

All About Establishing a New Company in Turkey

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by



About Istanbul Accountants Co.

“Istanbul Accountants” is a long-established 8-partner firm of Chartered Accountants, based in Istanbul / Turkey. Official registered Turkish Company’s name of “Istanbul Accountants” is “Okan Denetim Yeminli Mali Musavirlik Limited Sirketi”. We act as CPAs, auditors, tax advisers and Attorneys to Istanbul and overseas - based individuals and organizations, engaged in almost every type of business and vocation. Our clients include many based in the elite Turkish, UK, US, Canada, Europe Zone group of companies.

We are here to answer any questions which you may have, about setting up or running a company in the Turkey. If you would like to have a discussion with us, please telephone +90 532 162 7940 and ask to speak to one of our partners, or send an e-mail to ia@istanbul-accountants.com.



Murat Okan

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Deciding Form of The Company and Capital

There are 2 applicable forms of Companies in Turkey;

Limited Liability Company - LLC (In Turkish “Limited Sirket”) and Joint Stock Company -JS (In Turkish “Anonim Sirket”)

LLC minimum main capital requirement is 50.000 Turkish Lira, JS minimum main capital requirement is 250.000 Turkish Lira.

One of these 2 company forms is enough to operate a business in Turkey but there are following major differences between these 2 company forms;

- **Tax advantage during selling shares;** When individual shareholders of JS sell their shares after 2 years held continuously, the profit from this sale is not subject to personal income tax. In LLC profit from selling shares is always subject to personal income tax.
- **Responsibilities;** JS shareholders are not responsible all unpaid liabilities of the company including debts of state offices (tax, social security premiums etc.) individually if they are not a member of the board. LLC shareholders are not responsible individually for company’s debt about trade relations but responsible for debts of state offices of the company **individually** even if they are not a member of the board.
- **Work load;** There are always more procedures, paper work and transaction tax during operating JS unlike LLC.
- **Special cases;** In some government tenders or transactions such as going public, the company structure is required to be JS.

We think it is ideal to start a small or medium size business in Turkey with LLC and with minimum 50.000 Turkish Lira main capital. JS must be preferred for large scale projects with multiple shareholder.

Shareholder Structures and Directors

- One individual shareholder or one corporate shareholder is enough to incorporate a company in Turkey. There is no up limit for shareholders' number.
- Sole shareholder or all shareholders and/or all directors can be non-Turkish Citizen.
- A foreigner company or a non-Turkish Citizen individual can be a sole shareholder.
- One of shareholders has to be a Director. Other directors can be from shareholders or non-shareholders. There is no up limit for directors' number.
- It can be arranged on the articles of incorporation that directors can use their signature individually or common during representing the company.
- Companies can use power of attorneys to provide limited authorization to people they assign.

Naming, Address and Work permit Issues

- Non-Turkish Citizen shareholders can use their international worldwide original brand or company name as the first word of Turkish Company Name. One of activity of the company must be put in the name of Turkish Company. The flow of title of a Turkish company is “Worldwide / Assigned name (can be foreign language) - Activity (has to be in Turkish) - Company Form (LLC or JS)”. For example: main company name in source country is “KIDDY TOYS LTD.”. Its Turkish Subsidiary name can be “KIDDY OYUNCAK LTD.STI.”. OYUNCAK means toys in Turkish language.
- Shareholders must decide the address of the Turkish company before process starts. They can use a physical office, warehouse, plant etc. address as to their activity or a virtual office. Without an address a company cannot be set up.
- Work permit is not mandatory for shareholders and Directors.
- Work permit is necessary for foreigner employees who are work for a Turkish company with an employment contract.

Necessary Documents - Provided by Shareholders

A. Basically; individual Shareholders must provide following documents to incorporate a company in Turkey;

- A passport copy
- A photo

B. Company Shareholders must provide following documents to incorporate a company in Turkey;

- Certificate of Incorporation

Visiting, Duration and Outsourcing Issues

- Shareholders do not have to come to Turkey to incorporate a company in Turkey. Optionally they can.
- After shareholders complete necessary documents Istanbul Accountants Co. makes registration in 2-10 days.
- Companies which wants to make import - export transactions must work with an official customs agency.

Ending Set Up Process

Istanbul Accountants Co. provides following documents to Director(s) of the new Turkish Company after finishing process of incorporation a new company in Turkey;

1. Approved Certificate of Incorporation
2. Approved Articles of Incorporation
3. Approved Signature Power (*)
4. Approved Tax Certificate (*)
5. Company Stamp (*)
6. Bank account book and internet banking codes
7. Trade Registry Journal which includes new company's registration information (*)
8. Official books, Ledger, Inventory and Transaction
9. Social Security Account Number
10. Officially printed empty invoice pages.
11. All official documents of incorporation expenses and explanatory table.

(*) Necessary documents to represent a company.

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