken in 2001 and 2002). The system's transparency improved along with the establishment of an independent supervisory and regulatory framework and new disclosure requirements. The structural changes undertaken strengthened the banking sector and resulted in a more level playing field for banks.
- The Turkish banking industry has undergone significant consolidation over the past decade. Pursuant to the Turkish banking regulations, three types of banks are allowed to be established to operate in Türkiye: deposit banks, development and investment banks, and participation banks. These banks can be in the form of branchless digital banks. As of January 31, 2025, there are 62 banks (including domestic and foreign banks, and participation banks and digital banks, but excluding the Central Bank) in Türkiye. Thirty-three of these are deposit banks, 20 are development and investment banks, and nine are participation banks, which conduct their business under separate legislation and in accordance with Islamic banking principles. Further, the Savings Deposit Insurance Fund manages one bank. In addition, as of January 31, 2025, the Banking Regulatory and Supervisory Authority (BRSA) has also provided establishment approval for six digital banks, four of which have also been granted operation approval by the BRSA.
- The Banking Law permits deposit-taking banks to engage in all fields of financial activities, including deposit collection, corporate and consumer lending, foreign exchange transactions, capital market activities and securities trading. Typically, major commercial banks have nationwide branch networks and provide a full range of banking services, while smaller commercial banks focus on wholesale banking. The main objectives of development and investment banks are to provide medium- and long-term funding for investment in different sectors.
- Turkish banks (including development and investment banks) and branches of foreign banks in Türkiye are primarily governed by two regulatory authorities in Türkiye, the BRSA and the Central Bank.



The BRSA is responsible for all banks operating in Türkiye, including development and investment banks, digital banks, foreign banks, and participation banks.

- Foreign persons and entities may open and operate banks in Türkiye if they fulfill the criteria set out under the Turkish banking regulations. In addition, foreign banks may open branches and representative offices in Türkiye, as long as they obtain the BRSA's approval. Representative offices can only advertise the foreign bank and its services and conduct market research activities.
- The Central Bank was founded in 1930 and performs the traditional functions of a central bank, including

issuing bank notes, implementing the government's fiscal and monetary policies, maintaining price stability and continuity, regulating the money supply, managing official gold and foreign exchange reserves, monitoring the financial system and advising the government on financial matters. The Central Bank exercises its powers independently of the government. The Central Bank, in conjunction with the government, is empowered to determine the inflation target and adopt a monetary policy in compliance with this target. The Central Bank is the only institution authorized and responsible for the implementation of this monetary policy.



Compliance/Anti-Bribery/Sanctions

- Several Turkish laws contain provisions on anti-corruption and bribery, primarily Turkish Criminal Code No. 5237, Law on Declaration of Property and Combating Bribery and Corruption No. 3628, Law on the Ethics Board for Public Officials No. 5176 and the Civil Servants Ethical Principles and Application Procedures and Principles.
- Although Turkish criminal law does not regulate legal entities' criminal liability, if the legal entity obtained unfair benefits due to committing bribery, security measures may be imposed on the legal entity. Within this scope, these security measures are (i) revocation of their license/permit if (a) a private legal entity abuses its authority arising from a license/permit granted to it by a public entity and (b) the legal entity's governing bodies or representatives participated in this entity's actions; and (ii) confiscation of property or material interests, if the conditions under the law are satisfied. Individuals engaged in bribery on behalf of a legal entity can be subject to criminal sanctions.
- Moreover, legal entities obtaining benefits from committing bribery may also face administrative fines under Misdemeanor Law No. 5326. Within this scope, administrative fines of up to TRY 50,000,000 may be imposed on a legal entity if bribery is committed for the relevant legal entity's benefit by its bodies or representative or by those who undertake duties for the legal entity within its business operation framework. Administrative fines are subject to revaluation.
- Turkish anti-money laundering laws are primarily regulated under (i) Law No. 5549 on the Prevention of Laundering Proceeds of Crime and (ii) the Regulation on Measures Regarding the Prevention of Laundering Proceeds of Crime and Financing of Terrorism. Anti-money laundering laws impose a number of obligations on obliged parties including customer identification, suspicious transaction reporting, record keeping and due diligence determined by the Turkish anti-money laundering laws to combat money laundering.
- Türkiye adopts sanctions through either passing laws or implementing presidential decrees. However, Türkiye is not obligated to comply with foreign/international sanctions adopted and enforced by other sovereign states (e.g., the US) or international organizations of which Türkiye is not a member (e.g., the EU). Along these lines, Turkish entities are only obligated to comply with Turkish sanctions. That said, due to the globalization of business operations and the extrajudicial application or enforcement of some foreign/international sanctions, Turkish entities might find themselves in a position where they might need to comply with the foreign/international sanctions. Thus, it is paramount for legal entities operating internationally to assess their transactions from a multijurisdictional perspective to ensure compliance at the highest level. Within this scope, historically, Türkiye often transposed UN sanctions into Turkish law.



Consumer Protection

- In Türkiye, the main piece of legislation on consumer protection is Consumer Protection Law No. 6502 ("**Consumer Protection Law**").
- The Consumer Protection Law covers all consumer transactions. A consumer transaction is accepted as any legal transaction concluded between a consumer and persons acting with commercial and professional purposes in the goods and services markets. A consumer, on the other hand, is deemed as persons using or benefiting from goods or services that have no professional or commercial purpose. Therefore, contracts and legal transactions executed with the consumers are subject to the Consumer Protection Law.
- Upon discovering the product's defects, the consumer can (i) rescind the contract for a full refund, (ii) demand that the good be replaced or that the service be performed again, (iii) demand that the price be reduced pro rata the defect or (iv) demand a free repair. The seller must perform the consumer's selected remedy, with certain exceptions.
- The statute of limitations for liability for a defective good or service is two years after the good is delivered to the consumer or the service is performed, even where the defect appears later, unless those liable for the defect have undertaken liability for a longer period. The statute of limitations is five years for real property used for residential and vacation purposes.
- Product manufacturers or importers must establish a minimum number of after-sales service providers or enter into an agreement with already established and working after-sales service providers. The number of these after-sales service providers depends on the type and requirements of the good.
- Under Turkish laws, the contractual provisions prepared by one party in advance, for the purposes of using the same provisions in multiple similar transactions in the future, and presented to the counterparty would constitute the standard terms and conditions. The standard terms and conditions that are to the consumer's disadvantage are null and void unless the consumer is informed that they exist and given the opportunity to learn their content, negotiate and approve them



Currency Control Regulations

- Persons who do not reside in Türkiye may purchase and sell securities issued by Turkish issuers if transactions are facilitated through a Turkish bank or brokerage and the relevant gains and purchase price are transferred through a Turkish bank.
- Funds in Turkish lira or a foreign currency may be freely transferred abroad through Turkish banks. Turkish banks are required to notify the Central Bank of transfers exceeding USD 50,000 (or its equivalent) within 30 days of the transfer.
- Up to TRY 25,000 or foreign currency up to the equivalent of EUR 10,000 can be physically taken out of Türkiye without any limitation.
- Natural persons resident in Türkiye are prohibited from borrowing in foreign currency. While legal persons resident in Türkiye are also prohibited from borrowing in foreign currency, they can still borrow in foreign currency if they are eligible to benefit from any of exemptions provided under the currency control laws.
- FX payment restrictions were introduced, prohibiting Turkish residents from denominating the price and other payment obligations in FX, or TRY indexed to FX, in respect of sale and purchase, employment, service, and construction agreements.
- Crypto assets cannot be used directly or indirectly for payment purposes pursuant to the Regulation Prohibiting the Use of Crypto Assets in Payments.



Customs

- Unless the importation is prohibited by domestic laws (e.g., certain waste and scraps), importing does not require any special license or permission. However, to protect the environment and public health, public security or public policies, customs authorities may require certain products to have an import license.
- Unless prohibited by international treaties or domestic laws, all goods can be freely exported. Particularly, the items under the Wassenaar Arrangement on Export Controls for Conventional Arms and Dual-Use Goods and Technologies List and the Australia Group List of Chemical Precursors and military items are subject to export control and licensing in Türkiye.
- Under the transit regime, goods may be circulated (i) from a foreign country to another foreign country (between two Turkish border gates), (ii) a foreign country to Türkiye, (iii) Türkiye to a foreign country or (iv) a border gate or inland customs office to another inland customs office.



Data Protection

- Law No. 6698 on the Protection of Personal Data ("**Data Protection Law**") entered into force in April 2016 as the first general personal data protection law of Türkiye, harmonizing Turkish data protection law with EU Directive 95/46, with certain differences. In the current landscape, the Data Protection
 - Law is expected to be amended in a way to be synchronized with the GDPR, with a special focus on regulations as to (i) cross-border data transfers and (ii) processing of special categories of data. The prospective amendments have not been published yet.
 - The Data Protection Law sets forth obligations for data controllers, mainly regarding personal data processing, cross-border data transfers and data security.
 - The Data Protection Authority, established in January 2017, is the enforcement agency of the Data Protection Law. The Data Protection Authority is authorized to issue secondary legislation touching on the principles outlined in the Data Protection Law, such as personal data deletion, the data controllers' registry, the notification obligation and principles of the application to the data controller, together with guidelines and decisions.
 - Many organizations have undertaken data privacy compliance programs to bring their personal data processing activities in line with the Data Protection
- Law. In Türkiye, data controllers are obliged to register to the data controllers' registry, which also applies to foreign data controllers.
- On 12 March 2024, certain provisions of Data Protection Law were amended as part of the harmonization process with GDPR, aiming to facilitate the entrance of foreign investment in Türkiye, with an effective date of June 1, 2024. With the amendments, the Data Protection Law anticipates new procedures for processing sensitive personal data, cross-border data transfers, and the appeals to the Data Protection Authority's decisions. The most significant update is the introduction of standard contractual clauses – which allow companies to transfer personal data outside of Türkiye by signing the standard contracts published by the Data Protection Authority ("Authority") and notifying the Authority within five (5) days from the date of execution.
 - According to the Annual Presidential Program for 2025 issued by the Ministry of Treasury and Finance and the Directorate of Strategy and Budget, the harmonization process of the Data Protection Law with EU legislation, particularly the GDPR, is anticipated to be completed by Q4 of 2025.
 - The Data Protection Authority has finalized 44,179 reports and complaints, issued more than 1,000 legal opinions to date, and has fined organizations a total amount of approximately TRY 932,152,828 (approximately USD 26,304,284).





Dispute Resolution

- Türkiye is a civil-law country, and the legal system is based on codified law.
- Courts operate independently while exercising judicial power.
- The Turkish judicial system is composed of the following three main branches according to their scope: (i) civil law, which includes both civil law in the strict sense and criminal law, (ii) administrative law and (iii) constitutional law. All disputes arising from private law are resolved by civil courts. Courts that are established under these three branches are also divided by their specialization such as labor courts, family courts, enforcement courts, intellectual property courts, real property courts, commercial courts, consumer courts and tax courts.
- Türkiye has a three-stage court proceedings system. Initially, the lawsuits are filed before courts of first instance and are subject to either one or two appeal stages, namely (i) appeal before Regional

Court of Appeals and (ii) appeal before the Court of Cassation or the Council of State, depending on the nature of the case and the disputed amount.

- Foreign investors may decide on (i) the governing law and (ii) the competent court in their contracts. If parties chose foreign law as the governing law, the Turkish courts will assign expert(s) during the trial to assess the claims from the perspective of the chosen foreign law.
- **Litigation.** Court proceedings take approximately two years before the Court of First Instance; one to two years before the Regional Court of Appeals and one to two years before the Court of Cassation or the Council of State. The average time to reach a final decision is approximately four to five years.
- Court fees may vary according to the dispute at hand; however, generally, there are two types of court fees, namely fixed and proportional. Most receivables claims are subject to a proportional fee, which is 6,8% of the total claim amount.
- Foreign nationals who file a lawsuit or initiate an enforcement proceeding in Türkiye must provide security to cover the costs of the proceedings and damages of the other party, which generally corresponds to (subject to the judge's discretion) 10-15% of the total claim amount. The court has the power to exempt a person from providing security according to the principle of reciprocity.
- Recognition and/or enforcement of foreign court judgments is possible under Turkish law and it is a straightforward process compared to usual court proceedings. Since Türkiye is not a party to any general multilateral convention on the recognition and/or enforcement of foreign court judgments, the recognition and/or enforcement is subject to domestic law, which requires reciprocity with the country where the judgment was first rendered. In practice, the reciprocity can be found in bilateral international agreements or de facto status quo.
- There are three main types of execution proceedings, namely ordinary, with judgment and with promissory notes. Whereas an execution



proceeding with judgment is swift and secure for the creditor, an ordinary execution proceeding can be easily challenged and stopped by the debtor.

- **Mediation.** Certain kinds of disputes are subject to mandatory mediation, which is a precondition for filing a lawsuit arising therefrom. These are mainly commercial claims of a monetary nature, monetary claims arising from employment law, certain rental law disputes and claims arising from agricultural production contracts. Apart from mandatory mediation, the parties to a dispute can also apply to voluntary mediation before referring their dispute to a court or to arbitration.
- If the parties reach an agreement at the end of the mediation procedure, following the recording of the enforceability of this mediation in the minutes, these minutes shall be considered as a court judgment and may be subject to execution proceedings with judgment.
- Türkiye is a party to the Singapore Convention on Mediation, which facilitates international trade and commerce by enabling disputing parties to easily enforce and invoke settlement agreements across borders.
- **Arbitration.** While litigation can be considered as the usual and most common mechanism of dispute resolution in Türkiye, arbitration is also broadly preferred as the method for resolving complex commercial disputes, especially those arising from cross-border contracts.
- Although there are many arbitration institutions in Türkiye, parties doing business in Türkiye regularly refer their disputes to the International Chamber of Commerce's International Court of Arbitration (ICC), the Istanbul Arbitration Centre (ISTAC), the Istanbul Chamber of Commerce Arbitration and Mediation Centre (ITOTAM) and the Union of Chambers and Commodity Exchanges of Türkiye Arbitration Council. ICC is often preferred, especially for cross-border transactions. ISTAC is one of the most prominent arbitral institutions in Türkiye for domestic and international arbitrations.
- Türkiye is a party to the New York Convention, which allows for the enforcement of foreign arbitral awards rendered in other countries that are also parties to the Convention. If the country where the award was issued is a party to the New York

Convention, the award can be enforced in Türkiye according to the rules and principles outlined in the Convention. If the country where the award was issued is not a party to the Convention, the International Private and Civil Procedural Law provisions, which largely align with the New York Convention, apply. In recognition and enforcement lawsuits, Turkish courts are not authorized to reexamine the merits of the dispute if the decision does not violate Turkish public policy or relate to a matter within the exclusive jurisdiction of Turkish courts.

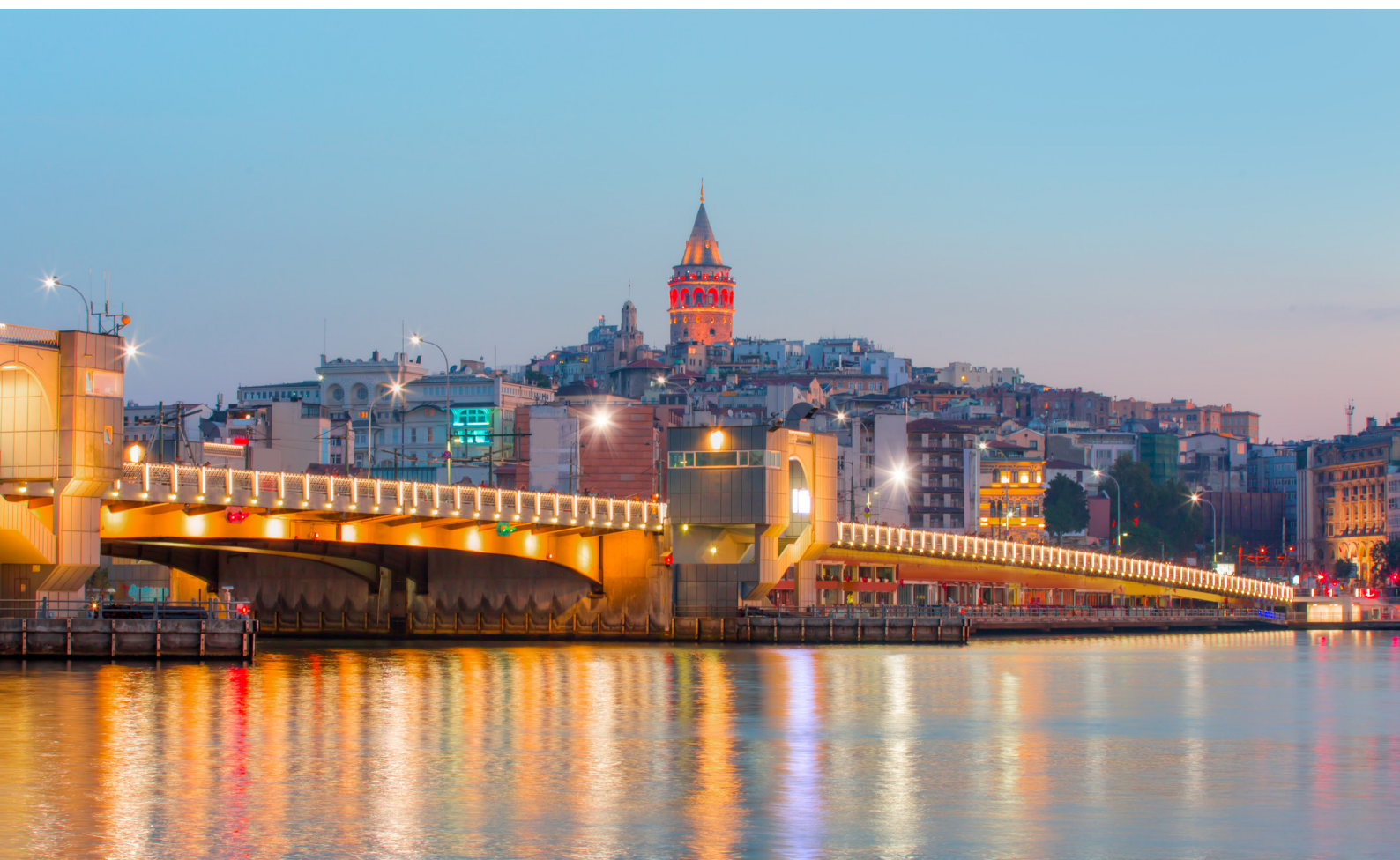
- The plaintiff may request interim measures from Turkish courts before or during a lawsuit or an arbitration proceeding even if the seat of arbitration is outside of Türkiye. In practice, the plaintiff must provide security to cover the damages of the other party, amounting to approximately 10-15% of the total claim amount.





Employment

- If an employer wishes to hire foreign employees, a work permit or a work-permit-exemption certificate must be obtained before the foreign employees can start working in Türkiye. Noncompliance with the requirement to obtain a work permit or a work-permit-exemption certificate will result in administrative fines applicable to both the employer and the respective foreign employee, and the foreign employee can be deported from Türkiye and banned from entering Türkiye.
- The Ministry of Labor and Social Security applies certain criteria when processing work-permit applications of foreign nationals, which the employer must fulfill. For instance, employers are required to employ a minimum of five Turkish nationals in the respective workplace for each foreign national they want to hire.
- According to the International Labor Force Law, statutory managers of LLCs who are also shareholders of the relevant company, members of the boards of directors of JSCs who are also shareholders of the relevant company and managing shareholders of commandite companies with capital divided into shares must obtain work permits to work in Türkiye.
- In case they will work in Türkiye, the following individuals are exempted from the requirement of obtaining a work permit, but only for a period up to three months: (i) members of the boards of directors of JSCs who do not reside in Türkiye, shareholders of other companies who do not hold managerial positions and individuals who are not shareholders in these companies but are authorized to represent and bind the company at the highest level; and (ii) cross-border service providers whose services in Türkiye do not exceed 90 days in a 180-day period. Those who are exempt from the requirement to obtain a work permit must obtain a work-permit-exemption certificate in Türkiye.
- Unions and pensions-related issues pose threats to M&A transactions less frequently than in the rest of Europe.





Energy, Mining and Infrastructure/Projects

The energy, mining and infrastructure sectors in Türkiye are highly regulated sectors with different dynamics. In this context, the common characteristics of these three sectors are that each sector is structured according to its own legislation and is strictly regulated and inspected by the institutions that govern these sectors. The reason why these sectors are strictly regulated by the relevant institutions is that the operations carried out in the energy, mining and infrastructure sectors are generally accepted within the scope of public service.

Energy

The Turkish energy sector is undergoing a transformative phase with a pronounced focus on renewable energy. Although certain incentives and new investments still exist for fossil fuel projects, and production is especially supported in that area, the main incentives and trends concentrate on renewable energy resources. The recent amendments to the regulations pave the way for the establishment of hybrid plants, defined as multisource electricity generation facilities, and electricity storage facilities. Investors can capitalize on the government's active promotion of sustainable energy projects, creating opportunities in wind, solar, hydropower and other renewable sources. There are two main models used within this scope: (i) renewable energy resource area projects; and (ii) a renewable energy support mechanism. Investors can benefit from purchase guarantees provided by the state under these models and this provides a considerable incentive for the projects, in terms of both development and financing. The government also grants various options and purchase guarantees for renewable energy-based electricity generation for self-consumption.

Mining

There is a high number of foreign investors in the mining sector in Türkiye, and the potential for doing business in this sector is quite high. Investors wishing to carry out mining exploration and/or operation activities are required to establish a company in Türkiye and obtain a license from the General Directorate for Mining and Petroleum Affairs. Companies continue their operations for the duration of their licenses.

Mining legislation has been frequently amended by the Turkish government to provide incentives to mining companies to facilitate their operations. Compliance with mining regulations and licensing processes overseen by government authorities is paramount, and the legal framework governing exploration, extraction, operational and environmental considerations is critical for successful operations. Türkiye's mining sector holds significant potential, and collaboration with local authorities is essential for legal adherence and operational success.

Infrastructure

The infrastructure sector in Türkiye operates primarily through public-private partnerships (PPPs), fostering collaboration between the government and private investors. Infrastructure projects commonly adopt build-operate-transfer (BOT), build-lease-transfer (BLT) and privatization models, and each project model is regulated separately. These models provide a structured framework for project implementation, with the state guaranteeing payments depending on the type of project, offering a level of financial security for investors. Foreign banks and foreign investors play a significant role in the Turkish infrastructure market. A nuanced understanding of the legal complexities associated with PPP contracts and project-specific arrangements is indispensable for potential investors to operate in this sector successfully.



Fintech

- Fintech is a growing sector in Türkiye. Regulators support the development of fintech and play an important role in fostering innovation in the fintech sector.
- There are many different types of fintech service providers in Türkiye providing a broad range of services, such as payment systems operations, electronic money issuance and payment services, open banking, digital banking, banking technologies, service model banking, insurance technologies, crypto services and digital wallets. Fintech service providers are subject to different regulations based on the type of activities they carry out.
- Many fintech activities require regulatory licensing. For instance, payment and electronic money institutions are licensed by the Central Bank of the Republic of Türkiye, whereas digital banks and card issuers are licensed by the BRSA. In addition, fintech companies providing services to financial institution operating under the banking laws or capital markets laws must observe requirements for disclosure of client and bank secrets.
- Until the entry into force of the Law No. 7518 Amending the Capital Markets Law (Law), crypto assets were scarcely regulated under Turkish law. The Law defines the concepts of crypto asset, crypto asset trading platform, crypto asset custody service and crypto asset service providers. In addition, the procedures and principles applicable to the crypto asset trading platforms and institutions providing custody services, the rules regarding their supervision and the sanctions to be imposed in case of noncompliance with the legal regime are among the rules introduced by the Law.



Foreign Investments

- Generally, Turkish law provides that foreign investors be treated equally to Turkish investors.
- There is no restriction on foreign shareholding except in a few specific sectors such as media, education and aviation.
- Agreements between two Turkish parties (regardless of whether they have foreign shareholders) must be in the Turkish language and any non-Turkish versions will not be enforceable.



Insurance and Private Pension

- There are two types of insurance companies in Türkiye, namely life and nonlife insurers. An insurance company is not allowed to operate in both of these areas.
- Insurance companies in Türkiye can only be established and operate either as a JSC or, in the case of mutual insurance funds, as a cooperative.
- Insurance companies are licensed and supervised by the Insurance and Private Pension Regulatory and Supervisory Authority (IRSA).
- Private pension companies are also licensed and supervised by the IRSA. They can also undertake life insurance activities.



Intellectual Property

- Intellectual and Industrial Property Rights ("**IPR**") are governed by two main laws, namely Law No. 6769 on Industrial Property ("**IP Law**") and Law No. 5846 on Intellectual and Artistic Works ("**Copyright Law**") along with secondary regulations.
- The authorized local authority for trademarks, designs, utility models, patents, geographical indications and traditional specialty guaranteed is the Turkish Patent and Trademark Office ("**TPTO**"), with fast and up-to-date enforcement of IP Law and the opportunity for advanced online search within its publicly available database.
- Disputes related to IPR are heard by specialized civil and criminal IPR courts established in Istanbul, Ankara, Izmir (Civil and Criminal Courts) and Antalya (Criminal Court). In other jurisdictions, ordinary civil and criminal courts act as specialized IPR courts.
- Türkiye is a member of the World Trade Organization and a party to a number of international treaties related to IPR, including the TRIPS Agreement, Paris Convention, Madrid Protocol, Berne Convention, Geneva Act of the Hague Agreement Concerning the International Deposit of Industrial Designs, Patent Cooperation Treaty, Rome Convention, International Convention for the Protection of New Varieties of Plants and European Patent Convention.
- Under Turkish laws, confidential information and trade secrets are not explicitly defined. It is not possible to register confidential information or trade secrets in Türkiye. They are protected under unfair competition laws.
- Pursuant to the IP Law, the competent authority to hear and examine revocation requests based on non-use will be the TPTO at the initial administrative stage as of January 10, 2024. However, the necessary regulatory amendments are pending. The TPTO makes preadmissions but does not review the non-use revocation requests at the moment. The practical details on how the TPTO will review and issue decisions on revocation requests are also not clear. Based on the draft Implementing Regulation, it is envisaged that there will be two stages before the TPTO: the TPTO Trademarks Chamber (initial stage) and the appeal stage before the Re-Examination Board ("Board"). After receiving the Board's final decisions on non-use revocation requests, the party or parties for whom the decision is unfavorable will be entitled to appeal the decision before the specialized civil IPR courts in Ankara, which corresponds to the judicial stage.
- Under IP Law, a well-known trademark enjoys a broader scope of protection. Well-known trademarks are protected not only for the same/similar goods and services but also for different goods and services provided that certain conditions exist. There is a special registry for the well-known trademarks ("Registry") before the TPTO. The recordal of a well-known trademark in the Registry is a separate, independent administrative process. The Registry dates back several decades and has developed and continued up to now based on the TPTO's practice and there has never been a statutory/legal basis. The Supreme Court, in its decision dated February 5, 2020, and numbered 2019/2980 E. 2020/991 K., ruled that even though the TPTO has established the Registry, it has no authority to do so under applicable regulations. The well-known status is not a fixed fact and whether a trademark is well-known or not should be evaluated in each case separately. Following the Supreme Court's 2020 ruling, the specialized IPR courts rejected cancellation actions filed against the Board's decisions rejecting the application for the recordal of a well-known trademark procedurally on the ground that the plaintiffs have no legal interest. After the Supreme Court's 2020 ruling, the TPTO has kept accepting applications for the recordal of well-known trademarks. The TPTO has also published the official fee for such an application in 2025. Yet, the TPTO does not review these applications on merits and issue decisions. A legislative evaluation process concerning the Registry is still ongoing. However, how the subsequent procedure will emerge is not yet clear.



Investment/ Capital Markets Services

- Providing investment services such as brokerage, portfolio management, investment advisory, and underwriting of capital markets instruments and related ancillary services in Türkiye are subject to the CMB's approval. Investment brokers, portfolio management companies and collective investment schemes such as investment funds and investment trusts are under the CMB's supervision.
- The CMB is also responsible for supervising institutions that provide supplementary services in capital markets, such as credit rating agencies, clearing houses, audit and valuation firms, and data-logging institutions.



Issuance and Regulation of Securities

- The Borsa Istanbul is Türkiye's only securities exchange. It integrates all the exchanges operating in Turkish capital markets under a single roof. Stocks, corporate and government bonds, investment fund participation shares, asset-backed securities, covered bonds, derivative instruments and sukuk are among the capital market instruments currently being traded on the Borsa Istanbul.
- The Capital Markets Board (CMB) is an independently operated autonomous public body whose principal function is to assist the development of the Turkish securities market, contribute to the efficient allocation of financial resources in the Turkish economy and ensure adequate protection for investors.
- The CMB sets forth certain requirements for introducing foreign securities into the Turkish market. To offer foreign securities in Türkiye, the CMB must approve a prospectus (izahname) written in Turkish containing the required information prior to issuing foreign securities. In particular, foreign securities must not bear any encumbrance, and must be issued in Turkish lira or a convertible currency recognized by the Central Bank of Türkiye.
- The Central Securities Depository is the authority responsible for carrying out transactions related to the dematerialization of capital market instruments, keeping track of these dematerialized instruments and the rights attached to them electronically, and performing central custody of these instruments.



Pharmaceuticals and Healthcare

- To be sold in the Turkish market, industrially manufactured or imported pharmaceuticals must have marketing authorization.
- If a pharmaceutical is unavailable in Türkiye, the Ministry of Health may approve its use for a patient, and it can be procured from abroad by licensed pharmaceutical suppliers.
- In principle, promotional of pharmaceuticals to the general public is prohibited. Promotional activities for healthcare professionals pertaining to pharmaceuticals are exempt from this prohibition.
- Unlike pharmaceuticals, medical devices do not require marketing authorization to be placed on the market. According to the Medical Devices Regulation (MDR), medical devices require registration to the Product Tracking System (tr. Ürün Takip Sistemi). In addition,

the MDR implements the European Commission's European Database on Medical Devices (EUDAMED) system to enhance transparency and improve traceability in the medical device industry. Accordingly, the MDR introduces obligations for manufacturers, importers and authorized representatives to file registrations with EUDAMED.



Protection of Competition

- Agreements and concerted practices between undertakings, and decisions and practices of associations of undertakings that have as their object, effect or likely effect the prevention, distortion or restriction of competition in a particular market for goods or services are prohibited, pursuant to Law No. 4054 on the Protection of Competition ("**Competition Law**").
- Abuse of a dominant position, whether perpetrated by a single undertaking or several undertakings acting in concert, is also prohibited in accordance with the Competition Law.
- If an undertaking violates the Competition Law, the Turkish Competition Board can theoretically levy an administrative monetary fine of up to 10% of the undertaking's turnover generated in the year preceding the Turkish Competition Board's decision at the end of a full-fledged investigation.
- M&A transactions that result in a change of control are prohibited if the transaction would result in the significant lessening of effective competition within a market for goods and services under the Competition Law. On a separate note, even if the transaction would not result in a significant lessening of effective competition, transactions that result in a change of control should be notified to the Turkish Competition Authority if they satisfy the turnover-based thresholds set out in the secondary legislation.



Real Property

- The regulations regarding real estate have not been subject to significant changes in recent years. However, there are numerous laws and regulations that are of utmost importance for the real estate industry, such as the Turkish Civil Code, Turkish Code of Obligations, Zoning Law, Land Registry Law, Condominium Ownership Law and Law on Real Estate Rents.
- Non-Turkish individuals who are citizens of countries determined by the President can purchase real estate and acquire limited rights in rem, subject to certain requirements.
- Non-Turkish legal entities can only own real estate and limited rights in rem within the scope of special provisions of Turkish law, including the Petroleum Law, Tourism Incentive Law and Industrial Area Law.
- Turkish companies with foreign capital and in which foreign nationals or foreign companies own 50% or more shares or have the right to appoint/dismiss persons with management rights, may acquire and use real estate or limited rights in rem to carry out the activities stated in the companies' articles of association after receiving approval from the city governorship where the real estate property is located.
- If the non-Turkish legal entities or individuals intend to perform transactions in land registries, certain elements need to be included in the proxies, such as a sealed photograph and passport of the relevant individual and an apostille. The directives set forth by the General Directorate of Land Registry are of great significance in guiding the procedures performed in the land registries.
- In lease agreements, where either one of the parties is a non-Turkish legal entity or Turkish company with foreign capital, and in which foreign nationals or foreign companies own 50% or more shares or have the right to appoint/dismiss persons with management rights, the rental fee may be determined in foreign currency. Conversely, if both parties to a lease agreement are Turkish legal entities or individuals, the rental fee cannot be denominated in a foreign currency.

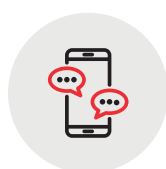




Taxation

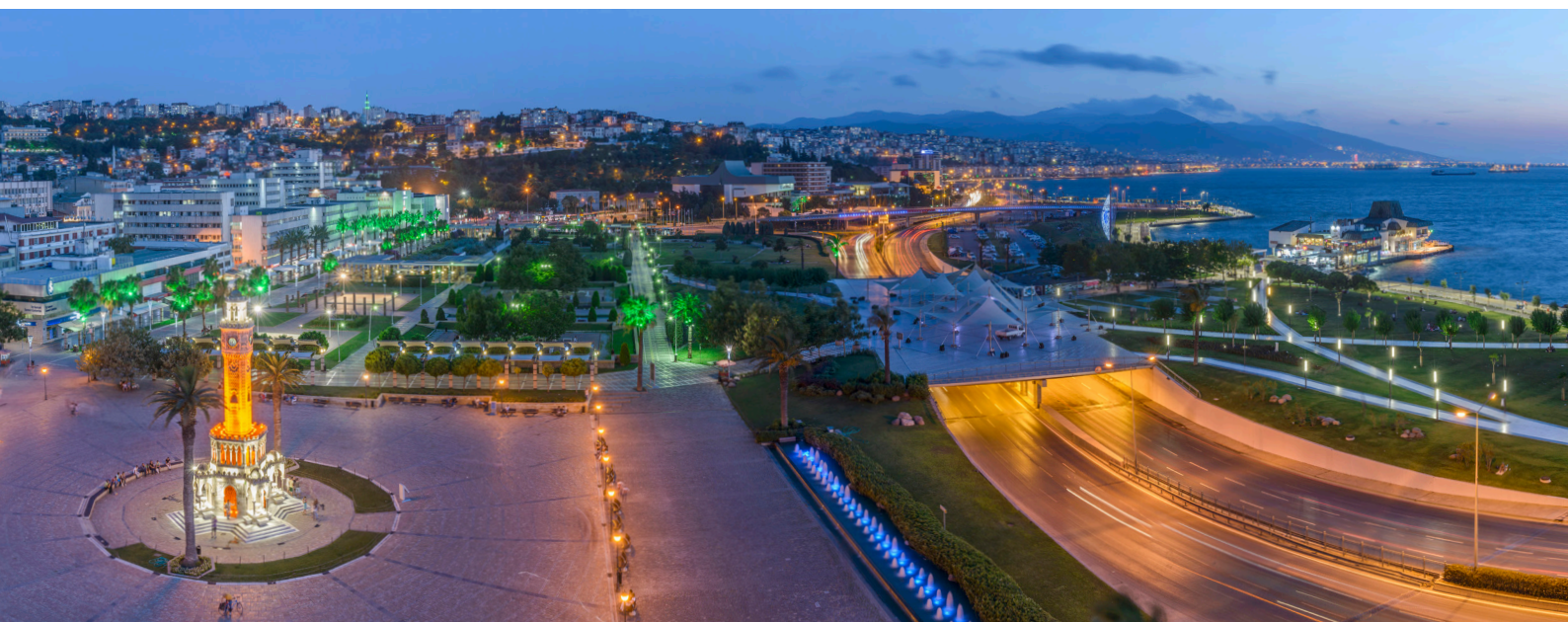
- Individuals are subject to an income tax rate ranging progressively from 15% to 40%. The current corporate income tax rate is 25% (for financial services companies and companies party to certain public private partnership contracts, the corporate income tax rate is 30%). Türkiye has signed double tax treaties with more than 90 countries. Türkiye also signed the Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting (MLI) and committed to adopting the minimum standards along with some optional provisions. However, the ratification process of the MLI is still pending.
- A domestic minimum corporate income tax mechanism was introduced to be effective for the profits obtained in 2025 and subsequent fiscal years. Accordingly, corporate income tax to be paid by corporate income tax taxpayers cannot be less than 10% of the business income before the application of deductions and exemptions. Certain exemptions and deductions are still applicable on the domestic minimum corporate tax amount.
- Global minimum corporate income tax regulation was implemented to be applicable to the income generated in 2024 and in the subsequent fiscal years, as part of Organisation for Economic Co-operation and Development's (OECD) Pillar 2 project. In that scope, constituent entities that are members of a multinational enterprise group that has annual revenue of Turkish equivalent of EUR 750 million or more in the consolidated financial statements of the ultimate parent company in at least two of the previous four fiscal years will be subject to a top-up-tax if their effective tax rate is below 15% in Türkiye.
- Taxation of the dividends and future capital gains to be made in case of an exit scenario should also be considered when entering into the Turkish market. According to Turkish tax legislation, after paying corporate income tax in Türkiye, when a Turkish subsidiary's net profit is distributed to its foreign parent company, a 15% dividend-withholding tax applies to these dividends (the dividend withholding tax rate has been increased from 10% to 15% as of 22 December 2024). However, double tax treaties may provide a reduced rate of 10% or 5% under certain circumstances. In terms of the taxation of capital gains in case of an exit, most of the double tax treaties provide that there would be no capital gain taxation in Türkiye if a one-year holding period is satisfied.
- Under Turkish tax legislation, tax implications (e.g., Resource Utilization Support Fund, VAT, withholding tax on interest, stamp tax, limitation on financial expense deduction) of financing Turkish companies through loans vary based on the lender's status, specifically whether the lender is a Turkish resident or non-resident for tax purposes, and whether the lender is a bank/financial institution.
- Establishing a new company or injecting capital into an existing company does not trigger any tax cost. Corporations, except for those that operate in the finance, banking and insurance sectors, and public economic enterprises may claim deemed-interest deductions equal to 50% (the rate applied is 75% if the capital is paid with cash brought from abroad) of the interest calculated on cash increases in registered capital (for existing corporations) and equal to cash capital contributions (for newly incorporated corporations). The Central Bank's most recent "annual average weighted interest rate applied to commercial loans in Turkish lira extended by banks" is used to calculate the deemed-interest deduction.
- A signed written document (e.g., contract, undertaking letter) or any other document created in a magnetic medium as electronic data with an electronic signature is subject to stamp tax if the document is signed in Türkiye. Agreements signed outside of Türkiye (or at embassies or consulates in Türkiye) will be subject to stamp tax only if the document (i) is submitted to Turkish authorities, (ii) is assigned or endorsed to others in Türkiye or (iii) the document's provisions are otherwise benefited from in Türkiye. Tax authorities interpret the term "benefiting from the provisions" in a broad manner. The stamp tax rates vary between 0.189% and 0.948% depending on the type of the document, with an overall cap of TRY 24,477,478.90 (for 2025). Share purchase agreements are exempt from stamp tax.
- In principle, the VAT rate is 20% and the VAT Law provides several tax exemptions (e.g., export of goods and services). A reduced VAT rate of 1% or 10% applies for certain deliveries and services listed separately in the VAT legislation.

- Türkiye took several legislative actions for the taxation of the digital economy including: ESS-VAT regime (non-residents who provide electronically supplied services (ESS) to individuals in Türkiye who are not VAT taxpayers are required to declare and pay the VAT for these services through VAT return no. 3), withholding tax on online advertising services received from abroad, digital services tax (DST) and the new withholding tax on e-commerce activities.
- Other taxes applicable in Türkiye include gift and inheritance tax, banking and insurance transaction tax, resource utilization support fund, special consumption tax and special communication tax.
- Türkiye employs anti-avoidance measures such as transfer pricing, thin capitalization and controlled foreign corporations, as well as general anti-abuse rules that rely on substance over form.
- The statute of limitations is five years for tax purposes.



Telecommunications

- Turkish telecommunications legislation is similar to that of the EU. The majority of services that require an authorization/license in the EU also fall within the scope of these requirements in Türkiye.
- Providing electronic communications services, operating electronic communications networks and installing electronic communications infrastructure are activities subject to authorization. There are two types of procedures for authorizations: authorization by notification and the right-of-use procedure.
- The recent amendments to the Turkish telecommunications regulations introduced new rules for operators regarding their authorizations, including quantity and quality limits in terms of staff, workplace-related requirements, competency control periods, rules on changes of operators' indirect control, and authorization cancellation of operators that do not provide services.



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